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CLERK U S DISTRICT COURT
DISTRICT OF ARIZONA
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FEDERAL TRADE COMMISSION

SEALED

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Federal Trade Commission,

Plaintiff,

v.

Credit Glory LLC, a Delaware limited liability company;

Credit Glory LLC, a Wyoming limited liability company;

Credit Glory LLC, a Nevada limited liability company;

Credit Glory Inc., a Delaware corporation;

Credit Sage LLC, a Delaware limited liability company;

Joy Credit Software LLC, a Delaware limited liability company;

Clerk Credit Systems LLC, a Delaware limited liability company;

Clerk Credit Software LLC, a Delaware limited liability company;

Case No. CV26-05387-PHX-SPL

COMPLAINT FOR PERMANENT INJUNCTION, MONETARY JUDGMENT, AND OTHER RELIEF

DOCUMENT SUBMITTED UNDER SEAL

Standard Scores LLC, a Delaware limited liability company;

Collection Payments LLC, a Delaware limited liability company;

Collections Dispute LLC, a Delaware limited liability company;

Collections Expert LLC, a Delaware limited liability company;

Collections Support LLC, a Delaware limited liability company;

Credit Cop LLC, a Delaware limited liability company;

Dispute Collection LLC, a Delaware limited liability company;

Glorious Credit LLC, a Delaware limited liability company;

Joyful Credit LLC, a Delaware limited liability company;

Alexander N. Brola, in his individual and corporate capacity;

Liam Pavel Tame Te Amorangi Tira Emery, in his individual and corporate capacity;

Marko Petkovic, in his individual and corporate capacity;

Joshua Curtis, in his individual and corporate capacity; and

David Naylor, in his individual and corporate capacity;

Defendants.

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

1. The FTC brings this action for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Credit Repair Organizations Act ("CROA"), 15 U.S.C. §§ 1679–1679*l*, the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, Section 521 of the Gramm-Leach-Bliley Act ("GLB Act"), 15 U.S.C. § 6821, Section 4 of the Restore Online Shoppers' Confidence Act ("ROSCA"), 15 U.S.C. § 8403, Section 907(a) of the Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. § 1693e(a), and Section 1005.10(b) of its implementing Regulation E, 12 C.F.R. § 1005.10(b). Defendants' violations relate to their deceptive marketing and sale of credit repair services. For these violations, the FTC seeks relief, including temporary, preliminary, and permanent injunctions, monetary relief, and other relief, including an asset freeze, appointment of a receiver, and immediate access to Defendants' premises, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 410(b) of CROA, 15 U.S.C. § 1679h(b), Section 6(b) of the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6105(b), Section 522(a) of the GLB Act, 15 U.S.C. § 6822(a), Section 5(a) of ROSCA, 15 U.S.C. § 8404(a), and Section 918(c) of EFTA, 15 U.S.C. § 1693o(c).

SUMMARY OF THE CASE

2. Defendants operate an unlawful credit repair scheme that has deceived thousands of consumers across the country. Defendants pose as legitimate debt collection agencies and creditors, including those that operate for the benefit of veterans, members of the

military, and their spouses, and claim they will improve consumers' credit scores by removing negative items from their credit reports. Defendants even file false identity theft reports on the FTC's Identitytheft.gov website without consumers' knowledge in attempts to remove negative information. Defendants also routinely charge prohibited advance fees, including recurring fees on a negative option basis, from consumers for their credit repair services. And, in some instances, Defendants go so far as to bill consumers without their knowledge or consent. Defendants' promises to help consumers improve their credit scores are false and, as a result of their unlawful practices, they have caused at least $172.5 million in consumer injury.

3. Through this action, the FTC seeks to put an end to Defendants' scheme and secure redress for the consumers whom Defendants have harmed.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

5. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(2), (b)(3), (c)(1), (c)(2), (c)(3), and (d), and 15 U.S.C. § 53(b).

PLAINTIFF

6. The FTC is an agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 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 CROA, 15 U.S.C. §§ 1679–1679*l*, which prohibits

untrue or misleading representations to induce the purchase of credit repair services, requires certain affirmative disclosures in the offering or sale of credit repair services, and prohibits credit repair service organizations from charging or receiving money or other valuable consideration for the performance of credit repair services before such services are fully performed. The FTC also enforces the Telemarketing Act, 15 U.S.C. §§ 6101–6108. Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices in or affecting commerce. The FTC also enforces Section 521(a) of the GLB Act, 15 U.S.C. § 6821(a), which prohibits obtaining a person's financial information by making false, fictitious, or fraudulent statements or representations. The FTC also enforces ROSCA, 15 U.S.C. §§ 8401-8405, which prohibits the sale of goods or services on the Internet through negative option marketing without meeting certain requirements to protect consumers. The FTC also enforces EFTA, 15 U.S.C. §§ 1693–1693r, and its implementing Regulation E, 12 C.F.R. Part 1005, which regulate the rights, liabilities, and responsibilities of participants in electronic fund transfer systems.

DEFENDANTS

7. **Defendant Credit Glory LLC**, also doing business as Credit Glory, is a Delaware limited liability company. Credit Glory LLC uses or has used business addresses at 1887 Whitney Mesa Drive, Suite 2089, Henderson, Nevada; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; and 8 The Green, Suite B, Dover, Delaware. Credit Glory LLC transacts or has transacted business in this district and throughout

the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Glory LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

8. **Defendant Credit Glory LLC**, also doing business as Credit Glory, is also separately a Wyoming limited liability company and is also registered to do business in California. Credit Glory LLC uses or has used business addresses at 1887 Whitney Mesa Drive, Suite 2089, Henderson, Nevada; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; 30 N. Gould Street, Suite N, Sheridan, Wyoming; and 2108 N Street, Suite N, Sacramento, California. Credit Glory LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Glory LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

9. **Defendant Credit Glory LLC**, also doing business as Credit Glory, is also separately a Nevada limited liability company. Credit Glory LLC uses or has used business addresses at 1887 Whitney Mesa Drive, Suite 2089, Henderson, Nevada; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; and 732 S. 6th Street, Suite N, Las Vegas, Nevada. Credit Glory LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Glory LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

10. **Defendant Credit Glory Inc.**, also doing business as Credit Glory, is a Delaware corporation that was initially incorporated in New York but converted to a Delaware corporation and is also registered to do business in Florida, Nevada, and California. Credit Glory Inc. uses or has used business addresses at 1887 Whitney Mesa Drive, Suite 2089, Henderson, Nevada; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; 234 5th Avenue, Suite 200, New York, New York; 1201 N. Orange Street, Suite 600, Wilmington, Delaware; 7901 4th Street N., Suite 300, St. Petersburg, Florida; 2108 N Street, Suite N, Sacramento, California; 8 The Green, Suite B, Dover, Delaware; and 732 S. 6th Street, Suite N, Las Vegas, Nevada. Credit Glory Inc. transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Glory Inc. has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

11. **Defendant Credit Sage LLC**, also doing business as Credit Sage, is a Delaware limited liability company and is also registered to do business in Washington. Credit Sage LLC uses or has used business addresses at 2093 Philadelphia Pike, Suite 5702, Claymont, Delaware; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; 1913 E. Desert Lane, Phoenix, Arizona; 822 N.E. 115th Circle, Vancouver, Washington; 522 W. Riverside Avenue, Suite N, Spokane, Washington; and 8 The Green, Suite B, Dover, Delaware. Credit Sage LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Sage LLC has advertised,

marketed, distributed, or sold credit repair services to consumers throughout the United States.

12. **Defendant Joy Credit Software LLC**, also doing business as Credit Joy, is a Delaware limited liability company. Joy Credit Software LLC uses or has used business addresses at 800 N. King Street, Suite 304-1384, Wilmington, Delaware; 509 Welwyn Road, Richmond, Virginia; and 16192 Coastal Highway, Lewes, Delaware. Joy Credit Software LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Joy Credit Software LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

13. **Defendant Clerk Credit Systems LLC**, also doing business as Credit Clerk, is a Delaware limited liability company. Clerk Credit Systems LLC uses or has used business addresses at 600 N. Broad Street, Suite 5-391, Middletown, Delaware; 325 NW 163rd Street, Edmond, Oklahoma; 11914 N. Pennsylvania Avenue, Suite B-4, Oklahoma City, Oklahoma; 8325 NW 163rd Street, Edmond, Oklahoma; 440 N. Barranca Avenue, Suite 4138, Covina, California; and 16192 Coastal Highway, Lewes, Delaware. Clerk Credit Systems LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Clerk Credit Systems LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

14. **Defendant Clerk Credit Software LLC**, also doing business as Credit Clerk, is a Delaware limited liability company. Clerk Credit Software LLC uses or has used business addresses at 8325 NW 163rd Street, Edmond, Oklahoma; 1041 N. Dupont Highway, Suite 1831, Dover, Delaware;16192 Coastal Highway, Lewes, Delaware. Clerk Credit Software LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Clerk Credit Software LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

15. **Defendant Standard Scores LLC**, formerly known as Standard Score LLC and also doing business as Standard Scores, is a Delaware limited liability company and is also registered as a foreign business entity in North Carolina. Standard Scores LLC uses or has used business addresses at 3900 Westerre Parkway, Suite 300, Henrico, Virginia; 509 Welwyn Road, Richmond, Virginia; 1032 E. Brandon Boulevard, Suite 1089, Brandon, Florida; 4801 E. Independence Boulevard, Suite 914, Charlotte, North Carolina; 4030 Wake Forest Road, Suite 349, Raleigh, North Carolina; and 16192 Coastal Highway, Lewes, Delaware. Standard Scores LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Standard Scores LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

16. **Defendant Collection Payments LLC** is a Delaware limited liability company. Collection Payments LLC uses or has used business addresses at 16192 Coastal

Highway, Lewes, Delaware. Collection Payments LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Collection Payments LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

17. **Defendant Collections Dispute LLC** is a Delaware limited liability company. Collections Dispute LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Collections Dispute LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Collections Dispute LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

18. **Defendant Collections Expert LLC** is a Delaware limited liability company. Collections Expert LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Collections Expert LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Collections Expert LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

19. **Defendant Collections Support LLC** is a Delaware limited liability company. Collections Support LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Collections Support LLC transacts or has transacted

business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Collections Support LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

20. **Defendant Credit Cop LLC** is a Delaware limited liability company. Credit Cop LLC uses or has used business addresses at 8 The Green, Suite B, Dover, Delaware. Credit Cop LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Credit Cop LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

21. **Defendant Dispute Collection LLC** is a Delaware limited liability company. Dispute Collection LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Dispute Collection LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Dispute Collection LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

22. **Defendant Glorious Credit LLC** is a Delaware limited liability company. Glorious Credit LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Glorious Credit LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone

or in concert with others, Glorious Credit LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

23. **Defendant Joyful Credit LLC** is a Delaware limited liability company. Joyful Credit LLC uses or has used business addresses at 16192 Coastal Highway, Lewes, Delaware. Joyful Credit LLC transacts or has transacted business in this district and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Joyful Credit LLC has advertised, marketed, distributed, or sold credit repair services to consumers throughout the United States.

24. **Defendant Alexander N. Brola** is or was an owner, officer, director, member, or manager of Credit Glory Inc., Credit Glory LLC, Credit Sage LLC, and Standard Scores LLC. In particular, Defendant Brola is or was president, chief executive officer, vice president, secretary, treasurer, chief financial officer, director, and owner of Credit Glory Inc.; managing member, member, owner, president, chief executive officer, and controlling officer of Credit Glory LLC; governor, member, managing member, owner, officer, and president of Credit Sage LLC; and president, chief operating officer, and member of Standard Scores LLC. Defendant Brola is an authorized signatory authority on Defendants' bank accounts and merchant accounts and account contact for Defendants' telecommunications services and Google advertising services. At all times relevant to this Complaint, acting alone or in concert with others, Defendant Brola has formulated, directed, controlled, had the authority to control, or participated in the acts and practices described in this Complaint. Defendant Brola resides in this District and, in connection with the

matters alleged herein, transacts or has transacted business in this District and throughout the United States.

25. **Defendant Liam Pavel Tame Te Amorangi Tira Emery** is or was an owner, officer, director, member, or manager of Credit Glory LLC and Credit Sage LLC. In particular, Defendant Emery is or was a member of Credit Glory LLC; and a member, owner, and officer of Credit Sage LLC. Defendant Emery is an authorized signatory authority on Defendants' bank accounts and merchant accounts. At all times relevant to this Complaint, acting alone or in concert with others, Defendant Emery has formulated, directed, controlled, had the authority to control, or participated in the acts and practices described in this Complaint. Defendant Emery transacts or has transacted business in this District and throughout the United States.

26. **Defendant Marko Petkovic** is or was an owner, officer, director, member, or manager of Credit Glory LLC and Credit Sage LLC. In particular, Defendant Petkovic is the chief executive officer and president of Credit Glory LLC; and chief executive officer of Credit Sage LLC. At all times relevant to this Complaint, acting alone or in concert with others, Defendant Petkovic has formulated, directed, controlled, had the authority to control, or participated in the acts and practices described in this Complaint. Defendant Petkovic transacts or has transacted business in this District and throughout the United States.

27. **Defendant Joshua Curtis** is or was an owner, officer, director, member, or manager of Joy Credit Software LLC and Standard Scores LLC. In particular, Defendant Curtis is the owner, member, and chief executive officer of Joy Credit Software LLC;

and the owner and chief executive officer of Standard Scores LLC. Defendant Curtis is an authorized signatory authority on Defendants' bank accounts and merchant accounts. At all times relevant to this Complaint, acting alone or in concert with others, Defendant Curtis has formulated, directed, controlled, had the authority to control, or participated in the acts and practices described in this Complaint. In connection with the matters alleged herein, Defendant Curtis transacts or has transacted business in this District and throughout the United States.

28. **Defendant David Naylor** is or was an owner, officer, director, member, or manager of Clerk Credit Systems LLC, Clerk Credit Software LLC, and Collection Payments LLC. In particular, Defendant Naylor is the owner, member, manager, and chief operating officer of Clerk Credit Systems LLC; owner and manager of Clerk Credit Software LLC; and sole member of Collection Payments LLC. Defendant Naylor is an authorized signatory authority on Defendants' bank accounts and merchant accounts. At all times relevant to this Complaint, acting alone or in concert with others, Defendant Naylor has formulated, directed, controlled, had the authority to control, or participated in the acts and practices described in this Complaint. In connection with the matters alleged herein, Defendant Naylor transacts or has transacted business in this District and throughout the United States.

COMMON ENTERPRISE

29. Defendants Credit Glory LLC (Delaware), Credit Glory LLC (Wyoming), Credit Glory LLC (Nevada), Credit Glory Inc., Credit Sage LLC, Joy Credit Software LLC, Clerk Credit Systems LLC, Clerk Credit Software LLC, Standard Scores LLC,

Collection Payments LLC, Collections Dispute LLC, Collections Expert LLC, Collections Support LLC, Credit Cop LLC, Dispute Collection LLC, Glorious Credit LLC, and Joyful Credit LLC (collectively, "Corporate Defendants") have operated as a common enterprise while engaging in the unlawful acts and practices described below. Corporate Defendants have conducted the business practices described below through an interrelated network of companies that have common ownership, officers, business functions, employees, managers, and office locations, and have commingled funds. Because these Corporate Defendants have operated as a common enterprise, each of them is liable for the acts and practices alleged below.

COMMERCE

30. At all times relevant 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' UNLAWFUL CREDIT REPAIR SCHEME

31. Since at least 2016, Defendants have falsely promised that they can successfully and permanently remove negative information from consumers' credit histories or credit reports, thereby improving consumers' credit scores. Defendants typically solicit consumers primarily through one of two paths. First, Defendants work with Google and use Google ads to induce consumers who are trying to contact debt collection agencies and creditors to contact them instead. Second, Defendants use other Google ads and operate numerous Internet websites to make deceptive claims regarding their services to consumers looking to improve their credit.

Path 1: Defendants Deceptively Impersonate Legitimate Debt Collection Entities and Creditors

32. To induce the purchase of Defendants' credit repair services, Defendants impersonate legitimate debt collection entities and creditors.

33. In many instances, consumers have been contacted by debt collection entities or creditors, or the consumers find negative information on their credit reports placed by legitimate debt collection entities or creditors. Consumers then conduct an Internet search to obtain contact information for the debt collection entities or creditors.

34. For example, Transworld Systems, Portfolio Recovery Associates, and LVNV Funding are several of the larger debt buyers and debt collectors in the United States. Meanwhile, the Army & Air Force Exchange Service ("AAFES"), in addition to running thousands of post and base exchanges and other stores, is the primary in-house debt collector for the Military Star Card, a private-label credit card used by over one million servicemembers, veterans, and their families at military exchanges and commissaries. And United Services Automobile Association ("USAA"), which provides financial services such as credit cards and consumer loans exclusively to members of the military, veterans, and their families, also engages in in-house collections of debts owed to it. Other creditors, such as telecommunications providers like AT&T, Sprint, and Verizon, will attempt in-house collection on delinquent accounts before turning them over to third-party debt collection entities.

35. Defendants, meanwhile, purchase ads from Google (known as Google ads) that display in the search results of consumers searching for those entities' contact information.

36. Among the various types of Google ads are text ads and call ads. With a text ad, when the consumer clicks on the ad, they are directed to a specific landing page, *i.e.*, the business's Internet website. Text ads can also have a feature known as a call asset, usually noted by a separate phone icon, that, when clicked, initiates a call directly to the business. Text and call ads generally appear above organic search results (*i.e.*, results that Google finds based on information contained in a website), although for some queries organic search results may be above a Google ad. With call ads and text ads with a call asset, consumers can initiate instantly a phone call to the advertiser by simply clicking the ad or phone icon and without having to copy or memorize the number or, in the case of a text ad, first go to the landing page of the website. A Google ad has a number of components or assets, including keywords, headlines, and descriptions. Keywords are specific words or phrases chosen by the business to connect consumers' search queries to their ads; headlines are the prominent, clickable text at the top of the ad; and descriptions are the text below the headlines that provide more details to the ad. The headlines and descriptions collectively are referred to as the ad's "creatives."

37. Defendants pay for ads on keywords in numerous variations on the names of debt collection entities and creditors to appear in the search results for consumers making search queries for those debt collection entities and creditors. For example, for a debt

collection entity such as LVNV Funding, Defendants purchase ads on keywords such as "LVNV Funding Contact," "LVNV Contact," "LVNV Funding Phone Number," and "LVNV Phone Number," with keywords for other debt collection entities, such as Portfolio Recovery Associates, Transword Systems, or other debt collection entities following the same pattern.

38. Likewise, Defendants purchase similar keywords for creditors, like AAFES, USAA, AT&T, Sprint, and Verizon, such as "AAFES Collections," "AAFES Collections number," and "AAFES Collections customer service."

39. Defendants then use ad creatives so that consumers searching for these real entities find Defendants' ads. For example, Defendants use creatives that include headlines such as:

- "[name of specific debt collection entity, *e.g.*, LVNV Funding, Portfolio Recovery Associates, Transworld Systems, etc.]? Phone Now"
- "[name of specific debt collection entity, *e.g.*, LVNV Funding, Portfolio Recovery Associates, Transworld Systems, etc.]? Call Us Now Now" or
- "[name of specific debt collection entity, *e.g.*, LVNV Funding, Portfolio Recovery Associates, Transworld Systems, etc.]? Phone Us Now"

and descriptions such as:

- "You may not have to pay. Call us today to for a free review. Take the first steps to removing debt related obstacles in your life"
- "Collections appearing on your report? Don't pay just yet. Call Collection Experts today. It's possible to completely remove unverified debts. Call us today for a free review" or
- "Find Lvnv Funding On Your Report? Find Out Why & Remove It. Your Freedom From Financial Stress Awaits. Call Us Today For Advice."

40. Likewise with creditors, Defendants' creatives include such headlines and descriptions as "[name of specific creditor, *e.g.*, AAFES Collections, USAA Collections, AT&T Collections Agency, Sprint Collections, Verizon Collections, etc.]? Phone Now" and "You may not have to pay. Call us today to for a free review. Take the first steps to removing debt related obstacles in your life."

41. Defendants' telemarketers typically do not inform consumers that they are not talking with the debt collection entities or creditors even in circumstances where it is apparent that the consumer is operating under that assumption. In addition, even when consumers ask if they are talking with the debt collection entity or creditor, Defendants' telemarketers often either mislead consumers into believing that they are those entities or fail to disclose that they are not the debt collection entity or creditor.

42. Defendants are not the debt collection entities or creditors associated with consumers' delinquent debts.

Path 2: Defendants Use Deceptive Internet Marketing

43. In addition, Defendants work with Google and use Google ads and Internet websites to induce consumers to contact them regarding their credit repair services.

44. In numerous instances, consumers conduct an Internet search to obtain information on how to improve their credit or resolve issues on their credit reports, such as removing a credit or security freeze or inquiring about or resolving errors on their credit reports.

45. Defendants pay for ads on keywords that use the names of the three major consumer reporting agencies ("CRAs"), such as "800 number for Equifax," "Equifax contact,"

"Equifax contact number," "Equifax live person number," "Equifax number customer service," and "Equifax phone number," "800 number for Experian," "Experian contact," and "Experian contact number."

46. Defendants' creatives include such headlines and descriptions as "Freeze Your Credit? (Call For Live Help) Remove Errors & Inaccuracies Freezing Doesn't Resolve Credit Issues. Remove Errors & Inaccuracies Holding You Back. Call for Live Help With A Specialist. We'll Assist You With A Simple, Easy Process" and "Credit Report Disputes? Call Now Get Your Free Consultation Want To Dispute Inaccurate or Unverifiable Items On Your Report? Speak With An Expert. We've Disputed 1000s Of Errors For Our Customers. Fast, Simple Process."

47. Consumers clicking on the call ads or phone icon in a text ads are connected directly with Defendants.

48. In addition, Defendants have also operated several Internet websites, including creditglory.com, creditsage.com, creditjoy.com, and creditclerk.com that have made the following statements regarding their credit repair services:

- On average, we assist our clients boosting their FICO scores by 120 points, tackling issues like collections, medical bills, and other negative items
- We specialize in helping people improve their scores so they can enjoy better approval odds + more favorable terms
- Has your credit report been holding back your financial life? Many of our clients come to us because they're struggling to get approved for various loans. We're here to try to fix that.
- We've helped thousands of people fix their credit to get mortgages, auto loans, and so much more

- 95% customer satisfaction

49. Defendants' websites purport to have thousands of positive reviews. For example, their website creditglory.com states "Over 6500 5-star reviews on Trustpilot," their website creditsage.com states "Over 5000+ 5-star reviews," and their website creditjoy.com states "Hear directly from the thousands of everyday Americans that we have helped!"

50. Defendants' websites also depict purported success stories of consumers for whom Defendants claim to have increased credit scores. The websites introduce these purported success stories with statements such as "These are real results from the thousands of clients we serve!" and "Our greatest customer success stories." For example, the websites include the following:

    - "Carl F" whose credit score purportedly increased 213 points from 592 to 805;
    - "Fernando G" whose credit score purportedly increased 204 points from 526 to 730;
    - "Maria A" whose credit score purportedly increased 197 points from 542 to 739;
    - "Carlos F" whose credit score purportedly increased 191 points from 591 to 782; and
    - "Francesca B" whose credit score purportedly increased 177 points from 611 to 788.

    The websites also highlight the following:

    - "Joel C" for whom Defendants purportedly obtained 118 removals;
    - "Eli B" for whom Defendants purportedly obtained 106 removals;

- "Brandon R" for whom Defendants purportedly obtained 103 removals;
- "Jose N" for whom Defendants purportedly obtained 83 removals.
- "Randy M" for whom Defendants purportedly obtained 70 removals; and

51. Defendants' websites list toll-free numbers for consumers to call and have click-to-call links.

Defendants Make False Claims Regarding Their Credit Repair Services

52. Depending on which of the two paths described above led consumers to call Defendants, Defendants' telemarketers make one of several sales pitches for Defendants' credit repair services.

53. For consumers who think they are contacting a debt collection entity or creditor about a delinquent debt, Defendants' telemarketers typically tell consumers that instead of requiring consumers to pay the debt, Defendants can delete the debt and the corresponding negative information from consumers' credit reports.

54. In other instances, Defendants' telemarketers state that consumers can pay Defendants to resolve the debt, often at small discount, after which Defendants will remove the negative information.

55. For either set of consumers, as well as consumers who are inquiring generally about fixing their credit, Defendants' telemarketers explain that in many instances the negative information on consumers' credit reports is inaccurate, and that Defendants can remove that inaccurate information. In other instances, Defendants' telemarketers state that Defendants will dispute negative information with the CRAs.

56. Defendants' telemarketers then typically state that they need to charge consumers $1, which they explain is necessary to verify consumers' identities or pull consumers' credit report to review it. To pay the $1 charge, Defendants require consumers to provide their financial information, including their credit or debit card number, on the phone.

57. Defendants' telemarketers often then inform consumers that they are looking at their credit reports and notice numerous errors that Defendants can use to remove negative items. For example, Defendants' telemarketers state that consumers' personal information, such as birthdate or address, is inaccurate or that an account that is listed on one of the CRAs is not listed on the other two.

58. Defendants' telemarketers explain that they will use these inaccuracies to prepare dispute letters that they will mail on consumers' behalf to the CRAs, and that upon receipt of those letters, the CRAs will be required to remove the negative items at issue.

59. Defendants' telemarketers typically state that as a result of Defendants' services, consumers' credit scores will improve significantly within 90 days.

60. Defendants' telemarketers frequently state that they have a proven method that works with a 95% satisfaction rate with their customers.

61. Defendants' telemarketers explain that in order to proceed with the credit repair services, consumers need to sign a contract electronically that would be emailed to them. Defendants then email consumers a link to an Internet website, such as

Docusign, containing the electronic contract for consumers to sign digitally while still on the phone with them.

62. Defendants' contracts do not include a full and detailed description of the services to be performed by them for consumers, including, among other things, an estimate of the date by which the performance of services will be complete or the length of time necessary to perform such services. Nor do their contracts contain a conspicuous statement in bold fact type, in immediate proximity to the space for consumers' signatures, advising consumers of their right to cancel the contract within a specified period of time.

63. Defendants' telemarketers state that, in addition to the $1 charge described above, Defendants require an up-front fee, typically several hundreds of dollars. In those instances where Defendants' telemarketers stated that consumers could pay Defendants to resolve their outstanding debt, the amount of the up-front fee approximates the amount of the debt, although often with a small discount.

64. Defendants' telemarketers typically state that consumers must also pay several monthly fees: first, a monthly fee paid to Defendants of typically between $90 and $99 that Defendants' telemarketers explain is a monthly maintenance fee; and second, a monthly fee paid to Defendant Standard Scores, which the telemarketers represent as being a third-party provider, of typically $24.95 or $24.99, that Defendants' telemarketers claim is for credit monitoring and a necessary part of the credit repair service. Defendants' telemarketers assure consumers that they will only pay those fees for a few months, typically three, until the negative information is removed. In

many cases, however, Defendants' telemarketers do not disclose the existence of the recurring fees.

Defendants Do Not Follow Through on Their Credit Repair Promises

65. Defendants represent to consumers that they have submitted manual dispute letters to one or more CRAs challenging some or all negative information in consumers' credit reports. In many instances, however, these unsupported challenges have not caused CRAs to permanently delete or change the information, as Defendants cannot remove accurate, negative information that is not obsolete from consumers' credit reports.

66. In some instances, unbeknownst to consumers, Defendants also have filed, or caused to be filed, on the FTC's Identitytheft.gov website identify theft reports, which are then sent to the CRAs, that assert that some or all negative information on consumers' reports was the result of identity theft. In fact, many consumers on whose behalf Defendants filed, or caused to be filed, identity theft reports were not victims of identity theft nor was the negative information in question the result of identity theft.

67. The filing of an identity theft report does not automatically result in the removal of negative information from consumers' credit reports. CRAs typically review identity theft reports submitted to them to determine whether those reports were wrongfully filed, in which case the CRA may decline to block the requested negative information.

68. Thus, Defendants generally fail to remove negative information from consumers' credit reports. And consumers who purchase Defendants' credit repair services do not obtain the promised improvements to their credit scores. In fact, for some consumers,

their credit scores actually worsened after purchasing Defendants' credit repair services.

Defendants Charge Illegal Advance Fees

69. Almost immediately after turning over their payment information, Defendants charge consumers' credit or debit cards for the $1 charge.

70. Shortly after signing the contract, Defendants charge consumers' credit or debit cards in the up-front amount mentioned during the phone call.

71. Shortly after signing the contract, Defendants also begin charging consumers' credit or debit cards for the recurring charges.

72. In some instances, Defendants charge the up-front fee and/or recurring fees even when consumers did not sign the contract or otherwise agree to purchase Defendants' credit repair services, including where consumers expressly stated they did not want to purchase Defendants' services.

73. Defendants regularly charge consumers' credit or debit cards for these fees before fully performing the promised credit repair service.

74. Defendants typically charge consumers' credit or debit cards before providing consumers documentation in the form of a credit report demonstrating that the promised results have been achieved, such credit report having been issued more than six months after the results were achieved.

75. Defendants often charge consumers the monthly fee indefinitely, even when Defendants' telemarketers state it would only be charged for three months.

Consumer Harm

76. During the three years prior to the filing of this Complaint, Defendants have collected at least $172.5 million from consumers through their unlawful credit repair scheme.

Ongoing Conduct

77. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the FTC.

VIOLATIONS OF THE FTC ACT

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

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

80. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

COUNT I
Deceptive Credit Repair Representations

81. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, Defendants represent, directly or indirectly, expressly or by implication, that Defendants will significantly improve

consumers' credit scores by, among other things, removing negative information permanently from consumers' credit reports or profiles.

82. In numerous instances, Defendants' representations as described in Paragraph 81 are false or misleading or were not substantiated at the time the representations were made.

83. Therefore, Defendants' representations as described in Paragraph 81 are 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
Deceptive Impersonation Claims

84. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, Defendants represent, directly or indirectly, expressly or by implication, that Defendants are debt collection entities and creditors.

85. In fact, in numerous instances in which Defendants have made the representations described in Paragraph 84, Defendants are not debt collection entities or creditors.

86. Therefore, Defendants' representations as described in Paragraph 84 are 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 III
Unfair Unauthorized Charges

87. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, Defendants have charged consumers

for credit repair services for which the consumers have not provided express informed consent.

88. Defendants' practices as described in Paragraph 87 cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that are not outweighed by countervailing benefits to consumers or competition.

89. Therefore, Defendants' acts or practices as described in Paragraph 87 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and 45(n).

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

90. The Credit Repair Organizations Act took effect on April 1, 1997, and has since that date remained in full force and effect.

91. The purposes of CROA, according to Congress, are (1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations. 15 U.S.C. § 1679(b).

92. CROA defines a "credit repair organization" as "any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that they can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of . . . improving any consumers' credit record, credit history, or credit rating. . . ." 15 U.S.C. § 1679a(3).

93. Defendants are a "credit repair organization."

94. CROA prohibits all persons from making any statement, or counseling or advising any consumer to make any statement, which is untrue or misleading with respect to any consumer's credit worthiness, credit standing, or credit capacity to any consumer reporting agency. 15 U.S.C. § 1679b(a)(1)(A).

95. CROA prohibits all persons from making or using any untrue or misleading representation of the services of the credit repair organization. 15 U.S.C. § 1679b(a)(3).

96. CROA prohibits all persons from engaging, directly or indirectly, in any act, practice, or course of business that constitutes or results in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization. 15 U.S.C. § 1679b(a)(4).

97. CROA prohibits credit repair organizations from charging or receiving any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform before such service is fully performed. 15 U.S.C. § 1679b(b).

98. CROA prohibits credit repair organizations from providing any services to a consumer unless the credit repair organization has obtained a written and dated contract that has been signed by the consumer. 15 U.S.C. § 1679d(a). CROA requires credit repair organizations to include in those contracts the following terms and conditions: (1) the terms and conditions of payment, including the total amount of all payments to be made by the consumer to the credit repair organization or to any

other person, (2) a full and detailed description of the credit repair services to be performed by the credit repair organization for the consumer, including (a) all guarantees of performance, and (b) an estimate of (i) the date by which the performance of the services (to be performed by the credit repair organization or any other person) will be complete or (ii) the length of the period necessary to perform such services; (3) the credit repair organization's name and principal business address; and (4) a conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, which reads as follows: "You may cancel this contract without penalty or obligation at any time before midnight of the 3rd business day after the date on which you signed the contract. See the attached notice of cancellation form for an explanation of this right." 15 U.S.C. § 1679d(b).

99. Pursuant to Section 410(b)(1) of CROA, 15 U.S.C. § 1679h(b)(1), any violation of any requirement or prohibition of CROA constitutes an unfair or deceptive act or practice in commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Pursuant to Section 410(b)(2) of CROA, 15 U.S.C. § 1679h(b)(2), all functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance with CROA in the same manner as if the violation had been a violation of any FTC trade regulation rule. Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against "any person, partnership, or corporation" who "violates any rule . . . respecting unfair or deceptive acts or practices." Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in any

action commenced under Section 19(a)(1), the court "shall have jurisdiction to grant such relief as the court finds necessary to redress injury to consumers, including but not limited to rescission or reformation of contracts, and the refund of money or return of property."

COUNT IV
Misrepresentations Regarding Credit Repair Services

100. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have made untrue or misleading representations to consumers, including that Defendants will significantly improve consumers' credit scores by, among other things removing negative information permanently from consumers' credit reports or profiles.

101. Therefore, Defendants' acts or practices as set forth in Paragraph 100 violate Section 404(a)(3) of CROA, 15 U.S.C. § 1679b(a)(3).

COUNT V
Filing False Identity Theft Reports

102. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have made statements, or counseled or advised consumers to make statements, which are untrue or misleading with respect to their credit worthiness, credit standing, or

credit capacity to consumer reporting agencies, including filing identity theft reports even when consumers have not, in fact, been victims of identity theft.

103. Therefore, Defendants' acts or practices as set forth in Paragraph 102 violate Section 404(a)(1)(A) of CROA, 15 U.S.C. § 1679b(a)(1)(A).

COUNT VI
Engaging in Fraudulent or Deceptive Credit Repair Practices

104. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have engaged, directly or indirectly, in acts, practices, or courses of business that constitute or result in the commission of, or an attempt to commit, a fraud or deception on any person in connection with the offer or sale of the services of the credit repair organization, including (a) making untrue or misleading representations to consumers, including that Defendants will significantly improve consumers' credit scores by, among other things removing negative information permanently from consumers' credit reports or profiles; and (b) filing identity theft reports on behalf of consumers even when consumers have not, in fact, been victims of identity theft.

105. Therefore, Defendants' acts or practices as set forth in Paragraph 104 violate Section 404(a)(4) of CROA, 15 U.S.C. § 1679b(a)(4).

COUNT VII
Violation of Prohibition against Charging Advance Fees for Credit Repair Services

106. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as

that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have charged or received money or other valuable consideration for the performance of credit repair services that Defendants have agreed to perform before such services were fully performed.

107. Therefore, Defendants' acts or practices as set forth in Paragraph 106 violate Section 404(b) of CROA, 15 U.S.C. § 1679b(b).

COUNT VIII
Failure to Include Required Terms and Conditions in Contracts

108. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of CROA, 15 U.S.C. § 1679a(3), Defendants have failed to include in their consumer contracts the following required terms and conditions: (1) a full and detailed description of the credit repair services to be performed by Defendants for the consumer, including (a) all guarantees of performance, and (b) an estimate of (i) the date by which the performance of the services (to be performed by Defendants or any other person) will be complete or (ii) the length of the period necessary to perform such services; and (2) the specific conspicuous statement in bold face type, in immediate proximity to the space reserved for the consumer's signature on the contract, regarding the consumers' right to cancel the contracts without penalty or obligation at any time before the third business day after the date on which consumers signed the contracts.

109. Therefore, Defendants' acts or practices as set forth in Paragraph 108 violate Section 406(b) of CROA, 15 U.S.C. § 1679d(b).

VIOLATIONS OF THE TELEMARKETING SALES RULE

110. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101–6108. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended certain sections thereafter.

111. Under the TSR, a "telemarketer" means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a consumer or donor. 16 C.F.R. § 310.2(ff). A "seller" means any person who, in connection with a telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to the customer in exchange for consideration. 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(gg). A "negative option feature" means, in an offer or agreement to sell or provide any goods or services, a provision under which the customer's silence or failure to take an affirmative action to reject goods or services or to cancel the agreement is interpreted by the seller as acceptance of the offer. 16 C.F.R. § 310.2(w).

112. The TSR exempts from the Rule telephone calls initiated by a customer in response to an advertisement through any medium other than direct mail solicitations, except for calls initiated by a customer in response to advertisements involving offers

for goods or services represented to remove derogatory information from, or improve, a person's credit history, credit record, or credit rating. 16 C.F.R. § 310.6(b)(5)(i).

113. Defendants are "seller[s]" or "telemarketer[s]" engaged in "telemarketing," as those terms are defined in the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg). Defendants' monthly charges are a "negative option feature," as that term is defined in the TSR, 16 C.F.R. § 310.2(w).

114. The TSR requires sellers and telemarketers, before a customer consents to pay for any good or service that includes a negative option feature, to disclose truthfully, in a clear and conspicuous manner, all material terms and conditions of the negative option feature, including, but not limited to, the fact that the customer's account will be charged unless the customer takes an affirmative action to avoid the charge(s), the date(s) the charge(s) will be submitted for payment, and the specific steps the customer must take to avoid the charge(s). 16 C.F.R. § 310.3(a)(1)(vii).

115. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

116. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, any material aspect of a negative option feature, including, but not limited to, the fact that the customer's account will be charged unless the customer takes an affirmative action to avoid the charge(s), the date(s) the charge(s) will be

submitted for payment, and the specific steps the customer must take to avoid the charge(s). 16 C.F.R. § 310.3(a)(2)(ix).

117. 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: (a) the time frame in which the seller has represented all of the goods or services will be provided to that person has expired; and (b) the seller has provided the person with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved. 16 C.F.R. § 310.4(a)(2).

118. The TSR prohibits sellers and telemarketers from causing billing information to be submitted for payment, directly or indirectly, without the express informed consent of the customer. 16 C.F.R. § 310.4(a)(7).

119. 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), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against "any person, partnership, or corporation" who "violates any rule . . . respecting unfair or deceptive acts or practices." Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in any action commenced under Section 19(a)(1), the court "shall have

jurisdiction to grant such relief as the court finds necessary to redress injury to consumers, including but not limited to recission or reformation of contracts, the refund of money or return of property."

COUNT IX
Misrepresentations Regarding Credit Repair Services

120. In numerous instances, in connection with the telemarketing of debt relief services, Defendants have misrepresented, directly or indirectly, expressly or by implication, material aspects of the performance, efficacy, nature, or central characteristics of their credit repair services, including but not limited to, that:

a. Defendants will significantly improve consumers' credit scores by, among other things, removing negative information permanently from consumers' credit reports or profiles; and

b. Defendants are debt collection entities and creditors.

121. Therefore, Defendants' acts or practices as described in Paragraph 120 violate Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

COUNT X
Advance Fees for Credit Repair Services

122. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have requested or received payment of a fee or consideration for credit repair services before: (a) the time frame in which Defendants have represented all of the credit repair services will be provided to consumers has expired; and (b) Defendants have provided consumers with documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have

been achieved, such report having been issued more than six months after the results were achieved.

123. Therefore, Defendants' acts or practices as described in Paragraph 122 violate Section 310.4(a)(2) of the TSR, 16 C.F.R. § 310.4(a)(2).

COUNT XI
Unauthorized Billing

124. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have caused billing information to be submitted for payment, directly or indirectly, without the express informed consent of the customer.

125. Therefore, Defendants' acts or practices described in Paragraph 124 violate Section 310.4(a)(7) of the TSR, 16 C.F.R. § 310.4(a)(7).

COUNT XII
Failure to Make Required Disclosures Regarding Negative Option Features

126. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have failed to disclose truthfully, in a clear and conspicuous manner, before consumers consent to pay for Defendants' credit repair services, all material terms and conditions of a negative option feature, in particular their monthly charges, including, but not limited to, the fact that consumers' accounts will be charged unless consumers take an affirmative action to avoid the charge, the date the charges will be submitted for payment, and the specific steps consumers must take to avoid the charges.

127. Therefore, Defendants' acts or practices as described in Paragraph 126 violate Section 310.3(a)(1)(vii) of the TSR, 16 C.F.R. § 310.3(a)(1)(vii).

COUNT XIII
Misrepresentations Regarding Negative Option Features

128. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have misrepresented, directly or indirectly, expressly or by implication, material aspects of a negative option feature, in particular their monthly charges, including, but not limited to, the fact that consumers' accounts will be charged unless consumers take an affirmative action to avoid the charge, the date the charges will be submitted for payment, and the specific steps consumers must take to avoid the charges.

129. Therefore, Defendants' acts or practices as described in Paragraph 128 violate Section 310.3(a)(2)(ix) of the TSR, 16 C.F.R. § 310.3(a)(2)(ix).

VIOLATIONS OF THE GLB ACT

130. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on November 12, 1999, and remains in full force and effect. Section 521(a) of the GLB Act, 15 U.S.C. § 6821(a), prohibits any person from "obtain[ing] or attempt[ing] to obtain . . . customer information of a financial institution relating to another person . . . by making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution."

131. The GLB Act defines "customer" to mean "with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary." 15 U.S.C. § 6827(1). The GLB Act defines "customer information of a financial institution" as

"any information maintained by or for a financial institution which is derived from the relationship between the financial institution and a customer of a financial institution and is identified with the customer." 15 U.S.C. § 6827(2). The GLB Act defines "financial institution" to include "any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution." 15 U.S.C. § 6827(4)(A).

132. Section 522(a) of the GLB Act, 15 U.S.C. § 6822(a), empowers the FTC to enforce Section 521 of the GLB Act "in the same manner and with the same power and authority as the [FTC] has under the Fair Debt Collection Practices Act [FDCPA] . . . to enforce compliance with such Act." Pursuant to Section 814(a) of the FDCPA, 15 U.S.C. § 1692*l*(a), a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Section 814(a) of the FDCPA further provides that all of the functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance by any person with the FDCPA, including the power to enforce provisions of the FDCPA in the same manner as if the violation had been a violation of an FTC trade regulation rule. Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against "any person, partnership, or corporation" who "violates any rule . . . respecting unfair or deceptive acts or practices." Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in any action commenced under Section 19(a)(1), the court "shall have jurisdiction to grant such relief as the court finds necessary to redress injury to consumers . . ." with such relief including but not limited to

"recission or reformation of contracts [and] the refund of money or return of property . . . ."

COUNT XIV
Use of False Statements to Obtain Customer Information

133. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of debt relief services, Defendants make false, fictitious, or fraudulent statements or representations to customers of financial institutions to obtain or attempt to obtain customer information of a financial institution of those customers, such as credit and debit card numbers, including by representing, directly or indirectly, expressly or by implication, that Defendants will significantly improve consumers' credit scores by, among other things, removing permanently negative information from consumers' credit reports or profiles.

134. Therefore, Defendants' acts and practices as described in Paragraph 133 violate Section 521(a) of the GLB Act, 15 U.S.C. § 6821(a).

VIOLATIONS OF THE RESTORE ONLINE SHOPPERS CONFIDENCE ACT

135. In 2010, Congress passed ROSCA, 15 U.S.C. §§ 8401–8405, which became effective on December 29, 2010. Congress passed ROSCA because "[c]onsumer confidence is essential to the growth of online commerce. To continue in development as a marketplace, the Internet must provide consumers with clear, accurate information and give sellers an opportunity to fairly compete with one another for consumers' business." 15 U.S.C. § 8401(2).

136. Section 4 of ROSCA, 15 U.S.C. § 8403, generally prohibits charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, as that term is defined in the TSR, 16 C.F.R. § 310.2(w), unless the seller: (a) clearly and conspicuously discloses all material terms of the transaction before obtaining the consumer's billing information, (b) obtains the consumer's express informed consent before making the charge, and (c) provides simple mechanisms to stop recurring charges. 15 U.S.C. § 8403.

137. Pursuant to Section 5(a) of ROSCA, 15 U.S.C. § 8404(a), any violation of any requirement or prohibition of ROSCA shall be treated as a violation of an FTC trade regulation rule regarding unfair or deceptive acts or practices. Section 5(a) of ROSCA further provides that all of the functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance with ROSCA. Section 19(a)(1) of the FTC Act, 15 U.S.C. § 57b(a)(1), provides that the FTC may commence a civil action against "any person, partnership, or corporation" who "violates any rule . . . respecting unfair or deceptive acts or practices." Section 19(b) of the FTC Act, 15 U.S.C. § 57b(b), provides that in any action commenced under Section 19(a)(1), the court "shall have jurisdiction to grant such relief as the court finds necessary to redress injury to consumers, including but not limited to rescission or reformation of contracts, and the refund of money or return of property."

COUNT XV
Failure to Provide Required Disclosures

138. In numerous instances, in connection with charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, Defendants have failed to disclose clearly and conspicuously before obtaining consumers' billing information all material terms of the transaction, including the fact that consumers' accounts will be charged a monthly fee unless consumers take an affirmative action to avoid the charge, the date the charges will be submitted for payment, and the specific steps consumers must take to avoid the charges.

139. Therefore, Defendants' acts and practices as described in Paragraph 138 violate Section 4(1) of ROSCA, 15 U.S.C. § 8403(1).

COUNT XVI
Failure to Obtain Express Informed Consent

140. In numerous instances, in connection with charging consumers for goods or services sold in transactions effected on the Internet through a negative option feature, Defendants have failed to obtain consumers' express informed consent before charging consumers' credit card, debit card, bank account, or other financial account for products or services through such transaction.

141. Therefore, Defendants' acts and practices as described in Paragraph 140 violate Section 4(2) of ROSCA, 15 U.S.C. § 8403(2).

VIOLATIONS OF EFTA AND REGULATION E

142. Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), provides that "[a] preauthorized electronic fund transfer from a consumers' account may be authorized by the

consumer only in writing, and a copy of such authorization shall be provided to the consumer when made." Section 903(10) of EFTA, 15 U.S.C. § 1693a(10), defines the term "preauthorized electronic fund transfer" to mean "an electronic fund transfer authorized in advance to recur at substantially regular intervals."

143. Defendants' charging of a consumer's debit card for their recurring monthly fees is a "preauthorized electronic fund transfer," as that term is defined in EFTA, 15 U.S.C. § 1693a(10).

144. Section 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b), provides that "[p]reauthorized electronic fund transfers from a consumer's account may be authorized only by a writing signed or similarly authenticated by the consumer. The person that obtains the authorization shall provide a copy to the consumer."

145. Section 1005.10(b) of the Consumer Financial Protection Bureau's Official Staff Commentary to Regulation E ("Official Staff Commentary to Regulation E"), 12 C.F.R. § 1005.10(b), Supp. I, provides that "[t]he authorization process should evidence the consumer's identity and assent to the authorization." 12 C.F.R. § 1005.10(b), Supp. I, cmt. 5. The Official Staff Commentary to Regulation E further provides that "[a]n authorization is valid if it is readily identifiable as such and the terms of the preauthorized transfer are clear and readily understandable." 12 C.F.R. § 1005.10(b), Supp. I, cmt. 6.

146. Pursuant to Section 918(c) of EFTA, 15 U.S.C. § 1693o(c), every violation of EFTA and Regulation E constitutes a violation of the FTC Act.

COUNT XVII
Failure to Obtain Authorization for Recurring Charges to Consumers' Debit Cards

147. In numerous instances, Defendants debit consumers' bank accounts on a recurring basis without obtaining a written authorization signed or similarly authenticated from consumers for preauthorized electronic fund transfers.

148. Therefore, Defendants' acts and practices as described in Paragraph 147 violate Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), and Section 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b).

CONSUMER INJURY

149. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act, CROA, the TSR, the GLB Act, ROSCA, EFTA, and Regulation E. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

PRAYER FOR RELIEF

Wherefore, the FTC requests that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act, CROA, the TSR, the GLB Act, ROSCA, EFTA, and Regulation E;

B. Grant 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 temporary and preliminary injunctions, an order freezing assets, immediate access to Corporate Defendants' premises, and appointment of a receiver;

C. Award monetary and other relief within the Court's power to grant, including the rescission or reformation of contracts, the refund of money, or other relief necessary to redress injury to consumers; and

D. Award any additional relief as the Court determines to be just and proper.

Dated: August 3, 2026

Respectfully submitted,

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