

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

CV 14 - 4650

UNITED STATES OF AMERICA,

Plaintiff,

v.

CREDIT SMART, LLC, d/b/a UNITED
ABSTRACT, HENRY STARK &
ASSOCIATES, STAR PROCESSING,
CREDIT STAR, LLC, CREDIT STAR
FINANCE, LLC, and CS PROCESSING;
CARD SMART, INC.;
PAYSTAR INTERNATIONAL, LLC, d/b/a
PAY STAR INTERNATIONAL, LLC;
UNITED ABSTRACT GROUP, INC.;
U.S. RECEIVABLES SERVICES, INC.;
BARRY CALVAGNA, individually and as
corporate officer.; DAWN VENERONI,
individually and as a corporate officer;
ANTHONY PICONE, individually and as a
corporate officer; LAUREN PICONE,
individually and as a corporate officer,

Defendants.

Civil No. _____

**COMPLAINT FOR PERMANENT
INJUNCTION, CIVIL PENALTIES,
AND OTHER EQUITABLE RELIEF**

WEXLER, J

BROWN, M. J.

FILED
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LORETTA E. LYNCH
UNITED STATES ATTORNEY
Eastern District of New York
271 Cadman Plaza East
Brooklyn, New York 11201

JOHN VAGELATOS
Assistant United States Attorney
(Of Counsel)

STUART F. DELERY
Assistant Attorney General
Civil Division

MICHAEL S. BLUME
ANDREW E. CLARK
JAMES W. HARLOW
Consumer Protection Branch
U.S. Department of Justice
P.O. Box 386
Washington, DC 20044

JAMES REILLY DOLAN
COLIN HECTOR
DANIEL DWYER
PETER LAMBERTON
Federal Trade Commission
(Of Counsel)

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

1. This is an action arising under Sections 5(a), 5(m)(1)(A), 13(b), and 16(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and 56(a), and Section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. § 1692*l*, to obtain civil penalties, a permanent injunction, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FDCPA, 15 U.S.C. §§ 1692-1692*p*.

JURISDICTION AND VENUE

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

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

PLAINTIFF

4. This action is brought by the United States of America on behalf of the Federal Trade Commission. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the FDCPA, 15 U.S.C. §§ 1692-1692*p*, which prohibits abusive, deceptive, and unfair debt collection practices.

DEFENDANTS

5. Defendant **Credit Smart, LLC** (“Credit Smart”), also doing business as United Abstract, Henry Stark & Associates, Star Processing, Credit Star, LLC, Credit Star, and CS Processing, is a New York limited liability company with its principal place of business in Suffolk County, New York. Credit Smart transacts or has transacted business in this district and throughout the United States.

6. Defendant **Card Smart, Inc.** (“Card Smart”), is a New York corporation with its principal place of business in Suffolk County, New York. Card Smart transacts or has transacted business in this district and throughout the United States.

7. Defendant **Paystar International, LLC** (“Paystar”), also doing business as Pay Star International, LLC, is a New York limited liability company with its principal place of business in Suffolk County, New York. Paystar transacts or has transacted business in this district and throughout the United States.

8. Defendant **United Abstract Group, Inc.** (“UAG”) is a New York corporation with its principal place of business in Suffolk County, New York. UAG transacts or has transacted business in this district and throughout the United States.

9. Defendant **U.S. Receivables Services, Inc.** (“U.S. Receivables”) is a New York corporation with its principal place of business in Nassau County, New York. U.S. Receivables transacts or has transacted business in this district and throughout the United States.

10. Defendant **Barry Calvagna** is or has been a principal of one or more of Defendants Credit Smart, Card Smart, Paystar, UAG, and U.S. Receivables (collectively, the “Corporate Defendants”), including president of Paystar, president of UAG, and president of U.S. Receivables. Mr. Calvagna also is or has been a managing member of Credit Smart, Card

Smart, and Paystar, and is or has been a signatory to the corporate bank accounts of Credit Smart, Card Smart, and UAG. At times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, had authority to control, or participated in the acts and practices described in this complaint. Defendant Barry Calvagna resides in this district and, in connection with the matters alleged in this complaint, transacts or has transacted business in this district and throughout the United States.

11. Defendant **Dawn Veneroni**, is or has been a principal of one or more of the Corporate Defendants, including secretary of Card Smart and secretary and treasurer of UAG. Ms. Veneroni also is or has been a managing member of Credit Smart, Card Smart, and Paystar, as well as a signatory for each of these companies' bank accounts and for UAG's bank accounts. At times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, had authority to control, or participated in the acts and practices described in this complaint. Defendant Dawn Veneroni resides in this district and, in connection with the matters alleged in this complaint, transacts or has transacted business in this district and throughout the United States.

12. Defendant **Anthony Picone** is or has been a principal of one or more of the Corporate Defendants, including the chief executive officer of UAG. Mr. Picone also is or has been a managing member of Credit Smart and Card Smart. At times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, had authority to control, or participated in the acts and practices described in this complaint. Defendant Anthony Picone resides in this district and, in connection with the matters alleged in this complaint, transacts or has transacted business in this district and throughout the United States.

13. Defendant **Lauren Picone** is or has been a principal of one or more of the Corporate Defendants, including a managing member of Credit Smart and Card Smart. At times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, had authority to control, or participated in the acts and practices described in this complaint. Defendant Lauren Picone resides in this district and, in connection with the matters alleged in this complaint, transacts or has transacted business in this district and throughout the United States.

14. Defendants are or have been “debt collectors” as defined in Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6).

COMMON ENTERPRISE

15. The Corporate Defendants have operated as a common enterprise while engaging in the abusive, deceptive, and unlawful acts and practices alleged below. At all times material to this complaint, the Corporate Defendants have conducted the business practices described below through an interrelated network of companies that have common ownership, managers, business functions, employees, and office locations, and that commingle funds. Because the Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Individual Defendants have formulated, directed, controlled or had authority to control, or participated in the acts and practices of the Corporate Defendants that comprise the common enterprise. The common enterprise transacts or has transacted business in this District and a substantial part of the events or omissions giving rise to the claims asserted herein have occurred in this district.

DEFINITIONS

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

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

COMMERCE

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

DEFENDANTS’ BUSINESS ACTIVITIES

19. From offices in Suffolk County, New York, Defendants have attempted to collect debts from consumers located throughout the United States. In carrying out these collection attempts, Defendants have regularly employed abusive and deceptive collection tactics. These tactics generally fall into two broad categories. First, Defendants have used a variety of misrepresentations—including false threats of lawsuits, arrest, or imprisonment—to pressure consumers into paying purported debts, including many debts that are beyond the applicable statute of limitations. Second, Defendants have attempted to collect on debts in instances where the Defendants lack a reasonable basis for believing that consumers owe the debts in part or in whole, and have made it unreasonably difficult for consumers to determine whether asserted

debts are legitimate. This combination of false threats and unsubstantiated claims has netted Defendants millions of dollars in revenue since 2009.

Defendants' Debt Collection Scheme

20. Defendants have attempted to collect on debts that they typically describe as consisting of “overdraft fees” or other fees and charges connected to consumers’ former bank accounts. The purported debts, which often have been purchased by the Defendants, generally relate to old accounts, including alleged debts that are ten years old or older. As a result, a substantial percentage of the debts that Defendants attempt to collect on are past the applicable statute of limitations.

21. Defendants have conducted their debt collection operation primarily by telephone. As part of these telephonic collection attempts, the Defendants have frequently left prerecorded messages on consumers’ voicemail machines. When a consumer has called back the number provided in a prerecorded message—or when consumers have initially answered the Defendants’ calls—consumers have been connected to live representatives who attempt to collect a debt.

Defendants' Prerecorded Messages

22. In many instances, Defendants’ have used prerecorded messages that offer financial relief. These messages state that consumers can call back a specified number to take advantage of a “tax season relief program,” “hardship settlement,” “balance transfer option,” or “stimulus package.”

23. In many if not all instances in which Defendants have left messages offering financial relief, Defendants have not offered the specified relief. Instead, these messages have been used as a false pretext to encourage consumers to call back Defendants, at which point Defendants have attempted to collect a debt.

Defendants' Live Calls with Consumers

24. In many instances, when consumers have responded to a prerecorded message or have initially answered Defendants' calls, Defendants have connected consumers to live representatives. On a typical call, these representatives begin by asserting that the consumer is delinquent on a debt and demanding that the consumer immediately pay a particular amount.

25. In many instances, Defendants have represented to consumers that the Defendants can and will sue consumers for nonpayment. Defendants often have claimed, sometimes alluding to attorneys or a law firm, that there is a pending or imminent lawsuit that will move forward if the consumer does not pay the asserted debt. In some instances, Defendants have provided the name of the court (usually a court close to the consumer's residence) in which the purported lawsuit is pending or going to be filed. For example, Defendants told one consumer living in Sacramento County, California that he had to pay a purported debt by 3 p.m. the same day to prevent Defendants from suing him in Sacramento County's court. Defendants told another consumer living in Johnson County, Iowa that a case was being filed against him and that he needed to pay a purported debt to stop the legal process from going forward.

26. Defendants often have amplified the threats that they will sue consumers by claiming that when they sue a consumer, the consumer will end up owing much more to the Defendants due to "interest," "court costs," or "attorneys' fees."

27. In truth and in fact, in numerous instances, Defendants have lacked the authority or intent to sue consumers for nonpayment. In numerous instances, despite Defendants' threats of suit, no lawsuit has been filed nor was intended to be filed at the time the threats were made. Rather, Defendants have misrepresented the legal status of consumers' purported debts as the subject of pending lawsuits to intimidate consumers into making payments.

28. In many instances, Defendants have lacked the authority or intent to sue because the debt they threatened to sue on has been past the applicable statute of limitations. Indeed, Defendants have sometimes told consumers that the debts are from a particular year that, if accurate, would render the debt past the applicable statute of limitations. Although a past-statute debt remains a valid obligation owed by the consumer in every state except Mississippi and Wisconsin, consumers have a dispositive affirmative defense to any legal action initiated to collect a past-statute debt. For this reason, as many jurisdictions have recognized, threatening to file a lawsuit to collect on a past-statute debt would be a violation of the law.

29. In some instances, in addition to threatening to sue consumers, Defendants have threatened to garnish consumers' wages. For example, Defendants told one consumer that if she did not pay \$900 to resolve a debt, then the consumer would be served with a summons to appear at a local courthouse. When the consumer told the Defendants that she believed the debt was the result of identity theft, Defendants threatened to garnish the consumer's wages.

30. In truth and in fact, because Defendants have lacked the authority or intention to sue consumers to collect on debts—a necessary precursor to garnishment—Defendants also have lacked the authority or intention to garnish consumers' wages.

31. In some instances, instead of, or in addition to, threatening to sue consumers, Defendants have threatened that consumers will be arrested or imprisoned unless they pay the alleged debt. For example, Defendants told one consumer that they would have her put in jail if she did not pay a debt, and another consumer that she could serve prison time if she did not pay.

32. In truth and in fact, Defendants have had no authority to have consumers arrested or imprisoned for nonpayment of a debt. Indeed, consumers have not been arrested or imprisoned despite not paying the alleged debt.

33. In many of the Defendants' collection attempts, consumers have requested additional information from the Defendants, such as the original amount of the debt or proof that Defendants have authority to collect on the debt. When consumers have asked for this information, Defendants have often refused to provide it.

34. In some of the Defendants' collection attempts, Defendants have failed to state that the call is from a debt collector, that the call is an attempt to collect a debt, or that any information obtained will be used for the purpose of collecting a debt. In some instances, Defendants have not provided consumers with a valid business name.

Defendants' Unlawful Conduct Concerning the Legitimacy of Debts

35. Federal law requires debt collectors to provide consumers with basic information about a debt, including a statement that if the consumer notifies the debt collector in writing within 30 days, the debt collector will obtain verification of the debt or a copy of a judgment against the consumer. In numerous instances, Defendants have failed to provide consumers with this basic information.

36. In many instances, consumers have challenged the validity or accuracy of debts that Defendants were attempting to collect, telling Defendants that they did not owe all or part of a debt. In many instances, despite being so informed, Defendants have not taken measures to substantiate the accuracy of account information and have continued to attempt to collect on these debts.

37. In numerous instances, where consumers have challenged the validity or accuracy of debts, Defendants have responded by providing consumers with the name of the original creditor and directing consumers to contact the original creditor for information about the debt. In some instances, consumers who have contacted the original creditor have been told by the

original creditor that the consumer does not owe the debt in question. In some instances, consumers have informed Credit Smart that the original creditor said that the consumers did not owe the debts. But even after being told that the original creditor told consumers that they did not owe debts, Credit Smart continued to attempt to collect the debts without any indication that it had attempted to substantiate the legitimacy of the debts.

38. Defendants also often have represented that consumers owe considerable interest on purported debts. Frequently, the amount of this interest has been several times the face value of the debt. In numerous instances, when consumers have challenged these interest charges, Defendants have in fact not had a statutory or contractual basis for the asserted interest.

39. In many instances, Defendants have represented that interest on a debt has accrued from the date the debt fell into default. In numerous instances, the Defendants have not obtained the authority to collect on the debt until years after the debt fell into default, and the previous owner or owners of the debt attempted to collect on the debt or resold the debt without adding interest. In these instances, the previous owner or owners of the debt waived the collection of interest during certain time periods, and Defendants attempted to collect interest that Defendants had no authority to collect.

Defendants' Unlawful Communications with Third Parties

40. In many instances, Defendants have communicated with consumers' family members, employers, or other third parties without the prior consent of the consumer in an attempt to collect a debt. In many such instances, Defendants have already possessed contact information for the consumer, including the consumer's residence, telephone number, or place of employment. Defendants in many instances have also revealed debts to third parties, such as consumers' immediate family members, extended family members, employers, and coworkers.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

COUNT ONE

Misrepresentations About Consequences of Nonpayment

42. In many instances, in connection with the collection of debts, Defendants have represented, directly or indirectly, expressly or by implication, that:

- a. Defendants are calling in coordination with or on behalf of an attorney or attorneys;
- b. Defendants have filed or intend to file a lawsuit against the consumer for failing to pay a debt; or
- c. Nonpayment of a purported debt will result in the consumer’s arrest, or in the seizure, garnishment, or attachment of the consumer’s property or wages.

43. In truth and in fact, in many if not all instances in which Defendants have made the representations in Paragraph 42:

- a. Defendants are not calling in coordination with or on behalf of an attorney or attorneys;
- b. Defendants have not filed or do not intend to file a lawsuit against the consumer for failing to pay a debt, either because the debt is beyond the applicable statute of limitations or because Defendants otherwise lack the authority or intent to file a lawsuit; and
- c. Nonpayment of a purported debt will not result in the consumer’s arrest, or in the seizure, garnishment, or attachment of the consumer’s property or wages.

44. Therefore, Defendants' representations as set forth in Paragraph 42 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 TWO

Misrepresentations About Purpose of Communication

45. In many instances, in connection with the collection of debts, Defendants have represented, directly or indirectly, expressly or by implication, that the purpose of calls to consumers is to offer financial relief or assistance.

46. In truth and in fact, in many if not all instances in which Defendants have made the representation in Paragraph 45, the purpose of the calls to consumers has not been to offer financial relief or assistance, but to collect on a purported debt.

47. Therefore, Defendants' representation as set forth in Paragraph 45 is false or misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT THREE

Unsubstantiated Representations That Consumers Owe Debts in Part or in Whole

48. In numerous instances, during telephone calls with consumers who had previously told Defendants that they did not owe the debt that Defendants were attempting to collect, Defendants have represented, directly or indirectly, expressly or by implication, that the consumers owe the debt.

49. In truth and in fact, in numerous instances, Defendants have not had a reasonable basis for the representations in Paragraph 48 at the time those representations were made. These instances include situations in which:

- a. Consumers have challenged or attempted to challenge the validity or accuracy of the debt and Defendants have failed to review information substantiating the amount of debt, or have failed to consider the consumers' challenges, prior to continuing collection; or
- b. Defendants have had knowledge or reason to believe that a specific debt portfolio contained unreliable data but have failed to obtain information substantiating the accuracy of the data prior to collecting.

50. Therefore, in numerous instances, the making of the representations set forth in Paragraph 48 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FOUR

Unsubstantiated or False Representations That Consumers Owe Interest

51. In numerous instances, Defendants have represented, directly or indirectly, expressly or by implication, that consumers owe considerable interest on debts.

52. In truth and in fact, in numerous instances, Defendants have not had a reasonable basis for the representations described in Paragraph 51 at the time the representations were made. These instances include situations in which:

- a. Defendants have lacked a contractual or statutory basis, or other reasonable basis, for applying a particular rate of interest to the debt; or
- b. The owner of the debt had waived the assessment and collection of interest that Defendants had represented the consumer owed.

53. Therefore, in numerous instances, the making of the representations set forth in Paragraph 51 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FAIR DEBT COLLECTION PRACTICES ACT

54. Congress passed the FDCPA to eliminate abusive, deceptive, and unfair debt collection practices by debt collectors and to ensure that debt collectors who do not employ abusive debt collection practices are not competitively disadvantaged. 15 U.S.C. § 1692.

55. Section 805(b) of the FDCPA, 15 U.S.C. § 1692c, prohibits communications about a debt with any person other than the consumer or the consumer's attorney, a consumer reporting agency, the creditor or the creditor's attorney, or the debt collector's attorney except as allowed by Section 804 of the FDCPA, with the permission of the consumer or a court of competent jurisdiction, or as reasonably necessary to effectuate post judgment relief. For the purpose of Section 805(b), Section 805 of the FDCPA defines the term "consumer" to include "the consumer's spouse, parent (if the consumer is a minor), guardian, executor, or administrator."

56. Section 806 of the FDCPA, 15 U.S.C. § 1692d, prohibits debt collectors from engaging in any conduct the natural consequence of which is to harass, oppress, or abuse any person in connection with the collection of a debt.

57. Section 807 of the FDCPA, 15 U.S.C. § 1692e, prohibits debt collectors from using any false, deceptive, or misleading representation or means in connection with the collection of any debt.

58. Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a), demands that debt collectors send consumers a written notice containing certain information about the debt within five days of

the initial communication with a consumer in connection with the collection of any debt, unless that information is contained in the initial communication or the consumer has paid the debt.

59. Pursuant to Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), a violation of the FDCPA constitutes an unfair or deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FIVE

Unlawful Communications with Third Parties

60. In many instances, in connection with the collection of debts, Defendants have communicated with persons other than the consumer; the consumer's spouse, parent (if the consumer was a minor), guardian, executor, or administrator; a consumer reporting agency; the creditor; or their attorneys. Defendants have engaged in these communications for purposes other than acquiring location information about a consumer, without having obtained directly the prior consent of the consumer or the express permission of a court of competent jurisdiction, and when not reasonably necessary to effectuate a post judgment judicial remedy, in violation of Section 805(b) of the FDCPA, 15 U.S.C. § 1692c(b).

COUNT SIX

Failure to Meaningfully Disclose Identity

61. In many instances, in connection with the collection of debts, Defendants have engaged in conduct the natural consequence of which is to harass, oppress, or abuse consumers, including but not limited to placing telephone calls without meaningful disclosure of the caller's identity or as otherwise allowed by Section 804, in violation of Section 806 of the FDCPA, 15 U.S.C. § 1692d.

COUNT SEVEN

False, Deceptive, and Misleading Representations and Means

62. In many instances, in connection with the collection of debts, Defendants have used false, deceptive, or misleading representations or means, in violation of Section 807 of the FDCPA, 15 U.S.C. § 1692e, including but not limited to:

- a. Falsely representing the character, amount, or legal status of a debt, in violation of Section 807(2) of the FDCPA, 15 U.S.C. § 1692e(2);
- b. Representing or implying that nonpayment of a debt will result in the arrest or imprisonment of the consumer or the seizure, garnishment, attachment, or sale of the consumer's property or wages, when such action is not lawful and when Defendants do not intend to take such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
- c. Threatening to take action that Defendants cannot or do not intend to take, including filing a lawsuit against the alleged debtor, in violation of Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5);
- d. Using false representations or deceptive means to collect or attempt to collect a debt or to obtain information about a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10); and
- e. Failing to disclose in initial communications that Defendants are attempting to collect a debt and that information obtained will be used for that purpose or failing to disclose in subsequent communications that the communication is from a debt collector, in violation of Section 807(11) of the FDCPA, 15 U.S.C. § 1692e(11).

COUNT EIGHT

Failure to Provide Information About Debt

63. In many instances, in connection with the collection of debts, Defendants have failed to provide consumers, either in an initial communication or a written notice sent five days after the initial communication, with information about the debt and the right to dispute the debt, in violation of Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a).

CONSUMER INJURY

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

INJUNCTIVE AND EQUITABLE RELIEF FOR VIOLATIONS OF THE FTC ACT AND FDCPA

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

CIVIL PENALTIES FOR VIOLATIONS OF THE FDCPA

66. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l, authorize the Court to award monetary civil penalties for violations of the FDCPA when such violations were committed with actual knowledge or

knowledge fairly implied on the basis of objective circumstances as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A). Defendants' violations of the FDCPA, as described above, were made with actual knowledge or knowledge fairly implied on the basis of objective circumstances, as set forth in Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A). As specified by the Federal Civil Penalty Inflation Adjustment Act of 1990, 28 U.S.C. § 2861, as amended, the Court is authorized to award a penalty of not more than \$11,000 for each violation of the FDCPA before February 10, 2009, and not more than \$16,000 for each violation of the FDCPA after that time.

67. Each instance in which Defendants have failed to comply with the FDCPA in one or more of the ways described above constituted a separate violation of the FDCPA for the purpose of assessing monetary civil penalties. Plaintiff seeks monetary civil penalties for every separate violation of the FDCPA.

PRAYER FOR RELIEF

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

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

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

C. Award Plaintiff monetary civil penalties for each violation of the FDCPA as alleged in this Complaint; and

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

Dated: August 5, 2014


LORETTA E. LYNCH
United States Attorney
Eastern District of New York
271 Cadman Plaza East
Brooklyn, New York 11201

STUART F. DELERY
Assistant Attorney General
Civil Division
U.S. Department of Justice

By:


JOHN VAGELATOS
Assistant United States Attorney
P: (718) 254-6182
F: (718) 254-7489
john.vagelatos@usdoj.gov

By:


MICHAEL S. BLUME
Director
ANDREW E. CLARK
Assistant Director
JAMES W. HARLOW
Trial Attorney
Consumer Protection Branch
P.O. Box 386
Washington, DC 20044-0386
P: (202) 514-6786 (Harlow)
F: (202) 514-8742
james.w.harlow@usdoj.gov

JAMES REILLY DOLAN
COLIN HECTOR
DANIEL DWYER
PETER LAMBERTON
Federal Trade Commission
600 Pennsylvania Avenue
Mail Drop NW, NJ-3158
Washington, DC 20580
P: (202) 326-3376 (Hector)
chector@ftc.gov