

**RECEIVED**

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT**

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FEDERAL TRADE COMMISSION, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 AMERICAN CREDIT CRUNCHERS, LLC, )  
 a California limited liability company, )  
 )  
 EBEEZE, LLC, )  
 a California limited liability company, )  
 )  
 and )  
 )  
 VARANG K. THAKER, individually, )  
 and as an officer of American Credit )  
 Crunchers, LLC and Ebeeze, LLC, )  
 also d/b/a American Credit Crunchers, )  
 )  
 Defendants. )

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12cv1028  
Judge George W. Lindberg  
Magistrate Arlander Keys

**COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and Section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692l, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FDCPA, 15

U.S.C. § 1692 *et seq.*

### JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, and 1692*l*.

3. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

### PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the FDCPA, 15 U.S.C. § 1692 *et seq.*, which prohibits deceptive, abusive, and unfair collection practices.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the FDCPA, and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), 56(a)(2)(B), 57b, and 1692*l*(a). Section 814 of the FDCPA further authorizes the FTC to use all of the functions and powers of the Commission under the FTC Act to enforce compliance by any person with the FDCPA, including the power to enforce the provisions of the FDCPA in the same manner as if the violations were violations of an FTC trade regulation rule. 15 U.S.C. § 1692*l*.

## DEFENDANTS

6. Defendant American Credit Crunchers, LLC (“ACC”), is a California limited liability company with its principal place of business at 10492 Park Villa Circle, Villa Park, California 92861. ACC transacts or has transacted business in this district and throughout the United States.

7. Defendant Ebeeze, LLC (“Ebeeze”), is a California limited liability company with its principal place of business at 10492 Park Villa Circle, Villa Park, California 92861. Ebeeze transacts or has transacted business in this district and throughout the United States.

8. Defendant Varang K. Thaker is the president and owner of ACC and the owner of Ebeeze. He is the primary signatory on bank accounts for both companies, the registrant for their websites, and he manages the merchant processing accounts used by ACC to process credit card charges. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of ACC and Ebeeze, including the acts and practices set forth in this Complaint. Defendant Thaker, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

9. Defendants ACC and Ebeeze (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the deceptive acts and practices alleged below. Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, business functions, office locations, and that have commingled funds and engaged in a common scheme. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendant Thaker has formulated, directed, controlled,

had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

### COMMERCE

10. At all times material to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### DEFENDANTS’ BUSINESS ACTIVITIES

11. Since at least January 2010, and continuing thereafter, Defendants have engaged in a scheme to defraud consumers through the collection of payday loan debts that the consumers do not actually owe and that Defendants do not have the authority to collect. Defendants contact consumers using callers in India and make a series of misrepresentations and threats to convince consumers to pay alleged debts they do not actually owe. Consumers’ payments then are processed through merchant accounts controlled by Defendants before being deposited in Defendants’ bank accounts.

12. In conducting their scheme, Defendants’ callers contact consumers who have previously received payday loans from online lenders, or who at least have inquired about or applied for online payday loans. Often, Defendants’ callers are already in possession of extensive personal information about these consumers, such as their Social Security Numbers or bank account numbers. Defendants’ callers use this personal information to convince consumers that they are a legitimate debt collector and that consumers must immediately pay the allegedly delinquent debt.

13. Defendants’ callers repeatedly contact these consumers on the consumers’ home, cell, and work telephones. Defendants’ callers frequently use abusive or profane language

during these telephone calls, all as a means of intimidating and harassing consumers to convince them to pay the alleged debts.

14. Although Defendants' callers represent to consumers that they are delinquent on a payday loan, that Defendants have the authority to collect the alleged debt, and that the consumers are obligated to pay Defendants for the alleged debt, these representations are false.

15. In attempting to collect on these alleged debts, Defendants' callers threaten to sue or to lodge criminal charges against consumers who fail to pay these alleged debts. In truth, however, the Defendants have no intention of taking, have no standing or authority to take, and do not take, legal action against these consumers. Any legal action would be without merit in any event.

16. Defendants' callers often claim to be law enforcement authorities. In truth, however, Defendants are not law enforcement authorities.

17. Defendants' callers typically threaten that consumers will face arrest and/or imprisonment if they fail to pay Defendants. In truth, however, consumers will not face arrest or imprisonment if they fail to pay Defendants.

18. At other times, Defendants' callers claim to be attorneys or working for law firms. In truth, however, Defendants are not attorneys and are not associated with any law firm.

19. In attempting to collect these alleged debts, the callers use a variety of fictitious corporate names and do not disclose to consumers that they are calling on behalf of Defendants. In most instances, the consumer has never heard of Defendants until a name associated with them appears on the consumer's credit card or bank statement.

20. Many consumers pay the alleged debt that Defendants purport to be collecting out of fear of the threatened legal or criminal repercussions of failing to pay, or to stop the

harassment. Generally, consumers make these payments using credit or debit cards.

21. Payments made by consumers are deposited into one of several of Defendants' merchant processing accounts that Defendants have established to process consumers' debit and credit card payments. Payments processed through those accounts are then transferred into Defendants' operating bank accounts.

22. Since January 2010, Defendants have received over \$5 million in payments for debts that consumers do not owe and that Defendants have no authority to collect.

### **VIOLATIONS OF THE FTC ACT**

23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

24. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

### **COUNT ONE**

#### *Deceptive Acts or Practices*

25. In numerous instances, in connection with the collection of alleged debts, Defendants represent, directly or indirectly, expressly or by implication, that:

- (a) the consumer is delinquent on a payday loan that Defendants have the authority to collect;
- (b) Defendants are a law enforcement agency;
- (c) Defendants are attorneys or are associated with a law firm;
- (d) the consumer has a legal obligation to pay the Defendants;
- (e) the consumer will be arrested or imprisoned for failing to pay the Defendants; or

- (f) Defendants can or will take formal legal action against a consumer who fails to pay, such as filing suit.

26. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 25 of this Complaint:

- (a) the consumer is not delinquent on a payday loan that Defendants have the authority to collect;
- (b) Defendants are not a law enforcement agency;
- (c) Defendants are not attorneys and are not associated with a law firm;
- (d) the consumer is not legally obligated to pay Defendants;
- (e) the consumer will not be arrested or imprisoned for failing to pay Defendants; and
- (f) Defendants cannot or will not take formal legal action against a consumer who fails to pay, such as filing suit.

27. Therefore, Defendants' representations as set forth in Paragraph 25 of this Complaint are false or misleading and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **VIOLATIONS OF THE FDCPA**

28. In 1977, Congress passed the FDCPA, 15 U.S.C. § 1692 *et seq.*, which became effective on March 20, 1978, and has been in force ever since that date. Section 814 of the FDCPA, 15 U.S.C. § 1692l, provides that a violation of the FDCPA shall be deemed an unfair or deceptive act or practice in violation of the FTC Act.

29. Corporate Defendants are "debt collectors" as defined by Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6), and Defendant Thaker is liable for Corporate Defendants'

violations of the FDCPA, 15 U.S.C. § 1692l(a).

30. A “consumer,” as defined in Section 803(3) of the FDCPA, 15 U.S.C. § 1692a(3), “means any natural person obligated or allegedly obligated to pay any debt.”

31. A “debt,” as defined in Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5), “means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment.”

### COUNT TWO

32. On numerous occasions, in connection with the collection of alleged debts, Corporate Defendants have used false, deceptive, or misleading representations or means, in violation of Section 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to:

- (a) Falsely representing the character, amount, or legal status of any debt, in violation of Section 807(2)(A) of the FDCPA, 15 U.S.C. § 1692e(2)(A);
- (b) Falsely representing or implying that Defendants are attorneys or associated with law firms, in violation of Section 807(3), 15 U.S.C. § 1692e(3);
- (c) Falsely representing or implying that nonpayment of a debt will result in the arrest or imprisonment of a person, when such action is not lawful or when the Defendants have no intention of taking such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
- (d) Threatening to take action that is not lawful or the Defendants do not intend to take, such as filing a lawsuit, in violation of Section 807(5) of



the FDCPA, 15 U.S.C. § 1692e(5); or

- (e) Using false representations or deceptive means to collect or attempt to collect a debt or to obtain information concerning a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10).

### **CONSUMER INJURY**

33. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the FDCPA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

### **THIS COURT'S POWER TO GRANT RELIEF**

34. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

### **PRAYER FOR RELIEF**

Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), and the Court's own equitable powers, requests that the Court:

- A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to

preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions and an order freezing assets;

B. Enter a permanent injunction to prevent future violations of the FTC Act and FDCPA by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and FDCPA, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;

D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: February 13, 2012

Respectfully submitted,

WILLARD K. TOM  
General Counsel



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