

NO FEE DUE



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20 **UNITED STATES DISTRICT COURT**
21 **CENTRAL DISTRICT OF CALIFORNIA**

22 FEDERAL TRADE COMMISSION,
23 Plaintiff,
24 v.

25 SEEK CAPITAL, LLC, a California
26 limited liability company, also d/b/a Seek
27 Business Capital and SBC Business;

SEEK CAPITAL, LLC, a Delaware
limited liability company, also d/b/a Seek
Business Capital and SBC Business; and

ROY FERMAN, individually and as an
officer of SEEK CAPITAL, LLC

Defendants.

Case No. 2:24-cv-09511-RGK(MAAX)

**COMPLAINT FOR
PERMANENT
INJUNCTION, MONETARY
JUDGMENT, AND OTHER
RELIEF**

FILED UNDER SEAL

1
2 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”),
3 for its Complaint alleges:

4 1. The FTC brings this action for Defendants’ violations of Section 5(a)
5 of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing and Consumer Fraud and
6 Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and the
7 Telemarketing Sales Rule, (“TSR”), 16 C.F.R. Part 310, and the Consumer
8 Review Fairness Act of 2016 (“CRFA”), 15 U.S.C. § 45b. For these violations,
9 the FTC seeks relief, including a temporary, preliminary, and permanent
10 injunction, and monetary relief pursuant to Sections 13(b) and 19 of the FTC Act,
11 15 U.S.C. §§ 53(b) and 57b, the TSR, 15 U.S.C § 6102(c)(1), and the CRFA, 15
12 U.S.C. § 45b(d)(1).

13 **SUMMARY OF CASE**

14 2. Defendants market their services to new and aspiring small business
15 owners, promising in online advertising that they can secure for these consumers
16 business loans or business lines of credit. Consumers seek business loans or lines
17 of credit so that they can buy vehicles, make payroll, buy other businesses, and
18 pay for other expenses that require liquid funds and avoid the high interest rates
19 and lower credit limits often associated with credit cards. Defendants’
20 telemarketers repeat the promises that they will obtain this type of funding.

21 3. But Defendants’ promises are hollow. Defendants merely apply for
22 multiple credit cards on behalf of individual business owners. In doing so,
23 Defendants ruin the individual’s personal credit scores while failing to provide the
24 business loans or lines of credit they promised.

25 4. At least one bank sent Defendants a cease-and-desist letter explaining
26 that Defendants’ “credit card stacking scheme” is harmful to consumers and to the
27 bank. Multiple credit card issuers have a policy of denying credit card

1 applications they identify as having been submitted by Defendants.

2 5. Most consumers are not aware that Defendants will only apply for
3 credit cards on their behalf; instead, Defendants' claims lead them to believe they
4 will get a business loan or line of credit. But even consumers who catch on to
5 Defendants' scheme and cancel their contract before Defendants submit credit
6 card applications in their name are charged a hefty fee.

7 6. Most consumers realize they've been duped only when they get
8 Defendants' invoice and realize they've been charged 10% of the total credit card
9 limit plus additional fees. When consumers contact Defendants to complain and
10 get a refund, Defendants not only refuse to make them whole but threaten to send
11 them to collection if they do not pay.

12 7. Defendants' employees have posted fake positive, five-star reviews of
13 the Defendants' business online, and have pressured consumers into providing
14 five-star reviews prior to receiving any services. Defendants' contracts also
15 contain illegal provisions that prohibit consumers from posting negative reviews
16 of their business online. Despite these practices, Defendants have received
17 numerous negative reviews on websites complaining about Defendants' deceptive
18 and unfair practices.

19 8. Defendants charge consumers thousands of dollars each, taking over
20 \$37 million from consumers over the past three years. This lucrative scheme has
21 affected well over 5,000 consumers.

22 JURISDICTION AND VENUE

23 9. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§
24 1331, 1337(a), and 1345.

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

27 PLAINTIFF

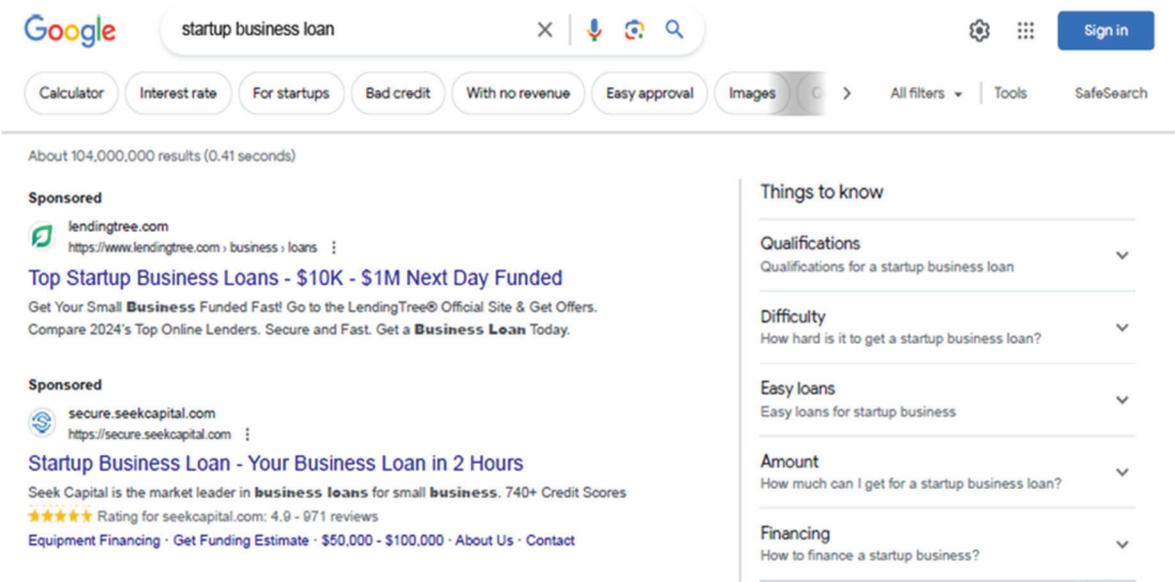
1 purported business financing services.

2 **Defendants’ “Business Loans” Operation**

3 18. Defendants target consumers looking for business loans or lines of
4 credit. Business loans and lines of credit can be used for wire transfers and to
5 write checks directly from consumers’ bank accounts to make purchases and pay
6 expenses. Consumers seek business loans or lines of credit so that they can buy
7 vehicles, make payroll, buy other businesses, and pay for expenses that require
8 liquid funds and avoid the high interest rates and lower credit limits often
9 associated with credit cards. Consumers are not seeking personal credit cards
10 through Defendants as they know they can apply for those on their own, for free,
11 and because even holding a zero balance could negatively impact their personal
12 credit scores.

13 19. Consumers often find Seek’s website through its advertisements on
14 Google, Facebook, Instagram, promotional videos on YouTube, and TikTok, and
15 promotions on other websites.

16 20. Defendants pay Google to feature their ads at the top of certain
17 Google search results. For example, consumers who have searched Google for a
18 “startup business loan” have seen Defendants’ advertisement near the top of the
19 page, as shown below. Defendants’ ad claims that it is “the market leader in
20 business loans for small business.” It advertises, “Your Business Loan in 2
21 Hours.”
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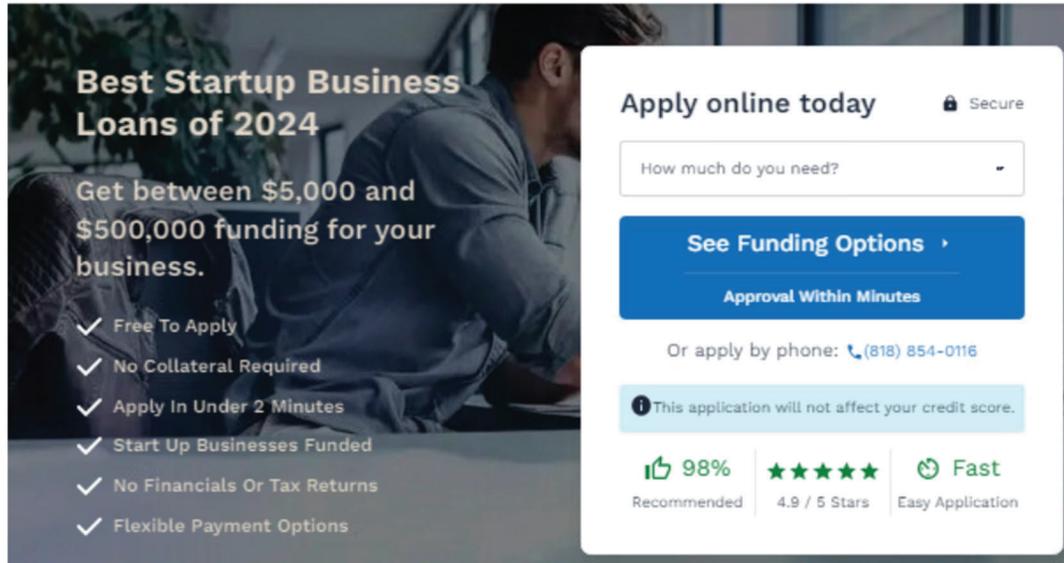


21. Defendants have run scores of ads on Google over the last six years, including ads that ask, “Need a Business Startup Loan?” and ads that claim, “Instant Loan Pre-Approval...Money in 2 Hours.” More than half of these ads use the term “loan.”

22. Defendants also pay Meta to feature its ads across Facebook, Instagram, and Meta’s other platforms. These ads include videos of people claiming to have been denied small business loans by “other lenders” until they found Seek. The ads claim that Seek was able to “pre-approve” these individuals for funding in minutes and to get them the six-figure funding they needed for their business in “no time” or “within a day,” and with “no upfront fees.” In at least one video an individual says that, though he was looking for \$100,000, Seek got him \$150,000.

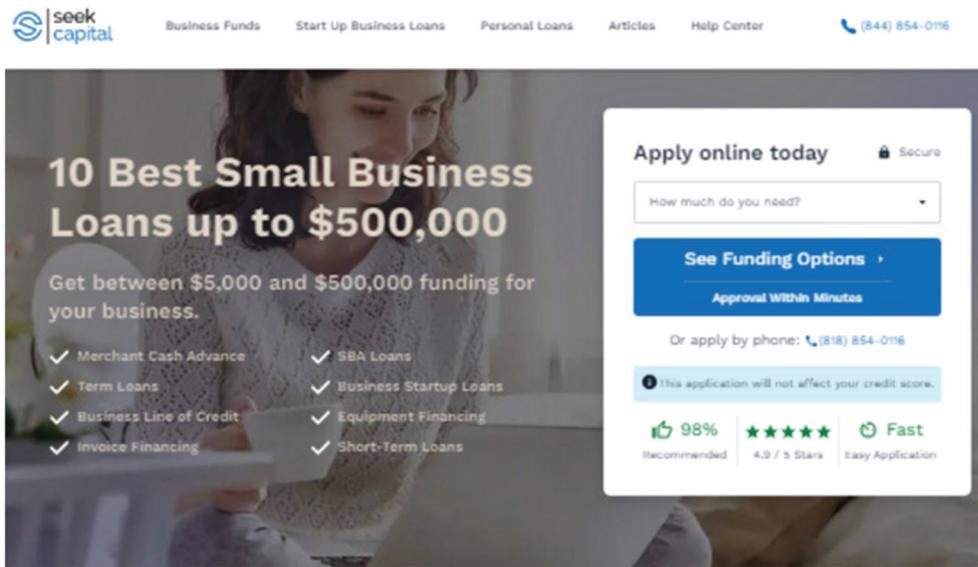
23. Defendants’ Meta and Google ads direct consumers to Seek’s website, which is replete with language about business loans and lines of credit. On Seek’s homepage, Defendants offer consumers “Start Up Business Loans.” Consumers

1 who click on that link are taken to a page that advertises the “Best Startup
2 Business Loans of 2024” and encourages them to “Apply online today.”
3 Defendants’ website advertises that it is “free to apply,” that approval happens
4 “within minutes,” and that “[t]his application will not affect your credit score.”



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16 24. When consumers click the link on Seek’s homepage that reads “Small
17 Business Loans” they are taken to a page that advertises the “10 Best Small
18 Business Loans up to \$500,000,” and lists, among others, SBA (Small Business
19 Administration) Loans, Business Startup Loans, and Business Lines of Credit.
20 Right below this ad consumers are invited to “Apply online today.” Defendants
21 also advertise that approval for funding happens “within minutes.”
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25. Scrolling down this page takes consumers to a section on Business Lines of Credit. Defendants write: “A Business Line of Credit... gives you access to a preapproved source of funds that you can draw on whenever you want. You’ll only repay the amount that you’ve borrowed.”

Business Line of Credit

All You Need to Know About Business Lines of Credit

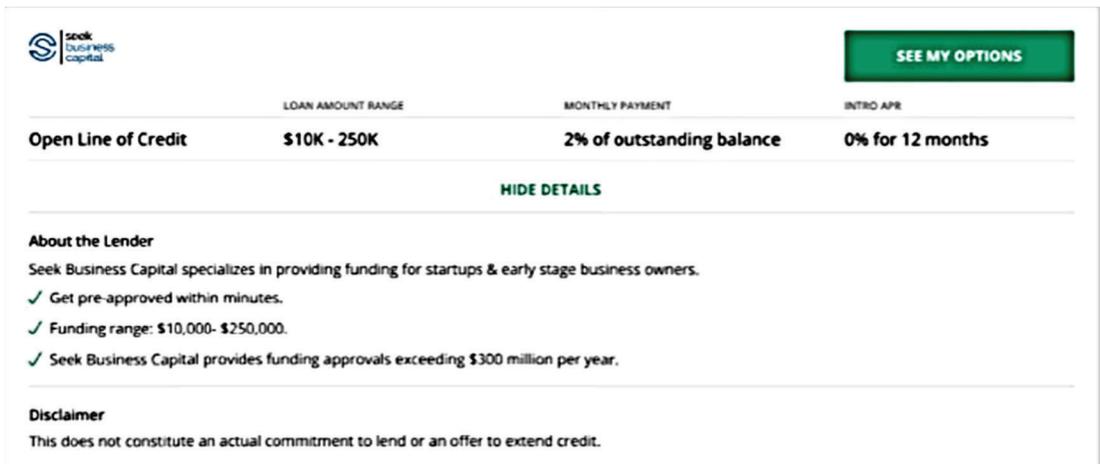
Imagine having a super healthy cousin who’s also very giving. Whenever you want, you can walk over to them and say, “Hey buddy, can I borrow \$5,000?,” and they’ll say yes. Of course, you’re going to pay back whatever you borrow, but you can ask anytime you want, and the answer will always be yes.

A business line of credit is like your philanthropic cousin. It gives you access to a pre-approved source of funds that you can draw on whenever you want. You’ll only repay the amount that you’ve borrowed, and the rest of it waits, ready to be borrowed when you need it.

26. Defendants make similar claims on other websites, operated by lead generators. Defendants provide lead generators with information promoting Seek on their websites. For example, in one instance, Defendant Roy Ferman specifically told a lead generator’s marketing team that Seek offers “startup business loans.” When the lead generator asked for specific information to market

1 the loan product, Seek’s VP of Product & Marketing replied that the loan amount
2 was \$10,000-\$250,000 and the term was an “Open Line of Credit.” Under
3 “details,” he added that consumers could “get preapproved in minutes” and that
4 there was “No Hard Credit Pull.”

5 27. Defendants have also reviewed and approved statements on lead
6 generator websites advertising that Seek provides lines of credit. For example, the
7 below promotion says that Seek offers “Open Line[s] of Credit.” It lists a “Loan
8 amount range” of \$10,000 to \$250,000, and an introductory APR of 0% for 12
9 months. Under “About the Lender,” it states that Seek “specializes in providing
10 funding for startups & early stage business owners” and advertises “Get pre-
11 approved within minutes.” Defendant Ferman approved this promotion.



The screenshot shows a loan promotion for Seek Business Capital. At the top left is the Seek Business Capital logo. At the top right is a green button labeled "SEE MY OPTIONS". Below this is a table with three columns: "LOAN AMOUNT RANGE", "MONTHLY PAYMENT", and "INTRO APR". The table row shows "Open Line of Credit", "\$10K - 250K", "2% of outstanding balance", and "0% for 12 months". Below the table is a "HIDE DETAILS" link. Underneath is a section titled "About the Lender" with the text "Seek Business Capital specializes in providing funding for startups & early stage business owners." followed by three bullet points: "✓ Get pre-approved within minutes.", "✓ Funding range: \$10,000- \$250,000.", and "✓ Seek Business Capital provides funding approvals exceeding \$300 million per year." At the bottom is a "Disclaimer" section with the text "This does not constitute an actual commitment to lend or an offer to extend credit."

LOAN AMOUNT RANGE	MONTHLY PAYMENT	INTRO APR	
Open Line of Credit	\$10K - 250K	2% of outstanding balance	0% for 12 months

[HIDE DETAILS](#)

About the Lender
Seek Business Capital specializes in providing funding for startups & early stage business owners.

- ✓ Get pre-approved within minutes.
- ✓ Funding range: \$10,000- \$250,000.
- ✓ Seek Business Capital provides funding approvals exceeding \$300 million per year.

Disclaimer
This does not constitute an actual commitment to lend or an offer to extend credit.

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16 28. These websites prompt consumers to provide certain information such
17 as the amount of funding they are seeking, how long their business has been in
18 operation, the business’s estimated revenue, and the consumers’ approximate
19 credit score. The lead generator then sells this information to Defendants.

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24 29. Defendants have contracts with multiple lead generators. The
25 contracts provide that Seek pays the lead generator between \$2.50 and \$15.50,
26 depending on the consumer’s credit score, for information about each consumer
27

1 inquiring about business funds between \$25,000 and \$500,000. These contracts
2 are signed by Defendant Ferman.

3 30. Defendants' application on both their own website and on the lead
4 generator sites asks questions like how long the consumer has been in business,
5 what the consumer needs funds for, how much they need, and their credit score.
6 After they answer these questions, many consumers receive both emails and a call
7 from Seek representatives.

8 31. At various times, Defendants' initial email to consumers has read,
9 "Congratulations! Our team has reviewed your file and you have been PRE-
10 APPROVED. The Senior Funding Advisor assigned to your file will contact you,"
11 and "we've received your request and will contact you shortly to discuss your pre-
12 approval! Who is Seek Capital... **Expert Funding Advisors**--real people here to
13 help tailor funding to **your individual business needs**" (emphasis in original).
14 Defendants' emails explain "How it Works": "We work with our partners to
15 secure the best type of funding for your business" and "Get the funds you need
16 deposited in your account in approximately two weeks." Defendants claim in
17 these emails to help the consumer take advantage of "fast online loans with
18 authorized lenders only."

19
20 *Seek's Telemarketing*

21 32. Defendants' sales process continues through a telephone call with
22 consumers. Most often, Defendants' telemarketers call consumers in response to
23 an online inquiry; occasionally, consumers call Seek after seeing one of
24 Defendants' advertisements.

25 33. On the call, consumers typically explain to Defendants' telemarketers
26 the nature of their business and why they are seeking access to cash. Some
27 consumers have explained to Defendants' telemarketers that they need cash to

1 purchase large expenses, such as a building or vehicle for their business. Other
2 consumers have made clear to Defendants’ telemarketers that they needed money
3 to pay rent or make payroll or other expenses for which one cannot use a credit
4 card. Defendants’ telemarketers often tell consumers that the company has
5 expertise in funding the very type of business that the consumer is engaged in.
6 For example, Defendants have connected consumers looking to start trucking
7 businesses with a so-called “trucking specialist.” Defendants’ telemarketers also
8 frequently represent that the company specializes in funding startup businesses.

9 34. Defendants’ telemarketers stress to consumers they can secure
10 business loans, business funding, and business lines of credit. Telemarketers tell
11 consumers that in order to approve them for funding, Defendants’ “underwriters”
12 need to check the business owner’s credit score and that they need the owner’s
13 Social Security number to do a “soft pull” of their credit report.

14 35. Defendants’ telemarketers tell consumers with lower credit scores—
15 consumers Defendants have targeted through lead generators—that Defendants
16 cannot help them unless they can find a “co-signer” with a higher credit score to
17 apply for the loan. Seek has estimated that these co-signers constitute 20% of its
18 customers.

19 36. Defendants’ telemarketers also tell consumers that Seek has special
20 relationships with lenders. Defendants train their telemarketers to tell consumers
21 that working with Seek gives consumers access to programs not available to the
22 general public as well as to dedicated bank representatives, resulting in, on
23 average, 25% higher “approvals” than applying for credit on their own.

24 37. When consumers have used the word “loan” to describe the product
25 they are seeking, Defendants’ telemarketers have not distinguished Defendants’
26 service as offering something different. This is the case even when consumers
27 explain that they need cash or “hard money” for large purchases like property or a

1 vehicle for their business.

2 38. When consumers have pressed Defendants’ telemarketers on whether
3 the funding Defendants are offering is in the form of a loan, the telemarketers
4 have told consumers that any business that has been open less than two years
5 would not be able to get a traditional bank loan, but that Defendants can get them
6 funding via a line of credit. Defendants’ telemarketers also often affirmatively tell
7 consumers that Defendants can secure for them a line of credit. Defendants’
8 telemarketers explain that a line of credit will give consumers access to cash,
9 checks, and/or money wires.

10 39. If asked if the line of credit is like a credit card, Defendants’
11 telemarketers have responded “no.” Defendants’ telemarketers have stated that
12 even though the “line of credit” is attached to a credit card, consumers will have
13 access to “cold hard cash or checks or wires.”

14 40. In some instances where there is a discussion of credit cards,
15 Defendants’ telemarketers tell consumers the credit cards will have low interest
16 rates such as 0% APR for 18 or 24 months. Defendants’ telemarketers also tell
17 consumers that they will secure for them more money than requested—sometimes
18 tens of thousands of dollars more.

19 41. Defendants’ telemarketers also tell consumers that Defendants charge
20 no upfront fees, that any fees are “results based,” and that consumers incur no
21 costs until funding is approved. Defendants have confirmed this representation in
22 their response to a BBB complaint: “Seek Capital works with national and
23 regional banks to help match users to the most suitable funding partners and
24 ONLY receives a commission upon completion of services. Seek Capital charges
25 no upfront fees.”

26 42. While on the phone with consumers, Defendants’ telemarketers send
27 them, via DocuSign, a contract Defendants call a Funding Estimate Agreement

1 (“Funding Contract”).

2 43. Defendants often pressure consumers to sign the document right
3 away, before ending the phone call. For example, one consumer recalls
4 Defendants’ telemarketer discouraging him from taking the time to review the
5 Funding Contract. The consumer explained to the telemarketer that he could not
6 complete the DocuSign right away because he was driving and so could not
7 review the paperwork. The telemarketer told him that he didn’t need to review
8 anything, he could just sign the document since the telemarketer had already
9 explained the financing. Another consumer asked Defendants’ telemarketer to
10 email her the agreement to read before signing. The representative said that there
11 wasn’t time for that, and that the consumer would lose the financing if she didn’t
12 sign immediately.

13 44. For those consumers who end the call before signing the Funding
14 Contract, Defendants call them repeatedly until they sign. Consumers have
15 described the calls pressuring them to sign as “incessant” and “harassing.”

16 45. The Funding Contract includes four pages of single-spaced small-font
17 paragraphs, with 22 places for consumers to initial, and a final signature page.
18 When consumers open the contract, they are automatically taken to the first place
19 they sign or initial, which appears on page two. If they were to manually go back
20 to page one, they would see the term “Credit Cards with Line of Credit
21 Capability,” which reiterates Defendants’ claim that they will seek lines of credit
22 for consumers. The contract also states “NO UPFRONT FEES” in bold font in
23 the first page, and again on the page preceding the consumers’ final signature.
24 Only in smaller font, between the “NO UPFRONT FEES” claims does the
25 contract mention early termination fees. This fee is not mentioned on sales calls.

26 46. Soon after signing the Funding Contract, Defendants also pressure
27 consumers into signing another document to submit “credit and loan applications”

1 on the consumer’s behalf. This document lists various “credit and loan facilities,”
2 including business and personal credit cards, bank lines of credit, and bank loans.
3 Even if any consumer noticed the language, consumers would expect that Seek
4 would only apply for business loans or lines of credit, as promised.

5 47. Defendants typically schedule a second “verification” call with
6 consumers 48 hours after the consumer signs the Funding Contract. On this call,
7 Defendants gather consumer financial information including information about the
8 consumers’ current debts, bank accounts, credit cards, and income.

9 48. If, during this second call, consumers raise doubts about Seek’s
10 services and decide they do not want to move forward, Defendants’ telemarketers
11 often tell them that it is too late to cancel, even though Defendants have neither
12 submitted any application nor obtained any loans or lines of credit on the
13 consumer’s behalf.

14 49. Defendants’ telemarketers have also encouraged consumers seeking to
15 cancel after the second call to “give it a day” before they make up their mind.
16 Asking consumers to wait to cancel increases the fees Defendants collect before
17 securing any funding, as Defendants charge a \$495 “Early Termination Fee” if
18 consumers cancel within 48 hours of signing the Funding Contract or \$995 if at
19 least 48 hours have passed. Many consumers first learn of these fees when they
20 seek to cancel, or when they receive Seek’s invoice asserting they owe the Early
21 Termination Fee.

22 50. During or immediately after this call, Defendants send consumers a
23 pre-filled “Verification and Compliance Questionnaire” (“VCQ”) for their
24 signature, pressuring them to sign by telling them that Seek’s process is “time-
25 sensitive.” Above the signature line, the document states that the consumer
26 confirms and acknowledges the funding estimate range, that the type of funding is
27 unsecured credit cards with line of credit capability, and that documents the

1 consumer has provided are accurate. Consumers who see this language would
2 thus expect to be able to use the funding like a line of credit. The VCQ also states
3 that there are no upfront fees above a second signature line, and only mentions
4 termination fees once, buried amongst the 18 paragraphs consumers initial. Many
5 of the terms are copied directly from the Funding Contract such that the
6 questionnaire's terms incorrectly refer to "this Funding Estimate Agreement." As
7 a result, the document appears to be another iteration of a document that
8 consumers have already signed promising a line of credit.

9 51. Consumers do not negotiate the terms of the VCQ. Like the Funding
10 Contract, the VCQ is a form contract sent to all consumers. The VCQ contains a
11 clause that prohibits consumers from causing harm to Seek's reputation,
12 specifically from posting online any negative comments, reviews, or complaints
13 about Seek for three years. Such clauses are prohibited by federal law.

14 *Seek's Application for Credit Cards*

15 52. Once consumers sign the VCQ, Defendants begin submitting credit
16 card applications to multiple credit card issuers, the overwhelming majority of
17 which are for personal credit cards. Defendants do not submit applications for
18 business loans or lines of credit. Defendants then charge consumers 10% of the
19 total approved credit card limits plus additional fees. This amounts to thousands
20 of dollars per consumer.

21 53. For those consumers who Defendants have insisted need "co-signers,"
22 to obtain a business loan or line of credit, Defendants apply for credit cards on
23 behalf of those co-signers without their knowledge or authorization, ruining the
24 co-signer's personal credit and falsely associating the co-signer with the initial
25 consumer's business.

26 54. Small business owners have complained that after convincing them
27 that they need a co-signer for a business loan, Seek applied for credit cards—

1 including business credit cards—solely in the name of the spouse or parent who
2 agreed to co-sign, even though the co-signer was not associated with the business.
3 One co-signer reported that when he contacted banks to cancel the credit cards
4 Defendants had applied for in his name, he saw at least one credit card application
5 on which Defendants had listed him as an owner of his son’s company. He was in
6 no way associated with the business.

7 55. Consumers never see, sign, or approve any credit card applications
8 that Defendants submit on their behalf. In fact, the first time many consumers
9 learn that Defendants have applied for credit cards in their name is when they
10 receive one or more of the following: (1) an alert that there has been a decline in
11 their credit score, (2) an invoice from Defendants listing the credit cards
12 Defendants have obtained for the consumer and the amount Defendants claim
13 consumers owe them, or (3) a credit card approval or denial letter from a bank.
14 This is also often the first time that many consumers learn that they are paying
15 fees for credit cards, and that they are required to pay fees regardless of the credit
16 secured, such as an application fee.

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1 56. Below is an example of Defendants' invoice, including the fees
2 Defendants have charged for numerous individual credit card applications:



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6 **INVOICE**

7 [Redacted]
8 USA

Invoice Date
15 Mar 2022

Invoice Number
INV-21151

Rep Code
ULOC-BL

Seek Capital
Attention: Account
Receivables
6420 Wilshire Blvd, Ste 500
LOS ANGELES CA 90048
USA

Description	Quantity	Billing Rate	Amount USD
Discover - It Chrome	1,000.00	0.0999	99.90
Capital One - Venture One	40,000.00	0.0999	3,996.00
BofA - Travel Rewards	17,000.00	0.0999	1,698.30
Chase - Freedom Flex	7,300.00	0.0999	729.27
Chase - Ink Business Unlimited	9,000.00	0.0999	899.10
Bank of Texas - Platinum	25,000.00	0.0999	2,497.50
Amex - Blue Business Card	2,000.00	0.0999	199.80
Amex - Gold Delta Skymiles	3,000.00	0.0999	299.70
Envision Bank-Platinum	25,000.00	0.0999	2,497.50
Bank Negotiation Fee	1.00	595.00	595.00
Application Fee	1.00	795.00	795.00
		Subtotal	14,307.07
		Invoice Total USD	14,307.07
		Total Net Payments USD	0.00
		Amount Due USD	14,307.07

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21 57. Consumers often don't have the money to pay Defendants' fees. In
22 these cases, Defendants have suggested consumers charge the fee to one of the
23 credit cards Defendants secured without the consumers' authorization.

24 58. When consumers refuse to pay Defendants' invoice, Defendants often
25 threaten to send consumers to collections.

26 59. Defendants also have inflated consumers' income and made other
27 false statements on credit card applications to increase the total credit limit for

1 which a consumer is likely to be approved, and in turn increase Defendants' fees.

2 60. Because consumers do not see the credit card applications Defendants
3 submit on their behalf, they are unaware that Defendants include false information
4 on the applications.

5 61. Defendants' false statements cause banks to extend to consumers
6 more credit than they would otherwise deem appropriate, which in turn increases
7 the amount that Defendants charge consumers.

8
9 ***Defendants' Representations Are False***

10 62. As consumers eventually learn, Defendants never apply for business
11 loans or lines of credit on their behalf. Defendants do not offer consumers
12 tailored funding solutions or have any underwriting process that enables them to
13 approve or pre-approve consumers for any type of funding. Defendants also do
14 not offer any credit card that has "line of credit capability." In fact, Defendants
15 provide their telemarketers scripts for their calls with consumers and train their
16 telemarketers not to mention that Defendants only apply for (mostly personal)
17 credit cards on behalf of small business owners.

18 63. Without consumers' authorization, Defendants use consumers'
19 personal information to apply for mostly personal credit cards that consumers
20 could have applied for on their own.

21 64. Defendants often apply for more credit than consumers expressed to
22 Defendants that they wanted. A former Seek employee reported that Defendants'
23 practice is to apply for credit cards with available credit equaling 125% of the
24 consumers' requested loan amount, which in turn increases Defendants' 10% fee.

25 65. Defendants do not have special relationships with lenders that benefit
26 consumers in search of business loans or business lines of credit. On the contrary,
27 in late 2022, First National Bank of Omaha ("FNBO") sent a cease-and-desist

1 letter to Defendants, demanding that Seek immediately stop applying on behalf of
2 consumers for FNBO credit cards.

3 66. Other credit issuers flag applications submitted by Seek for additional
4 scrutiny. When one consumer called U.S. Bank after being surprised to learn that
5 Defendants had applied for a credit card there on his behalf, the U.S. Bank
6 representative explained that the bank had warned Seek that regulations prevent
7 predatory companies from applying for credit cards under other people's names
8 without those individuals' consent and that U.S. Bank would need to confirm
9 consent with the applicant. When another consumer asked a U.S. Bank
10 representative if she knew about Seek, the representative said that the bank knew
11 all about Seek and that when the bank is aware that Seek was applying for a credit
12 card on someone else's behalf, they deny the application.

13 67. Also, for the subset of consumers who learn in advance that some
14 funding will be from credit cards, Defendants often fail to obtain for consumers
15 the specific financing terms, such as 0% APR for 18 or 24 months, they promised.
16 For example:

- 17 • Defendants told one consumer that they would apply for credit cards
18 that had a 0% APR for 24 months. But of the 12 credit cards that Seek
19 secured for the consumer, many did not have a 12-month 0% APR and
20 none of the credit cards had a 0% APR for 24 months.
- 21 • Defendants told another consumer that they would obtain credit cards
22 that were "interest free" for the first 12 months. Out of the four credit
23 cards that Seek obtained for the consumer, two were not interest free
24 for the first 12 months.

25 68. Defendants' submission of numerous credit card applications on
26 consumers' behalf also results in lowering consumers' credit scores. For example:

- 27 • Defendants' credit card applications caused multiple consumers' credit

1 scores to drop approximately 200 points, from the 800s to the 600s.

- 2 • One consumer who suffered a 160-point drop in her credit score as a
3 result of Defendants' credit card applications reported that one year
4 later, her credit score had not recovered.

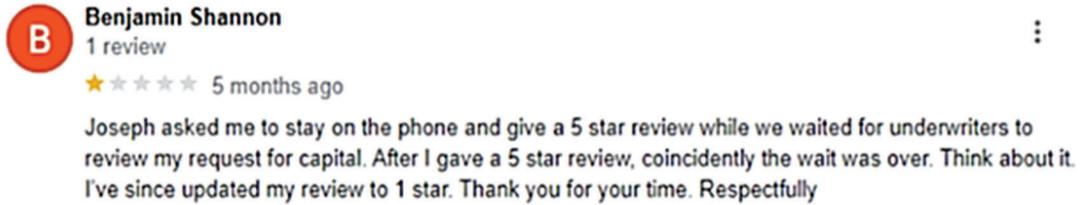
5 69. As a result of Defendants' business loan scam, consumers have paid
6 Defendants tens of millions of dollars in fees for services they never received.
7 Defendants' actions have caused some consumers to fall into credit card debt,
8 Defendants have sent other consumers to collections, and for many consumers,
9 Defendants' credit card applications have made it more difficult to obtain the
10 loans they needed to start or grow their businesses. As a result, some consumers
11 have abandoned those plans or dissolved their businesses. One consumer who
12 was forced to split Defendants' more than \$11,000 bill over two credit cards
13 explained: "I am still paying the balance on the credit cards to this day.
14 Furthermore, because of Seek's deceiving practices, I almost went out of
15 business... My business plan got stalled and I did not expand my company as
16 planned... My credit has still not recovered even though it has been almost one
17 year. Seek did not provide the service that it promised. If I had known Seek
18 would only apply for credit cards, I would have never signed up with Seek. I
19 could have easily obtained these credit cards myself for free."

20 ***Misleading Consumer Review Practices***

21 70. Defendants' employees post fake, positive reviews of Seek's services
22 on third-party websites. Defendants also pressure consumers to write positive
23 reviews of Seek's service, with 5-star ratings, before any service has been
24 performed. For example:

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71. Consumers looking for information about Seek are misled by Defendants’ practices. For example, a recent deluge of 5-star reviews bury 1-star reviews from consumers warning that the business is a scam.

Ongoing Conduct

72. 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 Commission. Defendants have engaged in their unlawful acts and practices repeatedly over a period of at least nine years. Defendants continued to engage in the conduct at issue in this Complaint even after financial institutions warned them of potential law violations and sought to cease any dealings with Defendants, and Defendants received hundreds of consumer complaints regarding their numerous misrepresentations.

VIOLATIONS OF THE FTC ACT

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

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

1 competition. 15 U.S.C. § 45(n).

2 **Count I**

3 **Misrepresentations Regarding Business Financing Services**

4 75. In numerous instances in connection with the advertising, marketing,
5 or offering of business financing services, Defendants have represented, directly
6 or indirectly, expressly or by implication, that:

- 7 a. Defendants obtain business loans or business lines of credit for
8 consumers;
- 9 b. Defendants have relationships with lenders;
- 10 c. Defendants offer credit cards with line of credit capability;
- 11 d. Defendants offer specific financing terms, like 0% APR for 18
12 or 24 months;
- 13 e. Defendants charge no fees until funding; and
- 14 f. Defendants' applications will not harm consumers' credit
15 scores.

16 76. Defendants' representations as described in Paragraph 75 are false or
17 misleading or were not substantiated at the time the representations were made.

18 77. Therefore, Defendants' representations as described in Paragraph 75
19 constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,
20 15 U.S.C. § 45(a).

21 **Count II**

22 **Deceptive Fee and Billing Practices**

23 78. In numerous instances in connection with the advertising, marketing,
24 or offering of business financing services, Defendants have represented, directly
25 or indirectly, expressly or by implication, that consumers have authorized the
26 charges on their invoices.

27 79. Defendants' representations as described in Paragraph 78 are false or

1 misleading or were not substantiated at the time the representations were made.

2 80. Therefore, Defendants' representations as described in Paragraph 78
3 are false or misleading and constitute deceptive acts or practices in violation of
4 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

5 **Count III**

6 **Unfair Fee and Billing Practices**

7 81. In numerous instances, Defendants have billed consumers for fees for
8 which consumers have not provided express, informed consent.

9 82. Defendants' acts or practices as described in Paragraph 81 have
10 caused or are likely to cause substantial injury to consumers that consumers
11 cannot reasonably avoid themselves and that is not outweighed by countervailing
12 benefits to consumers or competition.

13 83. Therefore, Defendants' acts or practices as described in Paragraph 81
14 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15
15 U.S.C. § 45(a) and (n).

16 **Count IV**

17 **Deceptive Consumer Review Practices**

18 84. In numerous instances in connection with the advertising, marketing,
19 or offering of business financing services, Defendants have represented, directly
20 or indirectly, expressly or by implication, that reviews of Seek were truthful
21 reviews by actual users of Defendants' services.

22 85. Defendants' representations as described in Paragraph 84 are false or
23 misleading or were not substantiated at the time the representations were made.

24 86. Therefore, Defendants' representations as described in Paragraph 84
25 constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,
26 15 U.S.C. § 45(a).

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1 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

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3 87. In 1994, Congress directed the FTC to prescribe rules prohibiting
4 abusive and deceptive telemarketing acts or practices pursuant to the
5 Telemarketing Act, 15 U.S.C. §§ 6101- 6108. The FTC adopted the original TSR
6 in 1995, extensively amended it in 2003, and amended certain provisions
7 thereafter. *See* 16 C.F.R. Part 310.

8 88. Under the TSR, “telemarketing” is a “plan, program, or campaign
9 which is conducted to induce the purchase of goods or services or a charitable
10 contribution, by use of one or more telephones and which involves more than one
11 interstate telephone call.” 16 C.F.R. § 310.2(hh). A “telemarketer” is “any person
12 who, in connection with telemarketing, initiates or receives telephone calls to or
13 from a customer or donor.” 16 C.F.R. § 310.2(gg). An “outbound telephone call”
14 is “a telephone call initiated by a telemarketer to induce the purchase of goods or
15 services or to solicit a charitable contribution.” 16 C.F.R. § 310.2(x). A “seller”
16 is “any person who, in connection with a telemarketing transaction, provides,
17 offers to provide, or arranges for others to provide goods or services to the
18 customer in exchange for consideration.” 16 C.F.R. § 310.2(ee).

19 89. Defendants are “seller[s]” or “telemarketer[s]” engaged in
20 “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2(ee),
21 (gg), and (hh).

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

26 91. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. §
27 6102(c), and Section 18(d)(3) of the FTC Act, a violation of the TSR constitutes

1 an unfair or deceptive act or practice in violation of Section 5(a) of the FTC Act,
2 15 U.S.C. § 45(a).

3 **COUNT V**

4 **Deceptive Telemarketing Acts or Practices**

5 92. In numerous instances, in connection with the telemarketing of
6 business financing services, Defendants have misrepresented, directly or
7 indirectly, expressly or by implication, material information regarding Seek's
8 services, including, but not limited to:

- 9 a. Defendants obtain business loans or business lines of credit for
10 consumers;
- 11 b. Defendants have relationships with lenders;
- 12 c. Defendants offer credit cards with line of credit capability;
- 13 d. Defendants offer specific financing terms, like 0% APR for 18
14 or 24 months;
- 15 e. Defendants charge no fees until funding; and
- 16 f. Defendants' applications will not harm consumers' credit
17 scores.

18 93. Therefore, Defendants' acts or practices as described in Paragraph 92
19 violate the TSR, 16 C.F.R. § 310.3(a)(2)(iii), and Section 5(a) of the FTC Act, 15
20 U.S.C. § 45(a).

21 **VIOLATION OF THE CONSUMER REVIEW FAIRNESS ACT**

22 94. The CRFA, P.L. 114-258, 15 U.S.C. § 45b, was enacted on
23 December 14, 2016. As of March 14, 2017, Section 2(b) of the CRFA renders
24 void, and Section 2(c) of the CRFA prohibits the offering of, provisions in form
25 contracts that: prohibit or restrict the ability of an individual consumer who is a
26 party to the form contract to engage in a covered communication; or that impose a
27 penalty or fee against individual consumers who engage in such communications.

1 15 U.S.C. §§ 45b(a)(2), 45b(b)(1), and 45b(c).

2 95. The CRFA defines “form contract” to mean “a contract with
3 standardized terms (i) used by a person in the course of selling or leasing the
4 person’s goods or services; and (ii) imposed on an individual without a
5 meaningful opportunity for such individual to negotiate the standardized terms.”

6 15 U.S.C. §§ 45b(a)(3). The CRFA defines “covered communication” as “a
7 written, oral, or pictorial review, performance assessment of, or other similar
8 analysis of, including by electronic means, the goods, services, or conduct of a
9 person by an individual who is party to a form contract with respect to which such
10 person is also a party.” 15 U.S.C. §§ 45b(a)(2).

11 96. The Commission is authorized to enforce Section 2(c) of the CRFA in
12 the same manner, by the same means, and with the same jurisdiction, powers, and
13 duties as though all applicable terms and provisions of the Federal Trade
14 Commission Act, 15 U.S.C. §§ 41-58, were incorporated into and made a part of
15 the CRFA. 15 U.S.C. § 45b(d)(2)(A). The Commission’s enforcement authority
16 under the CRFA applies to contracts in effect on or after December 14, 2017. 15
17 U.S.C. § 45b(i)(2).

18 97. Pursuant to 15 U.S.C. § 45b(d)(1), a violation of 15 U.S.C. § 45b(c)
19 shall be treated as a violation of a rule defining an unfair or deceptive act or
20 practice prescribed under Section 18(a)(1)(B) of the FTC Act, 15 U.S.C. §
21 57a(a)(1)(B).

22 **COUNT VI**

23 **Unlawful Contract Terms**

24 98. In numerous instances, including as described in Paragraph 51,
25 Defendants have offered, in the course of selling their services, form contracts
26 containing provisions that prohibit or restrict the ability of an individual who is a
27 party to the form contract to engage in a covered communication.

1 99. Therefore, Defendants have violated the CRFA, 15 U.S.C. § 45b(c).

2 **CONSUMER INJURY**

3 100. Consumers are suffering, have suffered, and will continue to suffer
4 substantial injury as a result of Defendants’ violations of the FTC Act, the TSR,
5 and the CRFA. Absent injunctive relief by this Court, Defendants are likely to
6 continue to injure consumers and harm the public interest.

7 **PRAYER FOR RELIEF**

8 Wherefore, Plaintiff requests that the Court:

9 A. Enter a permanent injunction to prevent future violations of the FTC
10 Act, TSR, and CRFA;

11 B. Grant preliminary injunctive and ancillary relief as may be necessary
12 to avert the likelihood of consumer injury during the pendency of this action and
13 to preserve the possibility of effective final relief, including temporary and
14 preliminary injunctions, an order freezing assets, immediate access to Corporate
15 Defendants’ premises, and appointment of a receiver;

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

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

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Respectfully submitted,

Dated: 11/4/24



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