

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

FILED

2019 JUN 17 A 9 11

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

GRAND TETON PROFESSIONALS, LLC, a
Wyoming limited liability company,

99TH FLOOR, LLC, a Florida limited liability
company,

MAIT MANAGEMENT INC., a New York
corporation,

DEMAND DYNAMICS LLC, a Florida limited
liability company,

ATOMIUM CORPS INC., a Wyoming corporation,

ATOMIUM CORPS INC., a Colorado corporation,

STARTUP MASTERS NJ INC., a Wyoming
corporation,

STARTUP MASTERS NJ INC., a New Jersey
corporation,

FIRST INCORPORATION SERVICES INC., a
Wyoming corporation,

FIRST INCORPORATION SERVICES INC., a
Florida corporation,

DOUGLAS C. FILTER, in his individual and
corporate capacity,

MARCIO G. ANDRADE, in his individual and
corporate capacity,

Defendants.

FILED UNDER SEAL
US DISTRICT COURT
BRIDGEPORT CT

Case No. 3:19-cv-00933-VAB

June 17, 2019

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

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

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, Section 410(b) of the Credit Repair Organizations Act (“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), the Consumer Review Fairness Act of 2016 (“CRFA”), 15 U.S.C. § 45b, Section 108(c) of the Truth in Lending Act (“TILA”), 15 U.S.C. § 1607(c), and Section 918(c) of the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. § 1693o(c), to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), multiple provisions of CROA, 15 U.S.C. §§ 1679-1679l, the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, the CRFA, 15 U.S.C. § 45b, TILA, 15 U.S.C. §§ 1601-1666j, and its implementing Regulation Z, 12 C.F.R. Part 1026, and Section 907(a) of EFTA, 15 U.S.C. § 1693e(a) and its implementing Regulation E, 12 C.F.R. Part 1005, in connection with the marketing and sale of credit repair services.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.
3. Venue is proper in this district under 28 U.S.C. § 1391(b)(2), (c)(1), and (c)(2), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute, 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces CROA, 15 U.S.C. §§ 1679-1679l, 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 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. The FTC also enforces the CRFA, 15 U.S.C. § 45b, which prohibits the offering of provisions in form contracts that restrict individual consumer's ability to communicate reviews, performance assessments, and similar analyses about a seller's products, services, or conduct. The FTC also enforces TILA, 15 U.S.C. §§ 1601-1666j, which establishes, among other things, disclosure and calculation requirements for consumer credit transactions and advertisements. The FTC also enforces EFTA, 15 U.S.C. §§ 1693-1693r, and its implementing Regulation E, 12 C.F.R. Part 1005, which regulates the rights, liabilities, and responsibilities of participants in electronic fund transfer systems.
5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act, CROA, the TSR, the CRFA, TILA and Regulation Z,

and EFTA and Regulation E, and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 45b(d)(2)(A), 53(b), 57b, 1607(c), 1679h(b), 1693o(c), 6102(c), and 6105(b).

DEFENDANTS

6. Defendant **Grand Teton Professionals, LLC** (“Grand Teton”), also doing business as Deletion Expert, Inquiry Busters, and Top Tradelines, is a Wyoming limited liability company with its principal place of business at 261 South Main Street, Suite 335, Newtown, Connecticut. Grand Teton has also used mailing addresses of 24B Dodgingtown Road, Newtown, Connecticut, 412 North Main Street, Suite 100, Buffalo, Wyoming, and 382 NE 191st Street, Suite 25825, Miami, Florida. Grand Teton is also registered as a Connecticut foreign limited liability company and a Florida foreign limited liability company. At all times material to this Complaint, acting alone or in concert with others, Grand Teton has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Grand Teton transacts or has transacted business in this district and throughout the United States.
7. Defendant **99th Floor, LLC** (“99th Floor”), also doing business as Top Tradelines, is a Florida limited liability company with its principal place of business at 1000 Ponce de Leon Blvd., Suite 214, Coral Gables, Florida. 99th Floor has also used mailing addresses of 382 NE 191st Street, Suite 25825, Miami, Florida, 175 SW 7th Street, Suite 1805 Miami, Florida, 1000 Ponce de Leon Blvd., Suites 103 and 303, Coral Gables, Florida, and 24B Dodgingtown Road, Newtown, Connecticut. At all times material to this

Complaint, acting alone or in concert with others, 99th Floor has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. 99th Floor transacts or has transacted business in this district and throughout the United States.

8. Defendant **Mait Management Inc.** ("Mait Management") is a New York corporation with its principal place of business at 228 Park Avenue South, Suite 25825, New York, New York. Mait Management has also used mailing addresses 382 NE 191st Street, Suite 25825, Miami, Florida and 1000 Ponce de Leon Blvd., Suite 303, Coral Gables, Florida. At all times material to this Complaint, acting alone or in concert with others, Mait Management has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Mait Management transacts or has transacted business in this district and throughout the United States.
9. Defendant **Demand Dynamics LLC** ("Demand Dynamics") is a Florida limited liability company with its principal place of business at 1000 Ponce de Leon Blvd., Suite 214, Coral Gables, Florida. Demand Dynamics has also used mailing addresses of 382 NE 191st Street, Suite 25825, Miami, Florida, 175 SW 7th Street Suite 1805 Miami, Florida, 1000 Ponce de Leon Blvd., Suites 103 & 303, Coral Gables, Florida, and 24B Dodgingtown Road, Newtown, Connecticut. At all times material to this Complaint, acting alone or in concert with others, Demand Dynamics has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Demand Dynamics transacts or has transacted business in this district and throughout the United States.

10. Defendant **Atomium Corps Inc.** (“Atomium-WY”) is a Wyoming corporation with its principal place of business at 261 South Main Street, Suite 335, Newtown, Connecticut. Atomium-WY has also used mailing addresses of 24B Dodgingtown Road, Newtown, Connecticut and 868 N 7th Street, Laramie, Wyoming. At all times material to this Complaint, acting alone or in concert with others, Atomium-WY has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Atomium-WY transacts or has transacted business in this district and throughout the United States.
11. Defendant **Atomium Corps Inc.** (“Atomium-CO”) is a Colorado corporation with its principal place of business at 15911 E. Beaver Brook Lane, Parker, Colorado. At all times material to this Complaint, acting alone or in concert with others, Atomium-CO has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Atomium-CO transacts or has transacted business in this district and throughout the United States.
12. Defendant **Startup Masters NJ Inc.** (“Startup Masters-WY”) is a Wyoming corporation with its principal place of business at 261 South Main Street, Suite 335, Newtown, Connecticut. Startup Masters-WY has also used mailing addresses of 24B Dodgingtown Road, Newtown, Connecticut and 868 N 7th Street, Laramie, Wyoming. At all times material to this Complaint, acting alone or in concert with others, Startup Masters-WY has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Startup Masters-WY transacts or has transacted business in this district and throughout the United States.

13. Defendant **Startup Masters NJ Inc.** (“Startup Masters–NJ”) is a New Jersey corporation with its principal place of business at 250 John F. Kennedy Boulevard, Lawnside, New Jersey. At all times material to this Complaint, acting alone or in concert with others, Startup Masters–NJ has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. Startup Masters–NJ transacts or has transacted business in this district and throughout the United States.
14. Defendant **First Incorporation Services Inc.** (“First Incorp–WY”) is a Wyoming corporation with its principal place of business at 261 South Main Street, Suite 335, Newtown, Connecticut. First Incorp–WY has also used mailing addresses of 24B Dodgingtown Road, Newtown, Connecticut and 868 N 7th Street, Laramie, Wyoming. At all times material to this Complaint, acting alone or in concert with others, First Incorp–WY has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. First Incorp–WY transacts or has transacted business in this district and throughout the United States.
15. Defendant **First Incorporation Services Inc.** (“First Incorp–FL”) is a Florida corporation with its principal place of business at 986 Finrod Way, Casselberry, Florida. At all times material to this Complaint, acting alone or in concert with others, First Incorp–FL has advertised, marketed, distributed, or sold credit repair and funding services to consumers throughout the United States. First Incorp–FL transacts or has transacted business in this district and throughout the United States.
16. Defendant **Douglas C. Filter** is or was an owner, officer, director, or manager of Grand Teton, 99th Floor, Atomium–WY, Demand Dynamics, First Incorp–WY, and Startup

Masters–WY. He is an authorized signatory on many of Defendants’ bank accounts. He is also listed as the registrant and contact person for many of Defendants’ Internet websites. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Filter, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

17. Defendant **Marcio G. Andrade** is or was an owner, officer, director, or manager of 99th Floor, Demand Dynamics, and Mait Management. He is an authorized signatory on many of Defendants’ bank accounts. He is also listed as the contact for Defendants’ telecommunications services. Defendants’ Internet websites are assigned to an account in Defendant Andrade’s name and domain registration fees are often paid with his personal credit card. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Andrade, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

18. Defendants Grand Teton, 99th Floor, Mait Management, Demand Dynamics, Atomium–WY, Atomium–CO, Startup Masters–WY, Startup Masters–NJ, First Incorp–WY, and First Incorp–FL (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Defendants have conducted the business practices

described below through an interrelated network of companies that have common ownership, officers, managers, business functions, employees, and office locations, and that commingled funds. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Filter and Andrade have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

19. 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

Overview

20. Since at least 2014, Defendants have operated an unlawful credit repair scam that has deceived consumers across the country. Through Internet websites, telemarketing, and unsolicited emails and text messages, Defendants claim they can improve consumers’ credit scores by removing all negative items and hard inquiries from their credit reports or by adding seasoned tradelines to their credit histories. In reality, however, Defendants typically have not been able to repair consumers’ credit or raise their credit scores.
21. Defendants routinely take prohibited advance fees for their credit repair services and do not make required disclosures regarding those services. In addition, Defendants offer

consumers the option of financing these fees without making critical credit transaction disclosures. When processing fees, Defendants routinely engage in electronic fund transfers from consumers' bank accounts without obtaining proper authorization, and use remotely created checks to pay for credit repair services they have offered through a telemarketing campaign, in violation of the TSR.

22. When victimized consumers complain about the lack of results or attempt to reverse Defendants' charges, Defendants threaten them with legal action for violating purported anti-disparagement and anti-chargeback clauses.

Defendants' Deceptive Internet Websites

23. To induce consumers to purchase their credit repair services, Defendants maintain numerous Internet websites, including deletionexpert.com, inquirybusters.com, and toptradelines.com, as well as dedicated YouTube channels, on which they make deceptive claims regarding their services.

Deceptive Claims Regarding Removal of Negative Information and Hard Inquiries

24. Through their Deletion Expert brand, Defendants have claimed that they can successfully remove negative information from consumers' credit histories or credit reports, even when the information is accurate and not obsolete. Defendants claim that this activity will significantly increase consumers' credit scores.

25. For example, Defendants' Internet website deletionexpert.com has made the following statements:

- DeletionExpert.com Keeps Fighting Until ALL of Your Negatives are GONE!
- GET SERIOUS. GET RESULTS. WE FIGHT THEM UNTIL THEY COME OFF – 100% SUCCESS RATE GUARANTEED!

- REMOVE ALL NEGATIVE ITEMS FROM CREDIT REPORT IN 3 TO 6 WEEKS
- Guaranteed to Remove ALL Negative Items on your Credit
- Credit Score Effects: Credit Scores typically go UP by 50 to 250 Points, all else being equal

26. Defendants' website also contains several purported success stories of consumers who had negative information removed from their credit reports. The testimonials include the following statements:

- I've been trying for years to get my credit record cleaned up. I had been writing to companies and the bureaus and never seemed to get a response. When my then boyfriend proposed, I knew I had to take action because I didn't want to start off my marriage with bad credit. So, I called DeletionExpert.com. They were very proactive in getting me the results I was looking for. They personally wrote letters that got read and got a response. In just a matter of weeks, my credit was restored and my credit score even went up!
- He began working with Deletion Experts and they went to work right away contesting negative entries on his reports. Rather than using form letters, they approached each challenge intelligently and fully documented. They used facts and logic that was undisputed in most instances. George was happy with the way the DE team worked for him, but once he got a copy of his credit report from TransUnion, He literally jumped for joy – his score had jumped from 675 to 790.
- With some of my last savings, he hired DeletionExpert.com. For a minor investment, DeletionExpert.com looked over his credit reports and began making the credit bureaus remove negative accounts. They didn't just send in basic form letters either, they wrote up their rebuttals by hand – the computers could not read them and a real person had to consider my situation. His credit situation improved, due to FCRA regulations. DeletionExpert.com was able to bring his TransUnion score from a 680 to a 775, and his scores through the other bureaus went up about the same. His credit scores are now a more accurate representation of his eligibility and he can begin applying for loans with confidence.

27. Through their Inquiry Busters brand, Defendants have claimed that they can successfully remove hard inquiries from consumers' credit histories or credit reports, even when the

information is accurate. Defendants claim that this activity will significantly increase consumers' credit scores.

28. For example, Defendants' Internet website inquirybusters.com has made the following statements:

- REMOVE ALL QUALIFIED INQUIRIES IN 3 TO 6 WEEKS
- WE FIGHT THEM UNTIL THEY COME OFF – 100% SUCCESS RATE GUARANTEED!
- GUARANTEED CREDIT INQUIRY REMOVAL
- **Guaranteed to Remove ALL Qualified Hard Credit Inquiries.**
Qualified Inquiries: All Inquiries that are not from Creditors with whom you have an Open Account.
Credit Score Effects: Credit Scores typically go UP by 10 to 30 Points, all else being equal.).

29. Defendants' website also contains several purported success stories of consumers who had hard inquiries removed from their credit reports. The testimonials include the following statements:

- To begin with, they studied my credit report and detected as many as 17 inquiries. They disputed every inquiry in the special way they do it. I'm not quite sure how they do it. It looked liked [sic] they fought it with the FCT [sic] and some other places. It took about 4 weeks and all 17 inquiries were gone and my credit scores went up! And I ended up with 775 from TransUnion, 780 from Experian and 745 from Equifax.
- Kelly needed \$35,000 afer [sic] an emergency, but her inquiries were holding her back...InquiryBusters.com fixed it up by fighting her 18 inquiries. She got her credit back and the funding she needed.
- Michael's Inquiries Kept Him From Getting Credit...but InquiryBusters.com disputed his inquiries and got him FUNDED. His new scores Experian – 795, TransUnion – 770 and Equifax – 765. He got approvals for \$85,000!
- Veronica Raised her Credit Scores from 599 to 684 in 39 days with InquiryBusters.com. Veronica's results are the norm here at Inquiry Busters.

30. To remove negative information and hard inquiries, Defendants state that they use one of two methods: fast track credit sweep (or expedited option) and manual credit repair.

31. Defendants make the following statements regarding the fast track credit sweep/expedited option:

- **What is a Fast Track Credit Sweep?**
The Fair Credit Reporting Act (FCRA) requires Credit Bureaus to remove all Accounts resulting from Identity Theft from your Credit Report. A Credit Sweep is the process by which we use these sections of the FCRA to force Credit Bureaus to remove Negative Accounts from your Credit Report. We do this by using a proprietary method we've developed to facilitate and speed-up this process.
- **How Long Does the Fast Track Credit Sweep Take?**
In the first days, we analyze your credit reports and select negative items for deletion. We then prepare and notarize the Identity Theft Affidavit. With that document, we show you how to file a police report. We then send the documentation, including the police report to the Creditor, the Credit Bureaus and the FTC. We begin monitoring your report to see the negative reports drop off, those that remain, we re-submit claims until all negative items are deleted. Under the FTC requirements, these should be eliminated immediately, so we expect all to be gone within three weeks after our preparation time.
- **Deletion Experts have extensive experience in rooting out identity theft damages, and working with the credit reporting bureaus to remove them from your report. Our proprietary Credit Sweep process will discover Identity Theft markers through a thorough evaluation of your credit reports from all three credit bureaus- TransUnion, Experian and EquiFax. Today, an identity theft incident is not necessarily identifiable through major purchases that ring alarms at your lender's fraud prevention department. Billions of dollars every year are stolen and credit blemishes are realized with small thefts running under the radar. We use our own programs to find the subtle identifiers and take action against them, including using that proof to restore your good credit.**
- **If you need to completely Delete Open Mortgages and/or Open Auto/Boat/RV Loans, then you cannot do Manual Credit Repair (MCR) and must do Fast-Track Credit Sweep instead in order to block the Negative(s) from your Credit Reports.**
- **This Method will achieve the FASTEST Results possible.**

32. Defendants make the following statements regarding the manual credit repair option:

- **The Fair Credit Reporting Act (FCRA) requires Credit Bureaus to remove all incorrect and/or unverifiable information from your Credit Report, however, their**

Systems and Procedures have been setup to automatically read, classify, and dispose of Credit Disputes they receive as fast as possible, without any human intervention at all, and without any real verification of the information aside from a quick automated check into the Creditor's reporting system. . . . This "Verification Process" typically happens within a few seconds and is fully automated, which means the Disputes Letters are never even read, and no investigation is performed at all – The System just spits back to the Consumer the information reported by the Creditor and claims the information was "Verified". This behavior is actually illegal, but Credit Bureaus get away with it all the time. The only way to get around their automated systems and get dispute letters read by a real human being is to use what we call "Manual Credit Repair".

- What is Manual Credit Repair (MCR)? When Negative Items are disputed using Custom-Made, Unique, Hand-Written Letters, we call that Manual Credit Repair (MCR). Because the Letters are written by hand, with a variety of different hand writing styles, and particularly hand-writing that is hard for OCR Scanners to identify, these Letters end up under the "Manual Review" stack, where a Real Human Being will be assigned to read each Letter and determine what action to take. When this happens, the chances of getting a Negative Item removed is increased dramatically.
- 3-Way Disputes with Creditors, Credit Bureaus, and FTC. We simultaneously dispute each Negative Item with a dispute letter to the Creditors, the Credit Bureaus, and the FTC. In many cases, we will not get a response, which automatically qualifies the negative to be deleted. In other cases, one or the other target will be the right one to grant our requests and call for the elimination of the negatives. This 3-Way Dispute method is much more effective than the One-Way or Two-Way Methods used by the vast majority of Credit Repair Companies out there.
- Unique, Labor-Intensive, Hand-Written Disputes that Beat OCR Scanners
- Negative Items that must always be removed via Manual Credit Repair (MCR): Government-Guaranteed Loans, Public Records, Tax Liens, and Late Payments on Open Mortgages and/or Open Auto/Boat/RV Loans.
- This method, although effective, is not as FAST as the Fast-Track Credit Sweep option.

33. Defendants' websites encourage consumers to select the fast track/expedited option over the manual credit repair option by stating that the completion time for the former is typically "1 to 3 Weeks," while the completion time for the latter is "3 to 6 Weeks."

Defendants' websites also include the following "disclosure": "Disputes may be submitted to Credit Bureaus and Creditors with an Identify Theft Report (Expedited Option), or without it, and you hereby acknowledge and agree that disputes will take longer to produce results without benefiting from the presence of an Identity Theft Report."

Deceptive Claims Regarding Tradelines

34. Through their Top Tradelines brand, Defendants have claimed that they can successfully add "seasoned tradelines" to consumers' credit histories. "Tradelines" or "credit lines" refer to individual credit card accounts or lines of credit. For a fee, Defendants offer to register consumers as "additional authorized users" on one or several credit cards or line of credit accounts held by unrelated account holders with long-standing positive payment histories (a practice also known as "piggybacking" credit). Defendants claim this will result in the positive payment history being reflected on the paying consumer's credit history or credit report, thus significantly increasing their credit score.
35. For example, Defendants' Internet website toptradelines.com has the made the following statements:
- From 620 to 780+ in 3 Weeks? Yes!
 - Open from 30-60 Days. Permanent Score Improvement!
 - Shows as OPEN for 1 Full Billing Cycle (30 Days). Can show as open for 60-Days for an extra fee. Continues improving your Credit History and Credit Score even after 30 or 60 Days.
 - When you purchase Seasoned Tradelines from us, you are purchasing Real Authorized User Accounts and WE GUARANTEE that each Tradeline will
 - A: Have a Perfect Payment History. Always Paid on Time. Never Late.
 - B: Have at least the specified Age and Credit Limit.
 - C: Have a Balance that does not exceed 20% of the Credit Limit.

D: Will post to all 3 Credit Bureaus (Experian, Equifax, and TransUnion) no later than 14 Calendar Days after the specified Reporting Date.

E: Will increase your Credit Scores

- Guaranteed to boost credit scores. Guaranteed to post on all 3 credit bureaus.
- If your Scores are under 700, then we can add Seasoned Tradelines to dramatically increase your Credit Scores and the overall Quality of your Personal Credit History in only 3 Weeks! It's common to see Credit Scores jump up 50 to 150 Points in 3 Weeks - This is the Real Deal and we guarantee the Tradelines will post to your Credit Report.

36. Defendants' website also contains several purported success stories of consumers who had tradelines added to their credit reports resulting in improved credit scores. The testimonials include the following statements:

- Adding 1 tradeline to your credit history already has a huge impact on your credit score. Detarius wanted \$50,000 in credit so he could enjoy life a little more. Before working with Top Tradelines, his credit scores were 660 (Equifax), 663 (TransUnion) and 683 (Experian). After adding just one seasoned tradeline to his credit history, his credit scores improved to 721 on Equifax and 728 for both Experian and TransUnion.
- Harvey from Augusta, GA is another of our happy clients who found success in increasing his credit score by adding seasoned tradelines to his credit report. He needed \$25,000 for his kid's college but wasn't sure whether he will be approved based on his credit report. He found Top Tradelines and purchased the bronze package. In less than 30 days after the tradelines were added, his credit score improved to 765 (Experian), 748 (TransUnion) and 702 (Equifax).
- I purchased the Bronze Package and all the Tradelines posted to my Credit within about 3 Days of the Reporting Date promised and I now have an 801 Score on Equifax, 790 on TransUnion, and 784 on Experian - Incredible! I had ZERO Credit when I started and Marcio walked me through the process and made it very easy for me.
- I purchased the Gold Package on TopTradelines.com and within six weeks my credit ratings had risen by more than 150 points on average across the three credit bureaus. I now have scores of 716 on Experian, 729 on TransUnion, and 710 on Equifax. I was amazed at how quickly my credit rating increased.
- Within 54 days, my score went up from 610 to 700! I really didn't have to do anything...just piggyback off of someone else's great credit.

37. Through their CreditCardCashFlow brand, Defendants have also solicited consumers with credit cards or line of credit accounts that have long-standing positive payment histories. Defendants offer to pay these account holders to add other consumers as authorized users to their accounts, including third-parties who are not family members or otherwise in close personal relationship with the account holder.

38. For example, Defendants' Internet website creditcardcashflow.com has the made the following statements:

- WE TURN CARDS *INTO CASH FLOW!*
- Earn Cash Helping Others Boost Credit Scores
- WHAT IF YOUR Credit Cards *PAID YOU \$2,000* EACH MONTH?
- IS THIS 100% LEGAL? Yes, it is 100% Legal. You can read all about it on Wikipedia.
- ARE BANKS AND CREDIT CARD COMPANIES "OK" WITH THIS PROGRAM? Yes, Banks and Credit Card Companies allow you to add Authorized Users on your Credit Card Accounts, and they can be ANYONE, and can be added for ANY REASON.
- Will the Authorized Users receive a Credit Card in the mail? No, never. All Authorized User Credit Cards are mailed to the Primary Account Holder (You). You must then activate each Credit Card and use them for some of your existing Day-to-Day Expenses, such as Gas, Groceries, Online Purchases, etc, in order to show the Bank that the Authorized User Accounts are actually being used.
- Is there any risk that an authorized user could get access to my credit card account? . . . all the Authorized User Credit Cards are mailed to your Home Address on file with your Bank, it would be impossible for anyone from our Company or any of the Authorized Users to access your Account.
- CREDIT CARD ELIGIBILITY REQUIREMENTS:
 - ...
 - Must allow Authorized Users to be added Online or over the Phone.
 - Must report Authorized Users to all 3 Credit Bureaus each Month.
 - ...If you are not sure, call your Bank and find out:

...
What is the Maximum # of Authorized Users that I can have on my Credit Card Account at any point in time? (The more, the merrier)

...
How often can I change/replace Authorize Users (Monthly is best, every 2 months is Acceptable, every 3 Months or more won't work)
Do I need to provide Photo ID, Social Security Card, or any other Documentation for each Authorized User I add (You need to get a "No")

Defendants' Deceptive Telemarketing Activity

39. Defendants' websites list telephone numbers for consumers to contact Defendants for more information. The websites also have a sign-up page on which consumers can enter their contact information (including name, address, cell phone number, and email address) as well as their social security number and date of birth.
40. Defendants also send unsolicited emails and text messages to consumers to market their credit repair services. For example, an email promoting Defendants' Deletion Expert brand was sent from the email address support@deletionexpert.com and contained the subject line, "GUARANTEED Removal of Negative Items." The text of the email states, "Jim the banker is glad he came to us to improve his credit," and, "We will remove your negative items FAST." Another email sent from support@deletionexpert.com had a subject line, "Affected by recession? We can help." The text of the email states, "The recession hurt George's business. Luckily, we were able to help him by contesting negative entries and using our expertise to bring back his credit." The emails then provide telephone numbers and invite consumers to contact Defendants for more information.
41. In many instances, after consumers submit their contact information to Defendants via their websites, Defendants' representatives call consumers. In other instances,

consumers contact Defendants using the telephone numbers listed on Defendants' websites or in Defendants' unsolicited emails and text messages. In all these instances, Defendants' representatives make many of the same representations included on their websites.

42. Defendants' Deletion Expert and Inquiry Busters representatives promise consumers that all negative items and hard inquiries will be removed from their credit histories, and that their credit scores will increase significantly through Defendants' efforts, in some instances by as much as 100 points within one to two months. Defendants' representatives explain that they send written letters to the credit bureaus to challenge negative items and inquiries. In some instances, Defendants' representatives encourage consumers to file an identity theft affidavit to remove negative information and inquiries, even when consumers explain that they were not victims of identity theft.
43. Defendants' Top Tradelines representatives tell consumers that Defendants will add new tradelines to consumers' credit reports and that within a few weeks consumers will see a significant increase in their credit score, in some instances by as much as 100 points within one to two months. In numerous instances, Defendants' Top Tradelines representatives promote the services of Defendants' Deletion Expert and Inquiry Busters brands, explaining that consumers need to clear their credit reports before the tradelines can be added.

Defendants Do Not Follow Through On Credit Repair Promises

44. In numerous instances, Defendants fail to remove negative information or hard inquiries from consumers' credit histories or add promised tradelines. Accordingly, in numerous

instances, consumers who purchase Defendants' credit repair services do not obtain the promised improvements to their credit scores.

Defendants' Unlawful Enrollment Process

45. To enroll, Defendants typically require consumers to email a copy of their driver's license, social security number, utility bill, and credit card, debit card or bank account information.
46. In numerous instances, after providing Defendants with this information, Defendants instruct consumers to sign electronically a contract via an online notary platform. In numerous instances, the contract does not contain a full and detailed description of the credit repair services to be performed for the consumer, including all guarantees of performance, and an estimate of the date by which the performance of the services (to be performed by Defendants or any other person) will be complete or the length of the period necessary to perform such services. Neither does the contract contain 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."
47. Instead, the contract is only an authorization for Defendants to charge the consumer's credit or debit card or debit their bank account.
48. In numerous instances, Defendants fail to provide consumers with copies of the contracts consumers have signed.

49. In numerous instances, Defendants fail to provide consumers with a written statement containing prescribed language concerning "Consumer Credit File Rights Under State and Federal Law" before any contract or agreement is executed.
50. In numerous instances, Defendants fail to provide consumers with a "Notice of Cancellation" form, in duplicate, containing prescribed language concerning consumers' three-day right to cancel that consumers can use to cancel the contract.
51. Defendants bury the "Consumer Credit File Rights Under State and Federal Law" and cancellation right statements on their Internet websites on a separate "Terms of Use" page. The statements are located at the bottom of the page after 50 paragraphs. Nothing on the websites' homepages or sign-up pages indicates that consumers should go to the "Terms of Use" page, nor is there any method by which Defendants ensure that consumers have read the page.

Defendants' Unlawful Financing and Billing Practices

52. Before providing any of the promised credit repair services, Defendants require consumers to make an upfront payment for these services. Their DeletionExpert and InquiryBusters brands typically cost \$1,999, and Defendants offer a combined rate for both services of \$2,999. In some instances, Defendants' representatives offer to lower the cost if consumers enroll on the phone. Defendants' Top Tradelines brand varies in price depending upon the purported tradelines to be purchased. With respect to all three brands, however, Defendants require consumers either to pay the entire fee upfront or pay a percentage upfront and finance the remainder.

53. For their DeletionExpert and InquiryBusters brands, Defendants provide consumers the option to pay the entire amount upfront, or pay either 50% or 25% down with the remainder plus a finance charge paid over 3 months. For their InquiryBusters brand, Defendants have also provided consumers the option to pay either 50% or 25% down with the remainder and a finance charge paid over 6 months.
54. For the option to pay over three months, Defendants' websites advertise a finance charge of 20% of the amount to be financed. For the payment over six months option, Defendants' websites advertise a finance charge of 40% of the amount to be financed. In both cases, Defendants do not disclose the annual percentage rate.
55. For example, for the option to pay 50% down with additional payments over three months, Defendants' deletionexpert.com website advertises the following terms:

24/7/365 Support via Live Chat, Phone, or E-Mail.
\$10K Surety Bond + \$1.5 Million Insurance Policy + Lowest-Price Guarantee.
 Tons of 5 Star Reviews on ShopperApproved.com, Sitejabber.com, TrustPilot.com, and more.

Package*
 • \$1,999 Full Credit Sweep \$2,999 Full Credit Sweep + InquiryBusters.com @ 50% OFF
 Regular Price for InquiryBusters.com Inquiry Removal Service is \$1,999.
 In-House Financing Option*
 • 100% Full Payment. • 50% Down. Finance the Balance over 3 Months. • 25% Down. Finance the Balance over 3 Months.

Financing Terms Explanation

Guaranteed to Remove ALL Negative Items.

\$999 Down (50%). Remaining Balance paid over 3 Months via Monthly Payments.

Down Payment: \$999

Financed Amount: \$1,000 + \$200 Finance Charge (20% of Financed Amount) = \$1,200 Total Payback

Monthly Payment for 3 Months: \$400

56. Consumers can remit payment to Defendants via credit or debit card, electronic bank transfer, and PayPal. In some instances, Defendants have created or caused to be created remotely created checks as payment for their credit repair services.

57. In numerous instances, shortly after consumers provide Defendants with their billing information, Defendants charge consumers' credit or debit cards or withdraw payment from consumers' bank accounts before fully performing the promised credit repair services. In some instances, when consumers select to pay Defendants over time, Defendants charge multiple payments at or around the same time.
58. In numerous instances, in cases in which consumers provide Defendants with a debit card or bank account information to make payments over time, Defendants have debited consumers' bank accounts multiple times. In numerous instances, Defendants did not obtain written authorization signed or similarly authenticated by consumers authorizing the recurring electronic fund transfers from their accounts and did not subsequently provide consumers with a copy of such a written authorization.
59. Payments made by consumers are deposited into one of several of Defendants' merchant processing accounts that Defendants have established to process consumers' credit or debit cards or electronic bank transfers. The payments typically appear on consumers' bank or card statements with billing descriptors of "Atomium Corp," "Startup Masters NJ," "First Incorporation Services," or similar names. Payments processed through these merchant processing accounts are then transferred into one of several of Defendants' operating bank accounts. For example, payments processed through merchant accounts in the name of Defendant Atomium-CO are transferred to bank accounts in the name of Defendant Atomium-WY. Similarly, payments processed through merchant accounts in the name of Defendant First Incorp-FL are transferred to bank accounts in the name of Defendant First Incorp-WY. And payments processed

through merchant accounts in the name of Defendant Startup Masters–NJ are transferred to bank accounts in the name of Defendant Startup Masters-WY.

Defendants' Gag Clauses and Legal Threats

60. In addition to their purported credit repair services, Defendants also market several other products through trade names including FastUnsecured, which purports to assist consumers in obtaining unsecured personal funding at low rates; CorporateCashCredit, which purports to assist small businesses in obtaining unsecured corporate funding at low rates; WholesaleShelfCorporations, which purports to sell already-registered corporations under the presumption that aged corporations are more likely to receive funding from financial institutions; FundingCEO, which purports to provide consumers with a business start-up kit to sell Defendants' other brands to consumers; and HighRiskNinja, which purports to assist businesses that have had their merchant accounts shut down because of high charge-backs or bad credit to get a merchant account. Defendants market these brands through various Internet websites including fastunsecured.com, corporatecashcredit.com, wholesaleshellcorporations.com, fundingceo.com, and highriskninja.com.
61. Defendants' form contracts, including the "Terms of Use" page on their various Internet websites including deletionexpert.com, inquirybusters.com, toptradelines.com, fastunsecured.com, corporatecashcredit.com, wholesaleshellcorporations.com, fundingceo.com, highriskninja.com, and creditcardcashflow.com, contain provisions that bar or restrict the ability of consumers purchasing Defendants' services from engaging in

reviews, performance assessments, and similar analyses of Defendants' goods, services, or conduct.

62. For example, the "Terms of Use" page of Defendants' websites deletionexpert.com, inquirybusters.com, toptradelines.com, fastunsecured.com, wholesaleshefcorporations.com, corporatcashcredit.com, and fundingceo.com include the following provisions:

12. Mutual Non-Disparagement. You agree and warrant that you shall not disparage or comment negatively, directly or indirectly, about Grand Teton, or its Team. We agree and warrant that we shall not disparage or comment negatively, directly or indirectly about you; except we may reports debts owed by you to us to Credit Reporting Agencies. Disparagement shall be defined as any remarks, comments or statements that impugn the character, honesty, integrity, morality, business acumen or abilities in connection with any aspect of our dealings with each other. You and Grand Teton agree and acknowledge that this non-disparagement provision is a material term of this Agreement; the absence of which would have resulted in Grand Teton refusing to enter into this Agreement.

20. Liquidated Damages. In some instances, a breach of these Terms could cause damages, but proving the actual damages would be impossible. These instances shall result in the corresponding liquidated damages, which are a reasonable pre-estimate of the damages:

* * *

3. Each time You violate the Non-Disparagement terms, the liquidated damages will be \$25,000, for each violation.
4. If You don't pay an amount due within thirty (30) days after we send you a late payment notice, then the liquidated damages will be three times the total amount you were billed but failed to pay.
5. If You attempt to pay your balance due, by an altered or fictitious payment instrument, the liquidated damages will be three times the amount of the balance due.

These provisions follow several un-numbered paragraphs and appear as the seventeenth and twenty-fifth of fifty paragraphs on the page.

63. As another example, Defendants' websites highriskninja.com and creditcardcashflow.com include the following provision:

NON-DISPARAGEMENT:

Our Reputation is of utmost importance to us. You hereby agree and warrant and that you will not disparage or comment negatively, directly or indirectly, about our company, our officers and management, and/or current or former employees and/or contractors. Disparagement shall be defined as any disparaging remarks, comments or statements that impugn the character, honesty, integrity, morality or business acumen or abilities in connection with any aspect of the operation our business. In the event we find any disparagement resulting directly or indirectly from you, you hereby understand and agree that such disparagement will cause great financial damages to us, the extent of which will be impossible to measure, and you therefore agree to pay liquidated damages in the amount of \$25,000 for every incidence of disparagement caused directly or indirectly by you.

64. In addition, Defendants' "Terms of Use" contain provisions that discourage consumers from exercising in a timely fashion their dispute rights under the Fair Credit Billing Act (sometimes referred to as a "chargeback"), even when Defendants failed to perform as promised.

65. For example, the "Terms of Use" page of Defendants' websites deletionexpert.com, inquirybusters.com, toptradelines.com, fastunsecured.com, wholesaleshefcorporations.com, corporatecashcredit.com, and fundingceo.com include the following provisions:

15. Payment Dispute Rules. You warrant that no credit card payment, e-check or other payment made to Grand Teton by you, or a third party for your benefit, shall be disputed, or a chargeback filed with the credit card issuer, and no Claim shall be made against our Surety Bond under any circumstance, until after you have completed sequentially the three step procedure below:

First: Attempt first to settle the dispute by online mediation administered by the American Arbitration Association under its Commercial Mediation Procedures. This can be done here: <https://apps.adr.org/webfile/>

Second: Submit a claim to be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by a single arbitrator may be entered

in any court having jurisdiction thereof. This can be done here:

<https://www.adr.org/webfile/faces/home>

Third: File a claim against our Surety Bond.

Each time you wish to dispute a payment, these rules must be followed without exception under any circumstance. Each appeal by You, or a third party of a disputed payment decision You or the third party lost counts as a separate disputed payment for purposes of this section 15 and section 20.

20. Liquidated Damages. In some instances, a breach of these Terms could cause damages, but proving the actual damages would be impossible. These instances shall result in the corresponding liquidated damages, which are a reasonable pre-estimate of the damages:

1. Each time You violate the Payment Dispute Rules, the liquidated damages will be three times the amount of each of your disputed payment(s) to us, but not less than \$1,000.

* * *

4. If You don't pay an amount due within thirty (30) days after we send you a late payment notice, then the liquidated damages will be three times the total amount you were billed but failed to pay.

5. If You attempt to pay your balance due, by an altered or fictitious payment instrument, the liquidated damages will be three times the amount of the balance due.

These provisions follow several un-numbered paragraphs and appear as the twentieth and twenty-fifth of fifty paragraphs on the page.

66. Defendants' websites highriskninja.com and creditcardcashflow.com include the following provision:

CREDIT CARD DISPUTES/CHARGEBACKS:

By using your Credit Card, you hereby agree that you will not, under any circumstance, initiate any Dispute/Chargeback with your Card Issuer until you have sequentially completed the three step process below:

First: Attempt first to settle the dispute by online mediation administered by the American Arbitration Association under its Commercial Mediation Procedures.

Second: Submit a claim to be settled by binding arbitration administered by the American Arbitration Association in accordance with its Expedited Commercial Arbitration Rules and judgment on the award rendered by a single arbitrator may be entered in any court having jurisdiction thereof.

Third: File a claim against our Surety Bond.

If you initiate a Dispute/Chargeback without sequentially completing the three step process above, you hereby agree and understand that such action will cause severe damage to our Merchant Processing Relationship and that 200% of the Full Amount of the Disputed Transaction(s) will become immediately due and payable to us as Liquidated Damages. If you then fail to pay the Liquidated Damages owed within 14 Calendar Days, your Account will be turned over to Collections and immediately reported to all 3 Credit Bureaus as a Collection Account.

67. In numerous instances, contracts provided to consumers who purchase Defendants' credit repair services contain the following provisions:

Payment Dispute Rules:

You warrant that no credit card payment made to VENDOR by you, or a third party for your benefit, shall be disputed, or a chargeback filed with the credit card issuer under any circumstance until after you have completed sequentially the three-step procedure below:

First: Attempt first to settle the dispute by online mediation administered by the American Arbitration Association under its Commercial Mediation Procedures.

This can be done here: <https://apps.adr.org/webfile/>

Second: Submit a claim to be settled by binding arbitration administered by the American Arbitration Association in accordance with its Expedited Commercial Arbitration Rules (Written Submission Only) and judgment on the award rendered by a single arbitrator may be entered in any court having jurisdiction thereof. This can be done here: <https://www.adr.org/webfile/faces/home>

Third: File a Claim against our Surety Bond.

Each time you wish to dispute a payment, these rules must be followed. Each appeal by You, or a third party of a disputed payment decision You or the third party lost counts as a separate disputed payment for purposes of this section.

Liquidated Damages:

In some instances, a breach in these Terms could cause damages, but proving the actual damages would be impossible. These instances shall result in the corresponding liquidated damages, which are a reasonable pre-estimate of the damages. Each time you violate the Payment Dispute Rules, the liquidated damages will be three times the amount of each of your disputed payment(s) to us, but not less than \$1,000.

CONFESSION OF JUDGMENT. I agree that this transaction is a Business Transaction. I also agree that if I or the credit card holder, if applicable, dispute a payment made to VENDOR or if the transaction is reversed by the Merchant Processor for any reason, and I do not reimburse VENDOR within 3 business days via Wire Transfer or Bitcoin, I agree that VENDOR may immediately obtain a judgment for the original amount charged, plus the liquidated damages, along

with any and all costs of collections, court costs, and/or reasonable attorneys fees. **By signing this form, I irrevocably authorize any attorney to appear in any court of competent jurisdiction and confess a judgment against me without process in favor of the creditor for such amount as may then appear unpaid hereon, and to consent to immediate execution upon such judgment.**

68. According to the American Arbitration Association's website, a consumer would have to pay fees of at least \$250 to initiate online mediation and \$925 to initiate online arbitration.
69. In some instances, when consumers file complaints with law enforcement or exercise their rights under the Fair Credit Billing Act by disputing a charge and seeking a chargeback when Defendants failed to perform as promised, Defendants respond by sending cease and desist letters and threatening to file lawsuits.
70. For example, after one consumer filed a complaint with the Bureau of Consumer Financial Protection, Defendants' purported lawyer sent the consumer a cease-and-desist letter advising the consumer, "to refrain from any further attempts . . . to take any action that would be considered defamatory in nature." The letter closed with, "[y]our anticipated cooperation is appreciated and will directly serve to eliminate the need for further legal action." Another consumer received a letter from another of Defendants' purported lawyers stating, "Under your Contract with TopTradelines.com you are liable to Toptradelines for **liquidated damages in the sum of \$5,000 per breach of the non-disclosure provision and \$25,000 per breach of the non-disparagement provision.** Further under Florida law, it is unlawful to engage in defamation of another's character and reputation." That consumer had also initiated a dispute and chargeback request to his credit card that prompted Defendants' attorney to continue:

“Your failure to follow these procedures before submitting a Chargeback/Unauthorized charge dispute to your credit card company is a major breach of this Contract. In the Contract you agreed to pay Toptradelins.com **liquidated damages equal to 200% of the amount of the charge initiated.**”

71. Defendants have filed at least one lawsuit against a consumer for alleged breaches of these provisions.
72. Defendants’ anti-disparagement provisions have caused or are likely to cause consumers to refrain from commenting negatively about Defendants or their services. By depriving prospective purchasers of this truthful, negative information, Defendants’ practices have resulted or are likely to result in consumers purchasing Defendants’ services they would not otherwise have bought.
73. Under Section 161 of the Fair Credit Billing Act, 15 U.S.C. § 1666, consumers generally have 60 days from the date their credit card statement is transmitted to them to dispute a charge. Defendants’ anti-dispute, anti-chargeback, and confession of judgment provisions have caused or are likely to cause consumers to forgo or delay exercising this right in a timely fashion to dispute charges imposed by Defendants, even when Defendants failed to perform as promised.

VIOLATIONS OF THE FTC ACT

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

76. 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 themselves cannot reasonably avoid and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

Count I
Misrepresentations Regarding Credit Repair Services

77. Through the means described in Paragraphs 20–44, Defendants have represented, expressly or by implication, that Defendants will substantially improve consumers' credit scores or ratings by, amongst other things:

- a. removing negative information and hard inquiries from consumers' credit reports or profiles even where such information is accurate and not obsolete; and/or
- b. selling "tradelines" that will appear on consumers' credit reports or profiles.

78. In truth and in fact, in numerous of the instances in which Defendants have made the representations set forth in Paragraph 77 of this Complaint, such representations were false or misleading or not substantiated at the time Defendants made them.

79. Therefore, Defendants' making of the representations as set forth in Paragraph 77 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II
Unfair Use of Anti-Disparagement Provisions

80. As set forth in Paragraphs 60–73 of the Complaint, in numerous instances, Defendants have used tactics including threats, intimidation, and non-disparagement clauses designed

to prevent consumers from speaking or publishing truthful or non-defamatory negative comments or reviews about Defendants and their services.

81. Defendants' practices as described in Paragraph 80 have caused or are likely to cause substantial injury to consumers that is not reasonably avoidable by consumers and that is not outweighed by countervailing benefits to consumers or competition.

82. Therefore, Defendants' practices as set forth in Paragraph 80 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a) and (n).

Count III Unfair Use of Anti-Chargeback Provisions

83. As set forth in Paragraphs 60–73 of the Complaint, in numerous instances, Defendants have used tactics including threats, intimidation, confessions of judgment, and anti-dispute/anti-chargeback clauses designed to prevent consumers from exercising their rights under the Fair Credit Billing Act to dispute charges Defendants placed on their credit cards.

84. Defendants' practices as described in Paragraph 83 have caused or are likely to cause substantial injury to consumers that is not reasonably avoidable by consumers and that is not outweighed by countervailing benefits to consumers or competition.

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

VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT

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

87. 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).
88. 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).
89. Defendants are a “credit repair organization.”
90. CROA prohibits all persons from 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 (A) any consumer reporting agency or (B) any person who has extended credit to the consumer or to whom the consumer has applied or is applying for an extension of credit. 15 U.S.C. § 1679b(a)(1).
91. 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).
92. 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).

93. CROA requires credit repair organizations to provide consumers with a written statement containing prescribed language concerning “Consumer Credit File Rights Under State and Federal Law” before any contract or agreement is executed. 15 U.S.C. § 1679c(a).
94. CROA requires credit repair organizations to include certain terms and conditions in any contract or agreement for services, including (a) a full and detailed description of the services to be performed for the consumer, including all guarantees of performance and an estimate of 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 the length of the period necessary to perform such services, 15 U.S.C. § 1679d(b)(2), and (b) 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)(4).
95. CROA requires credit repair organizations to provide consumers with a “Notice of Cancellation” form, in duplicate, containing prescribed language concerning consumers’ three-day right to cancel that consumers can use to cancel the contract. 15 U.S.C. § 1679e(b).
96. CROA requires that any consumer who enters into a contract with a credit repair organization shall be given a copy of the completed contract and all disclosures required under the Act and a copy of any other document the credit repair organization requires the consumer to sign. 15 U.S.C. § 1679e(c).

97. 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.

Count IV
Encouraging Consumers to File False Identity Theft Affidavits

98. 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 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 encouraging consumers to file identity theft affidavits even when consumers have not, in fact, been victims of identity theft.

99. Defendants have thereby violated Section 404(a)(1)(A) of CROA, 15 U.S.C. § 1679b(a)(1)(A).

Count V
Misleading Use of Tradelines

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 counseled or advised consumers to make statements, which are untrue or misleading with respect to consumers' credit worthiness, credit standing, or credit capacity to persons who

have extended credit to the consumers or to whom the consumers have applied or are applying for an extension of credit, including by representing that consumers are “additional authorized users” on one or several credit cards or line of credit accounts held by account holders when such consumers are not given access to the credit.

101. Defendants have thereby violated Section 404(a)(1)(B) of CROA, 15 U.S.C. § 1679b(a)(1)(B).

Count VI
Misrepresentations Regarding Credit Repair Services

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 untrue or misleading representations to consumers, including that Defendants will substantially improve consumers’ credit scores or ratings by, amongst other things:
- a. removing negative information and hard inquiries from consumers’ credit reports or profiles even where such information is accurate and not obsolete; and/or
 - b. selling “tradelines” that will appear on consumers’ credit reports or profiles.

103. Defendants have thereby violated Section 404(a)(3) of CROA, 15 U.S.C. § 1679b(a)(3).

Count VII
Violation of Prohibition Against Charging Advance Fees For Credit Repair Services

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

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.

105. Defendants have thereby violated Section 404(b) of CROA, 15 U.S.C. § 1679b(b).

**Count VIII
Failure to Make Required Disclosures**

106. In numerous instances, in connection with the 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 provide a written statement of "Consumer Credit File Rights Under State and Federal Law," in the form and manner required by CROA, to consumers before any contract or agreement was executed.

107. Defendants have thereby violated Section 405(a) of CROA, 15 U.S.C. § 1679c(a).

**Count IX
Failure to Include Required Terms and Conditions in Contracts**

108. In numerous instances, in connection with the 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: (a) a full and detailed description of the services to be performed for the consumer, including all guarantees of performance and an estimate of the date by which the performance of the services (to be performed by Defendants or any other person) will be complete or the length of the period necessary to perform such services, and (b) 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. Defendants have thereby violated Section 406(b)(2) and (4) of CROA, 15 U.S.C. § 1679d(b)(2) and (4).

Count X
Failure to Provide Cancellation Form

110. In numerous instances, in connection with the 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 provide with their consumer contracts a form with the heading "Notice of Cancellation," in the form and manner required by CROA to consumers.

111. Defendants have thereby violated Section 407(b) of CROA, 15 U.S.C. § 1679e(b).

Count XI
Failure to Provide Consumers With Copy of Contract and Other Disclosures

112. In numerous instances, in connection with the 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 provide consumers who entered into a contract with Defendants a copy of the completed contract and all disclosures required under CROA and a copy of any other document Defendants required the consumers to sign.

113. Defendants have thereby violated Section 407(c) of CROA, 15 U.S.C. § 1679e(c).

VIOLATIONS OF THE TELEMARKETING SALES RULE

114. 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 Telemarketing Sales Rule in 1995, extensively amended it in 2003, and amended certain sections thereafter. 16 C.F.R. Part 310.
115. 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).
116. 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).
117. 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 subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).
118. 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).

119. The TSR prohibits sellers and telemarketers from creating or causing to be created, directly or indirectly, a remotely created payment order as payment for goods or services offered or sold through telemarketing. 16 C.F.R. § 310.4(a)(9). A remotely created payment order includes a remotely created check. 16 C.F.R. § 310.2(cc).
120. 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).

Count XII
Misrepresentations Regarding Credit Repair Services

121. 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 the performance, efficacy, nature, or central characteristics of their credit repair services, including but not limited to, that Defendants will substantially improve consumers' credit scores or ratings by, amongst other things:
- a. removing negative information and hard inquiries from consumers' credit reports or profiles even where such information is accurate and not obsolete; and/or
 - b. selling "tradelines" that will appear on consumers' credit reports or profiles.

122. Defendants' acts and practices, as described in Paragraph 121 of this Complaint, are deceptive telemarketing acts and practices that violate Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

Count XIII

Violation of Prohibition Against Charging Advance Fees For Credit Repair Services

123. 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.

124. Defendants' acts or practices, as described in Paragraph 123 of this Complaint, are abusive telemarketing acts or practices that violate Section 310.4(a)(2) of the TSR, 16 C.F.R. § 310.4(a)(2).

Count XIV

Use Of Remotely Created Checks

125. In numerous instances, in connection with the telemarketing of credit repair services, Defendants have created or caused to be created, directly or indirectly, a remotely created payment order as payment for credit repair services.

126. Defendants' acts or practices, as described in Paragraph 125 of this Complaint, are abusive telemarketing acts or practices that violate Section 310.4(a)(9) of the TSR, 16 C.F.R. § 310.4(a)(9).

VIOLATIONS OF THE CONSUMER REVIEW FAIRNESS ACT OF 2016

127. In 2016, Congress passed the Consumer Review Fairness Act of 2016, P.L. 114-258, 15 U.S.C. § 45b.

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

129. The CRFA defines "form contract" to mean "a contract with standardized terms (i) used by a person in the course of selling or leasing the person's goods or services; and (ii) imposed on an individual without a meaningful opportunity for such individual to negotiate the standardized terms." 15 U.S.C. § 45b(a)(3).

130. Effective March 14, 2017, the CRFA renders void any provision of a form contract if such provision (A) prohibits or restricts the ability of an individual who is a party to the form contract to engage in a covered communication or (B) imposes a penalty or fee against an individual who is a party to the form contract for engaging in a covered communication. 15 U.S.C. § 45b(b)(1).

131. Effective March 14, 2017, the CRFA prohibits any person from offering a form contract containing a provision described as void in sub-section (b) of the CRFA. 15 U.S.C. § 45b(c).

132. Pursuant to the CFRA, a violation of sub-section (c) of the CRFA shall be treated as a violation of a rule defining an unfair or deceptive act or practice prescribed under Section 18(a)(1)(B) of the FTC Act, 15 U.S.C. § 57a(a)(1)(b), and the FTC shall enforce the CFRA in the same manner, by the same means, and with the same jurisdiction, powers, and duties as the FTC Act. 15 U.S.C. § 45b(d). Congress empowered the FTC to enforce the CRFA with respect to contracts in effect on or after December 14, 2017. 15 U.S.C. § 45b(e).
133. Defendants have offered “form contract[s],” as that term is defined in the CFRA. 15 U.S.C. § 45b(a)(3).

Count XV
Unlawful Use of Anti-Disparagement Clauses

134. In numerous instances on or after December 14, 2017, Defendants have offered, in the course of selling their credit repair services, form contracts containing provisions that (A) prohibit or restrict the ability of an individual who is a party to the form contract to engage in a covered communication and/or (B) impose a penalty or fee against an individual who is a party to the form contract for engaging in a covered communication.
135. Defendants have thereby violated the CRFA, 15 U.S.C. § 45b(c).

VIOLATIONS OF THE TRUTH IN LENDING ACT AND REGULATION Z

136. Under TILA, 15 U.S.C. §§ 1601-1666j, and its implementing Regulation Z, 12 C.F.R. Part 1026, advertisements for closed-end credit must comply with applicable advertising provisions of TILA and Regulation Z, including, but not limited to, Section 1026.24 of Regulation Z, 12 C.F.R. § 1026.24.

137. Under Section 144(a) and (d) of TILA, 15 U.S.C. § 1664(a) and (d), and Section 1026.24(d) of Regulation Z, 12 C.F.R. § 1026.24(d), if any advertisement for closed-end credit states the amount or percentage of the downpayment, the number of payments or period of repayment, the amount of any payment, or the amount of any finance charge, then the advertisement clearly and conspicuously shall state all of the following: the amount or percentage of the downpayment, the terms of repayment, and the annual percentage rate.
138. Defendants' advertisements, including, but not limited to, those described in Paragraphs 52-55, promote closed-end credit, and Defendants are subject to the advertising requirements of TILA and Regulation Z, including Section 1026.24(d) of Regulation Z, 12 C.F.R. § 1026.24(d).
139. Pursuant to Section 108(c) of TILA, 15 U.S.C. § 1607(c), every violation of TILA and Regulation Z constitutes a violation of the FTC Act.

Count XVI

Failure to Disclose Annual Percentage Rate in Advertisements

140. In numerous instances, in connection with the advertisement of closed-end credit, Defendants' advertisements have stated the amount or percentage of the downpayment, the amount of a payment, or the number of payments or period of repayment, but have failed to state the annual percentage rate.
141. Defendants have thereby violated Section 144 of TILA, 15 U.S.C. § 1664, and Section 1026.24(d) of Regulation Z, 12 C.F.R. § 1026.24(d).

VIOLATIONS OF THE ELECTRONIC FUND TRANSFER ACT AND REGULATION E

142. Section 907(a) of EFTA, 15 U.S.C. § 1693(a), provides that a “preauthorized electronic fund transfer from a consumer’s 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), provides that the term “preauthorized electronic fund transfer” means “an electronic fund transfer authorized in advance to recur at substantially regular intervals.”
143. 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.”
144. Section 1005.10(b) of the Bureau of Consumer Financial Protection’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.
145. 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 and Provide Copies of such Authorization for Recurring Bank Debits

146. In numerous instances, Defendants debit consumers' bank accounts on a recurring basis without (a) obtaining a written authorization signed or similarly authenticated from consumers for preauthorized electronic fund transfers from their accounts; and (b) providing consumers a copy of a written authorization signed or similarly authenticated from consumers for preauthorized electronic fund transfers from their accounts.
147. Defendants have thereby violated 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

148. 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 CRFA, TILA and Regulation Z, and EFTA and Regulation E. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

149. As of the filing of this Complaint and based on the allegations set forth in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate the FTC Act, CROA, the TSR, the CRFA, TILA and Regulation Z, and EFTA and Regulation E.

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

151. Section 19 of the FTC Act, 15 U.S.C. § 57b, Section 410(b) of CROA, 15 U.S.C. § 1679h(b), Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), Section 108(c) of TILA, 15 U.S.C. § 1607(c), and Section 918(c) of EFTA, 15 U.S.C. § 1693o(c), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of CROA, the TSR, the CRFA, TILA, and EFTA, including the rescission or reformation of contracts, and the refund of any money.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 410(b) of CROA, 15 U.S.C. § 1679h(b), Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), Section 108(c) of TILA, 15 U.S.C. § 1607(c), Section 918(c) of EFTA, 15 U.S.C. § 1693o(c), and the Court's own equitable powers, requests that the Court:

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

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

- B. Enter a permanent injunction to prevent future violations of the FTC Act, CROA, the TSR, the CRFA, TILA and Regulation Z, and EFTA and Regulation E by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, CROA, the TSR, the CRFA, TILA and Regulation Z, and EFTA and Regulation E, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; 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: June 17, 2019

Respectfully submitted,

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