

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION**

_____)	
UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 1:12-cv-1145
)	
LUEBKE BAKER AND ASSOCIATES, INC.,)	
an Illinois corporation,)	
)	
KEVIN J. LUEBKE, individually and as an)	
officer of the corporation,)	
)	
MATTHEW T. SCOTT, individually,)	
)	
LESLIE M. FARRAR, individually, and)	
)	
JOEL P. FERGUSON, individually,)	
)	
Defendants, and)	
)	
JULISSA W. LUEBKE,)	
)	
Relief Defendant.)	
_____)	

COMPLAINT FOR CIVIL PENALTIES, INJUNCTIVE, AND EQUITABLE RELIEF

Plaintiff, the United States of America, acting upon notification and authorization to the Attorney General by the Federal Trade Commission (“Commission”), by its undersigned attorneys, for its Complaint alleges as follows:

JURISDICTION AND VENUE

1. This is an action arising under Sections 5(a), 5(m)(1)(A), 13(b), 16(a), and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), 56(a), and 57b, the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 *et seq.*, and the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692 *et seq.*, to obtain monetary civil penalties, a permanent injunction, restitution, the refund of monies paid, disgorgement, and other equitable relief for Defendants’ violations of Section 5 of the FTC Act, the Commission’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, and the FDCPA.

2. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1331, 1337, 1345, and 1355, and under 15 U.S.C. §§ 45(m)(1)(A), 53(b), 57b, 1692*l*, 6102(c), and 6105(b). This action arises under 15 U.S.C. § 45(a)(1) and 15 U.S.C. § 1692*l*.

3. Venue is proper in the United States District Court for the Central District of Illinois under 28 U.S.C. §§ 1391(b)-(c) and 1395(a) and 15 U.S.C. § 53(b). Venue is proper in the Peoria Division because the events giving rise to this claim occurred in, and the corporate defendant’s principal place of business is located in, the city of Peoria in Peoria County, Illinois, within this District.

FEDERAL TRADE COMMISSION

4. The Commission is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The Commission 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 Commission also enforces the FDCPA, 15 U.S.C. § 1692 *et seq.*, which prohibits abusive,

deceptive, and unfair debt collection practices. Additionally, the Commission enforces the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing Act, the Commission promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

DEFENDANTS

5. Defendant Luebke Baker and Associates, Inc. (“LBA” or “company”) is an Illinois corporation. Until May 2009, the company’s principal place of business was located within the Central District of Illinois at 8903 N. Pioneer Rd., Peoria, Illinois 61615. Since May 2009, the company’s principal place of business has been located at 285 Elm Street #301, Cumming, Georgia 30040. At all times relevant to this Complaint, LBA has transacted business in the Central District of Illinois.

6. Defendant Kevin J. Luebke is President, Chief Executive Officer, and principal shareholder of LBA. Defendant Luebke plays an active role in the management and supervision of LBA’s debt collection activities. Defendant Luebke, in his capacity as the President, Chief Executive Officer, and principal shareholder of LBA, formulated, directed, participated in, controlled, or had the authority to control, the acts and practices of LBA, including the acts and practices alleged in this Complaint. Defendant Luebke knew or should have known of the violations described in this Complaint. At all times relevant to this Complaint, Defendant Luebke has resided or transacted business in the Central District of Illinois.

7. Defendant Matthew T. Scott is the Director of Operations of LBA. Defendant Scott plays an active role in the management and supervision of LBA’s debt collection activities. Defendant Scott, in his capacity as the Director of Operations of LBA, formulated, directed,

participated in, controlled, or had the authority to control, the acts and practices of LBA, including the acts and practices alleged in this Complaint. Defendant Scott knew or should have known of the violations described in this Complaint. At all times relevant to this Complaint, Defendant Scott has resided or transacted business in the Central District of Illinois.

8. Defendant Leslie M. Farrar was the General Manager of LBA. Defendant Farrar played an active role in the management and supervision of LBA's debt collection activities. Since LBA's relocation to Georgia, Defendant Farrar has continued to work for the company in Peoria, Illinois, as an independent contractor. Defendant Farrar, in her former capacity as the General Manager of LBA, formulated, directed, participated in, controlled, or had the authority to control, the acts and practices of LBA, including the acts and practices alleged in this Complaint. Defendant Farrar knew or should have known of the violations described in this Complaint. At all times relevant to this Complaint, Defendant Farrar has resided or transacted business in the Central District of Illinois.

9. Defendant Joel P. Ferguson was the Collection Manager in charge of LBA's Charge-off Department. Defendant Ferguson played an active role in the management and supervision of LBA's debt collection activities. Defendant Ferguson, in his former capacity as the Collection Manager in charge of LBA's Charge-off Department, formulated, directed, participated in, controlled, or had the authority to control, the acts and practices of LBA, including the acts and practices alleged in this Complaint. Defendant Ferguson knew or should have known of the violations described in this Complaint. At all times relevant to this Complaint, Defendant Ferguson has resided or transacted business in the Central District of Illinois.

10. Defendants Luebke Baker and Associates, Inc., Kevin J. Luebke, Matthew T. Scott, Leslie M. Farrar, and Joel P. Ferguson (“Defendants”) are or were “debt collectors” as defined in Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6).

11. Relief Defendant Julissa W. Luebke (“Relief Defendant”) resides in the state of Georgia with her spouse, Defendant Kevin J. Luebke. Relief Defendant has received, directly or indirectly, funds or other assets from the proceeds of Defendants’ unlawful acts or practices alleged below, and Relief Defendant has no legitimate claim to these funds. From January 2005 to the present, Relief Defendant received a salary from Defendant LBA totaling approximately \$420,000. However, Relief Defendant worked no more than two to four hours per month on special projects, such as Christmas party planning and providing office decorating ideas. The minimal services Relief Defendant provided to Defendant LBA are insufficient for her to make a legitimate claim to these funds.

12. The term “consumer,” as used in this Complaint, means any natural person obligated or allegedly obligated to pay any debt, as “debt” is defined in Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5).

COMMERCE

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

DEFENDANTS' BUSINESS PRACTICES

14. Since at least 1993, LBA has engaged in third-party consumer debt collection activities across the United States. LBA handles the collection of more than 200,000 accounts a year.

15. LBA specializes in collection of debts owed to magazine subscription service companies. LBA, through its Charge-off Department, also collects debts owed to other types of creditors, including credit card companies, local video rental companies, equipment leasing companies, and furniture rental companies.

False Statements Used to Collect Debts

16. In numerous instances, when initiating outbound telephone calls for the purpose of collecting debts, LBA transmitted false caller identification information. The company did this to increase the number of consumers who answered the telephone or placed return calls to LBA. For example, for a number of days, the caller ID transmitted to debtors by the company read, "Ed McMahon," who at the time was a spokesman for Publishers Clearing House and its well-known sweepstakes.

17. In numerous instances, when attempting to collect debts, LBA collectors claimed to be attorneys or that they worked with attorneys. LBA collectors sometimes told consumers that they were calling from the "law offices" or "law firm" of Luebke Baker.

18. LBA is not a law firm, the company's collectors are not attorneys, and there are no attorneys that work at LBA.

19. In numerous instances, LBA collectors threatened that the company would initiate lawsuits against consumers if they failed to pay LBA. The company provided a "Rebuttal Sheet"

to all collectors in the Charge-off Department, to use when collecting credit card accounts. This document instructed LBA collectors to:

State the poe [place of employment] we have and let them [the debtor] know that once we place it [the account] with our attorney they will file a complaint in your county. A sheriff will deliver a summons to either your place of employment or your home. . . . It will be an open and shut case since you agreed to the terms and conditions which allow us to pass on the attorney fees and court costs.

In numerous instances, these threats were made regardless of the balance owed by the debtor and before anyone with authority had determined the account satisfied LBA's criteria for filing a lawsuit. The Rebuttal Sheet is attached as Exhibit A.

20. In numerous instances when LBA collectors made the threats contained in Paragraph 19, LBA did not intend to take these actions against the consumer if he or she failed to pay LBA.

21. The Charge-off Department also routinely sent letters to debtors stating that the company may initiate a lawsuit against them if they failed to pay LBA. A letter signed by the company's "Legal Administrator" states:

This letter serves as notice to advise you that your account has been sent to this department for legal review. . . . If it is determined by this department, that your account does meet our basic requirements to file suit, then I will approve it for suit with no further notice to you. I am willing to give you one last opportunity to avoid the possibility that your account may be authorized for suit, by paying off your balance in full

This letter was frequently sent to debtors before anyone with authority had determined the account satisfied LBA's criteria for filing a lawsuit. The letter is attached as Exhibit B.

22. In numerous instances when LBA sent the letter described in Paragraph 21 stating that the company may approve the debtor's account for suit, LBA had reason to know there were facts that made this action unlikely.

23. In numerous instances, LBA collectors threatened or implied that LBA would have consumers' wages garnished if they failed to pay LBA. Collectors in the Charge-off Department frequently told consumers LBA would win any lawsuit filed against them and then LBA could have their wages garnished. In addition, the Rebuttal Sheet used by the Charge-off Department instructed LBA collectors to tell debtors that LBA will "use your paycheck as an asset." The Rebuttal Sheet is attached as Exhibit A.

24. In numerous instances, LBA collectors threatened to have consumers' wages garnished, when LBA had no legal authority or intent to take the legal actions necessary to have consumers' wages garnished.

25. In numerous instances when consumers claimed that debts were too old to be collected, LBA collectors in the Magazine Department falsely stated that there is no statute of limitations on magazine accounts.

26. In some instances, LBA's managers, including individual Defendants, participated in or encouraged the actions described in Paragraphs 16 through 25, above. In other instances, Defendants were aware of these practices by the collectors under their supervision, but failed to appropriately discipline the collectors. In still other instances, Defendants either ignored the violative acts and practices or failed to exercise the supervision necessary to make themselves aware of the significant problems occurring within their organization.

Failure to Appropriately Discipline Collectors

27. LBA's internal compliance program regularly caught collectors violating the FTC Act and the FDCPA, including violations described in Paragraphs 17 through 25, above. The company maintained audio recordings of all collection calls. LBA's Quality Assurance Monitor reviewed a sample of the collection calls and created a written report for each call reviewed. However, even in the face of substantial evidence that multiple violations occurred, Defendants frequently allowed the collectors involved to go unpunished, or simply gave them a warning.

28. On occasion, LBA terminated collection employees for engaging in multiple egregious violations of the FDCPA. However, the company's separation forms routinely indicated that these employees may be rehired if they apply for employment in the future. LBA even recommended rehiring collectors who were caught debiting consumers' bank accounts and credit card accounts for hundreds of dollars more than the consumers authorized.

29. LBA often rehired employees the company previously fired for committing multiple egregious violations of the FDCPA. Sometimes the company rehired these employees within a few weeks or months of their termination. LBA even rehired former employees whose FDCPA violations were so severe that the company previously recommended they not be rehired.

Collection of XMM Accounts

30. Since at least 2000, LBA has attempted to collect debts purportedly due Cross Media Marketing Corp. and Media Outsourcing, Inc., both doing business as Consolidated Media Services (collectively, "XMM").

31. In 2002, the United States Department of Justice, on behalf of the Commission, filed a lawsuit alleging XMM, Richard Prochnow, and others used deceptive sales practices to

sell magazine subscriptions. The practices alleged to be deceptive included sales conducted by Richard Prochnow's former company, Direct Sales International, LP, which was purchased by XMM in 2000. *United States v. Prochnow*, No. 1:02-CV-917-JOF (N.D. Ga.). In 2003, the United States District Court for the Northern District of Georgia entered a Stipulated Final Order against XMM ("XMM Order").

32. In subsequent litigation against individual defendant Richard Prochnow, the district court estimated that 70% of Direct Sales International, LP's magazine sales were cancelled within three months, and found that this was the result of deceptive sales tactics. *See Prochnow* (Dec. 2, 2005 Findings of Fact and Conclusion of Law), *discussed with approval on appeal at* 2007 U.S. App. LEXIS 24718, at *11 (11th Cir. Oct. 22, 2007).

33. In December 2003, Defendants Luebke and LBA received a seven-page, detailed summary of the XMM Order, titled, "Summary of Cross Media/FTC Settlement Agreement" ("Summary") from XMM. The Summary set out requirements that must be met before XMM, or its successors, assigns, and agents, can attempt to collect payment for magazine subscription services.

34. The Summary stated that XMM and its successors, assigns, and agents are prohibited from "trying to collect payment for a magazine service" without first: (1) clearly and conspicuously disclosing the total cost of the entire magazine service, the dollar amount and frequency of each payment and the amount of any finance charges, the method of payment, and the material terms and conditions of the cancellation policy; (2) obtaining the consumer's express informed consent to purchase the magazine service; (3) obtaining the consumer's express authorization to be charged for the magazine service; and (4) making an audio recording of the

entire telephone call in which the disclosures are made, the express consent to purchase is obtained, and the express authorization to be charged is obtained. The Summary is attached as Exhibit C.

35. LBA also received a one-page overview of the XMM Order from Summit Investment Management, LLC, a subsequent assignee of the XMM accounts. This document, titled, “Cross Media FTC Collections Overview Document” (“Overview”) informed Defendants that some XMM consumers “were mislead [sic] about the terms of the agreement.” Specifically, the Overview stated that, at the time of sale, consumers may not have known the full cost of the magazines, the length of the agreement, or the cancellation policy. In addition, the Overview informed Defendants that an FTC decree governs how collection agencies “must treat the consumers who signed up for these magazine subscriptions.” The Overview is attached as Exhibit D.

36. The Summary and Overview informed Defendants that XMM was under a federal court order requiring certain preconditions to be met before XMM, or its successors, assigns, and agents, could attempt to collect payment for magazine subscriptions. Read together, these documents indicated that, in numerous instances, the required preconditions were not met. Therefore, Defendants knew or should have known that the debts purportedly owed to XMM may not be valid and that consumers may not have a legal obligation to pay XMM. In addition, Defendants knew or should have known that, in some instances, the debts purportedly owed to XMM were not valid. In spite of this knowledge, Defendants caused or permitted the company’s collectors to make numerous representations to consumers that their debts to XMM were valid,

including representations that consumers owed specific amounts to XMM and that they were liable for those amounts.

37. In addition, in their efforts to convince consumers that XMM debts were valid, LBA collectors made material representations about XMM's sales and verification practices. These representations included telling consumers that XMM possessed audio recordings of the consumers' verbal agreements to purchase specific magazines and pay specific amounts. LBA collectors also represented that the audio recordings contained the consumers' acknowledgments that the orders were not subject to cancellation.

38. Defendants had little, if any, knowledge about the specific sales and verification methods used by XMM on any given XMM account. In spite of this, LBA provided all collectors in the Magazine Department with a one-page, generic description of how magazines were sold (titled, "How did the account I'm collecting on get into collections?"). For years, LBA collectors used the information contained in this document to convince consumers their XMM debts were valid and collectable. The document stated that a verification call with the consumer "is recorded on a tape filing system. This is the only way that the magazine publishers will accept the order." It also stated that "once the order is entered with the publishers it is not subject to cancellation because their service is prepaid for them to protect them against any price increases." The one-page, generic description about how magazines were sold is attached as Exhibit E.

Upsale of Credit Solutions

39. In numerous instances, after reaching a settlement, LBA attempted to “upsell” its “Credit Solutions” program in the same telephone call as it obtained the consumer’s agreement to settle a debt.

40. According to an LBA sales script, the Credit Solutions program included “a CD-ROM with an easy to understand information packet that includes easy step-by-step instructions,” and was designed, among other things, to help consumers with credit problems “build [their] credit score back up.” Potential purchasers were informed that, since they settled their debt with LBA, they qualified for the Credit Solutions program and they could purchase it for half-price. After consumers agreed to purchase the Credit Solutions program, a \$39.95 charge was placed on their credit cards or debited from their checking accounts through electronic bank drafts. LBA then mailed the Credit Solutions CD-ROM and information packet to consumers. The Credit Solutions sales script is attached as Exhibit F.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

41. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.” Misrepresentations or deceptive omissions of material facts constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I

42. Through the means described in Paragraphs 16-26, in numerous instances, in connection with the collection of debts, Defendants, directly or indirectly, have represented to consumers, expressly or by implication, that:

- (a) Defendants' telephone calls were from Ed McMahon or an entity other than LBA;
- (b) LBA was a law firm or the company's collectors were attorneys;
- (c) There are no statutes of limitations on the collection of magazine debts;
- (d) Nonpayment of a debt would result in garnishment of a consumer's wages; and
- (e) LBA intended to take legal action against a consumer.

43. In truth and in fact:

- (a) Defendants' telephone calls were not from Ed McMahon or an entity other than LBA;
- (b) LBA is not a law firm, and the company's collectors are not attorneys;
- (c) There are statutes of limitations on the collection of magazine debts;
- (d) In numerous instances in which Defendants made the representation in Paragraph 42(d), above, nonpayment of the debt did not result in garnishment of a consumer's wages; and
- (e) In numerous instances in which Defendants made the representation in Paragraph 42(e), above, LBA did not intend to take legal action against a consumer.

44. Therefore, the representations set forth in Paragraph 42 were false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

45. In numerous instances, through the means described in Paragraphs 30-38, in the course of collecting debts purportedly owed to XMM, Defendants, directly or indirectly, have represented to consumers, expressly or by implication, that the XMM debts were valid and that consumers had an obligation to pay the XMM debts.

46. In truth and in fact, in numerous instances the material representations set forth in Paragraph 45 were false or Defendants did not have a reasonable basis for the representations at the time the representations were made.

47. Therefore, the representations set forth in Paragraph 45 were false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FAIR DEBT COLLECTION PRACTICES ACT

48. 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 since that date. Section 814 of the FDCPA, 15 U.S.C. § 1692l, specifically empowers the Commission to enforce the FDCPA. Under the FDCPA's provisions, for the purposes of the exercise by the Commission of its functions and powers under the FTC Act, a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Further, the Commission is authorized to use all of its functions and powers under the FTC Act to enforce compliance with the FDCPA. The authority of the Commission in this regard includes the power to enforce the provisions of the FDCPA in the same manner as if the violations of the FDCPA were violations of a Commission trade regulation rule.

COUNT III

49. Through the means described in Paragraphs 16-26 and Paragraphs 30-38, in numerous instances, in connection with the collection of debts, Defendants have used false, deceptive, or misleading representations or means, including, but not limited to, the following:

- (a) Defendants, directly or indirectly, have falsely represented the character, amount, or legal status of a debt;
- (b) Defendants, directly or indirectly, have falsely represented or implied that an individual was an attorney or that a communication was from an attorney;
- (c) Defendants, directly or indirectly, have falsely represented or implied that nonpayment of a debt would result in the arrest or imprisonment of a person or the seizure, garnishment, or attachment of a person's property or wages, when such action was not lawful or when neither LBA nor the creditor had the intention of taking such action;
- (d) Defendants, directly or indirectly, have threatened to take actions that could not legally be taken or that were not intended to be taken;
- (e) Defendants, directly or indirectly, have used false representations or deceptive means to collect or attempt to collect debts or to obtain information concerning a consumer; and
- (f) Defendants, directly or indirectly, have used a false business, company, or organization name.

50. Defendants' acts or practices as described in Paragraph 49(a)-(f) violate, respectively, Sections 807(2)(a), (3), (4), (5), (10), and (14) of the FDCPA, 15 U.S.C. § 1692e(2)(a), (3), (4), (5), (10), and (14). Pursuant to Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), Defendants' acts or practices as described in Paragraph 49 also constitute unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE

51. In the Telemarketing Act, 15 U.S.C. § 6101 *et seq.*, Congress directed the Commission to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices. On August 16, 1995, the Commission promulgated the TSR, 16 C.F.R. Part 310, which became effective on December 31, 1995. On January 29, 2003, the Commission amended the TSR by issuing a Statement of Basis and Purpose. The final amended TSR became effective on March 31, 2003. 68 Fed. Reg. 4580, 4669.

52. Debt collectors are covered by the TSR if the collector engages in "upselling" during a collection call and the upsale portion of the telephone call meets the definition of "telemarketing." 68 Fed. Reg. 4663-64 and n.1020.

53. "Upselling" means soliciting the purchase of goods or services following an initial transaction during a single telephone call. 16 C.F.R. § 310.2(dd). "Telemarketing" means a plan, program, or campaign which is conducted to induce the purchase of goods or services by use of one or more telephones and which involves more than one interstate telephone call. 16 C.F.R. § 310.2(cc).

54. The TSR prohibits sellers and telemarketers from requesting or receiving payment of any fee or consideration for goods or services, represented to remove derogatory information

from, or improve, a person's credit history, credit record, or credit rating, until the time period for providing all the goods or services has expired and the seller has demonstrated that the promised results have been achieved. 16 C.F.R. § 310.4(a)(2).

55. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the TSR constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV

56. Through the means described in Paragraphs 39 and 40, in numerous instances, Defendants, directly or indirectly, have solicited the sale of their Credit Solutions program during the same telephone calls in which they collected debts. Therefore, the solicitation for Credit Solutions was an "upsell" as defined by the TSR. 16 C.F.R. § 310.2(dd).

57. In those instances where Defendants upsold the Credit Solutions program, Defendants were "sellers" or "telemarketers" engaged in "telemarketing," as those terms are defined in the TSR, 16 C.F.R. § 310.2(z), (bb), and (cc). As a result, the upsale portion of Defendants' telephone call was covered by the TSR.

58. Defendants' Credit Solutions program was a good or service designed to improve a person's credit history, credit record, or credit rating. Consequently, the TSR prohibited Defendants from requesting or receiving payment until the time period for providing all the goods or services had expired and they had demonstrated that the promised results had been achieved. 16 C.F.R. § 310.4(a)(2).

59. In numerous instances, Defendants, directly or indirectly, have requested and received payment for the Credit Solutions program before the time period for providing all the goods or services had expired and before Defendants had demonstrated that the promised results had been achieved.

60. Therefore, Defendants' practices as set forth in Paragraphs 56-59 were abusive telemarketing practices that violated Section 310.4(a)(2) of the TSR, 16 C.F.R. § 310.4(a)(2).

DISGORGEMENT OF RELIEF DEFENDANT'S ILL-GOTTEN GAIN

COUNT V

61. Relief Defendant, Julissa W. Luebke, has received, directly or indirectly, funds or other assets from the proceeds of Defendants' unlawful acts or practices set forth in Paragraphs 16-40.

62. Relief Defendant obtained these funds or other assets under circumstances in which it is unjust, inequitable, or unconscionable for her to retain these assets. Relief Defendant will be unjustly enriched if she is not required to disgorge the funds or the value of the benefit she received as a result of Defendants' unlawful acts or practices.

63. By reason of the foregoing, the Commission is entitled to an order requiring that Relief Defendant disgorge all funds and assets, or the value of the benefit she received from the funds and assets, which are from the proceeds of Defendants' unlawful acts or practices.

INJUNCTIVE RELIEF FOR VIOLATIONS OF THE FTC ACT, FDCPA, AND TSR

64. Under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), this Court is authorized to issue a permanent injunction to ensure that Defendants will not continue to violate the FTC Act, the FDCPA, and the TSR.

EQUITABLE RELIEF FOR VIOLATIONS OF THE FTC ACT, FDCPA, AND TSR

65. Under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, this Court is authorized to issue all equitable and ancillary relief as it may deem appropriate in the enforcement of the FTC Act, the FDCPA, and the TSR, including the ability to order rescission or reformation of contracts, restitution, the refund of monies paid, and disgorgement to deprive a wrongdoer of ill-gotten gain.

CIVIL PENALTIES FOR VIOLATIONS OF THE FDCPA AND TSR

66. Defendants have violated the FDCPA and the TSR as described above, with actual knowledge or knowledge fairly implied on the basis of objective circumstances, as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A).

67. Each instance within five (5) years preceding the filing of this Complaint, in which Defendants have failed to comply with the FDCPA or the TSR in one or more of the ways described above, constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

68. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, as amended, and as implemented by 16 C.F.R. § 1.98(d) (2009), authorizes this Court to award monetary civil penalties of not more than \$11,000 for each violation of the FDCPA and the TSR occurring on or before February 9, 2009, and civil penalties of not more than \$16,000 for each violation occurring on or after February 10, 2009.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, pursuant to 15 U.S.C. §§ 45(m)(1)(A), 53(b), 1692*l*, and the Court's own equitable powers, respectfully requests that the Court:

1. Enter judgment against Defendants and in favor of Plaintiff for each law violation alleged in this Complaint;
2. Enter a permanent injunction to prevent future violations of the FTC Act, the FDCPA, and the TSR by Defendants;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, the FDCPA, and the TSR, including, but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;
4. Award Plaintiff monetary civil penalties for each violation of the FDCPA and the TSR occurring within five (5) years preceding the filing of this Complaint;
5. Enter an order requiring Relief Defendant to disgorge all funds and assets, or the value of the benefit she received from the funds and assets, which are from the proceeds of Defendants' unlawful acts or practices; and
6. 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: May 11, 2012

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