

FILED
U.S. DISTRICT COURT
DISTRICT OF MARYLAND

2003 NOV 19 A 11:30

**UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND**

CLERK'S OFFICE
AT GREENBELT

BY _____ DEPUTY

FEDERAL TRADE COMMISSION)
600 Pennsylvania Avenue, Northwest)
Washington, District of Columbia 20580)
Plaintiff,)

v.)

AMERIDEBT, INC.,)

Germantown, Maryland 20874)
Montgomery County,)

DEBTWORKS, INC.,)
12850 Middlebrook Road)
Germantown, Maryland 20874)
Montgomery County,)

ANDRIS PUKKE,)

Civil Action No.:

**Complaint for Injunctive and
Other Equitable Relief**

Potomac, Maryland 20854-1174)
Montgomery County)
Defendants, and)

PAMELA PUKKE a/k/a Pamela Shuster)
11509 Dahlia Terrace)

engaging in unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act, as amended, 15 U.S.C. § 45(a), and failure to provide consumers with the disclosures

15 U.S.C. §§ 6901 through 6909 and the FTC's

conducted business at 12850 Middlebrook Road, Suite 400, Germantown, Maryland. AmeriDebt

... it exercises for the economic benefit of for-profit companies and/ or private persons and

this District.

10. AmeriDebt styles itself as a non-profit credit counseling organization dedicated to

helping consumers having difficulties with their personal finances. Its clients include over-extended

consumers consist of describing the DMPs and enrolling consumers on the plans. Defendants solicit prospective clients for the DMPs through television, radio, print, and internet advertisements. These advertisements make various claims about the services that Defendants provide to consumers and invite consumers to call AmeriDebt for a free consultation. In 2001, Defendants spent more than \$11 million.

under the DMP, tells the consumer when he will receive the contract (usually the same day via fax or internet), and presses the consumer to return the signed contract immediately.

17. After Defendants receive the signed contract, Defendants' representative contacts the

consumer, tells him that he must make the first payment to be formally enrolled in the program, and

presses him to make the payment quickly. In most instances, Defendants keep the consumer's first

million in 2001 for servicing the DMP accounts.

Count II: Deceptive Omission That Defendants Retain All or a Substantial Portion of a Consumer's First Payment as a Fee

26. Plaintiff incorporates by reference all the foregoing paragraphs.

27. Defendants, through their advertisements, contracts, and employees, have represented, expressly or by implication, that consumers' payments will be disbursed to creditors. Defendants have failed to disclose that Defendants keep all or a substantial portion of a consumer's first payment as a fee. This fact would be material to consumers. Defendants' failure to disclose this fact, in light of the

~~statements made, was, and is, a deceptive practice~~

Count III: Misrepresentation That Defendants Teach Consumers How to Handle Credit and Finances in the Future

28. Plaintiff incorporates by reference all the foregoing paragraphs.

29. Defendants, through their advertisements, contracts, and employees, have represented, expressly or by implication, that they teach consumers how to handle their credit and finances in the

future.

30. In truth and in fact, Defendants do not teach consumers how to handle their credit and

GRAMM- LEACH- BLILEY ACT VIOLATION

Count V: Failure to Provide Required Disclosures

34. Plaintiff incorporates by reference all of the foregoing paragraphs.

35. AmeriDebt is a financial institution for purposes of the GLB Act and the Privacy Rule.

15 U.S.C. 6809(3); 16 C.F.R. Part 313.3(k). Pursuant to the GLB Act and the Privacy Rule, AmeriDebt was required to provide, on or before July 1, 2001, notices to their customers regarding the collection, disclosure, and protection of nonpublic personal information about its customers.

36. AmeriDebt did not send these required notices to its existing customers until July 2002.

37. AmeriDebt's failure to provide notices to its existing customers on or before July 1, 2001

constitutes a violation of Section 503 of the GLB Act, 15 U.S.C. § 6803, and the Privacy Rule, 16 C.F.R.

Part 313.

3. Permanently enjoin and restrain Defendant AmeriDebt from violating Section 503 of the GLB Act or the Privacy Rule as alleged herein;

4. Award such relief as the Court finds necessary to redress injury to consumers

5. Award such relief as the Court finds necessary to redress injury to consumers, but not limited to the rescission of

contracts, the refund of monies, and the disgorgement of ill-gotten monies;

5. Award such relief against Relief Defendant Pamela Pukke that the Court deems

necessary to protect and return funds and other property to which Pamela Pukke has no legitimate claim

6. Award Plaintiff such other and additional equitable relief as the Court may determine to be just and proper.

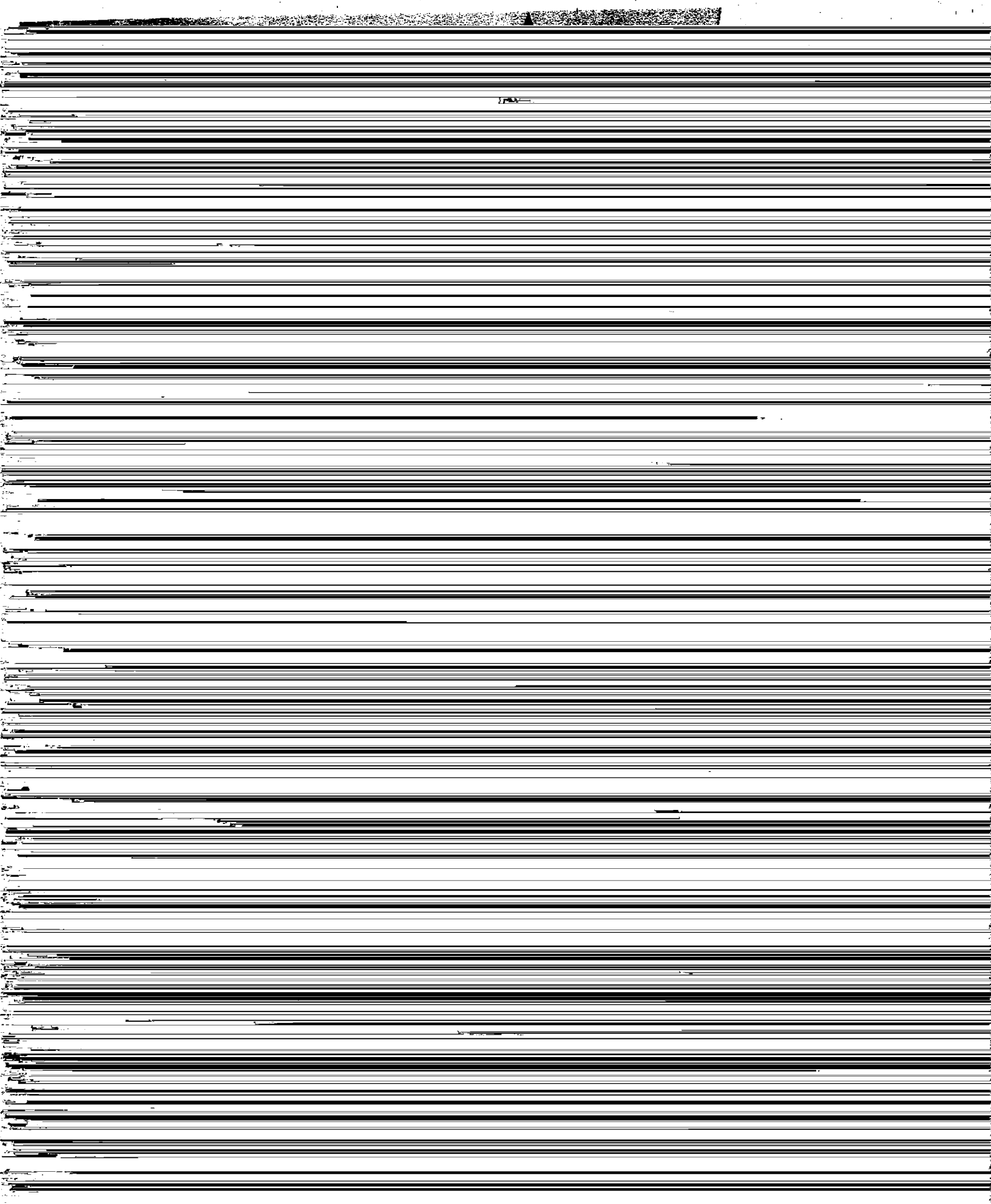
Dated: November 19 2003

Respectfully Submitted,

FEDERAL TRADE COMMISSION
WILLIAM F KOVACIC

General Counsel





4. Simply keep making your monthly payments on time and you will be on the road to a better credit rating, stable finances and eliminating your debt!

(The initial repayment plan is subject to adjustment based on creditors' individual requirements-AmeriDebt will notify you when more payment may be required to satisfy creditor's needs. There is no industry standard as to what benefits creditors will extend to AmeriDebt's clients, so the repayment plan depends in part on which creditor is

Results

As a result of the benefits that we can achieve for you, you will be able to pay off your debt in much less time than you could on your own.

Our average client maintains a \$10,000 debt with an 18.5% interest rate. Without AmeriDebt, by paying the monthly minimum payment, it would take at least 32 years and \$24,500 to pay off the original debt.

With AmeriDebt that same client's debt will be paid off much sooner: usually 3 to 5 years, even with the reduced monthly payments!

How? Interest rate reductions, consistent on-time payments, and reduced late charges work together to effectively shrink the total balance owed. Before a client joins AmeriDebt, most of his or her payments are applied to interest charges. This barely changes the balance amount. By reducing the interest, you can pay off the balances in a lot less time!

The Debt Management Program is also designed to provide you with easily accessible help and guidance. Our counselors are available to handle harassing phone calls from creditors, assist you with legal situations and teach you how to handle credit in the future. Our counselors also make budgeting suggestions so that you can save more each month and spend your earnings more

and debt free!

[Click Here to Apply Online](#)

CONFIDENTIAL

Client: AMERIDEBT
Title: One Story/ Revised
Length: : 60
Draft: Original
Date: March 27, 2001

Video	Audio
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CONFIDENTIAL

May 28, 2002

6. Camera racks into focus as kids jump out of bed excited and give Bob a hug.

6. Bob VO: Now I don't have to struggle to keep up my monthly payments, and I won't spend the next 20 years paying off my credit

in handling the accounts on a monthly basis. As a non-profit organization, AmeriDebt depends on these small contributions to meet our operating costs. Our clients find that their increased cash flow from lower monthly payments, interest rate reductions and stopped late charges more than covers the cost of the monthly contribution.

Q: How will joining AmeriDebt's Program affect my credit rating?

A1: Do you have a good credit history? If yes, then you should be aware that your credit report may state that you

are going through AmeriDebt. We can't guarantee how

Q: Will I still receive harassing phone calls?

A: You might the first several months on the program.