

**UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND**

**FEDERAL TRADE COMMISSION** )  
600 Pennsylvania Avenue, Northwest )  
Washington, District of Columbia 20580 )  
 )  
Plaintiff, )  
 )  
 )  
v. )  
 )  
**BALLENGER GROUP, LLC** )  
321 Ballenger Center Drive )  
Frederick, Maryland 21703 )  
Frederick County, and )

## **JURISDICTION AND VENUE**

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

3. Venue is proper in the United States District Court for the District of Maryland under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

## **PARTIES**

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government created and given statutory authority and responsibility by the FTC Act, as amended, 15 U.S.C. §§ 41-58. The Commission is charged with enforcing 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 Commission is authorized by Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to initiate federal district court proceedings to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including, but not limited to, restitution and disgorgement.

5. Ballenger Group, LLC (“Ballenger Group”) is a Delaware corporation with its principal place of business at 321 Ballenger Center Drive, Frederick, Maryland. Ballenger Group provides

## **DEFENDANTS' BUSINESS PRACTICES**

7. Since January 1, 2003, Ballenger Group has been the sole servicing company for AmeriDebt, Inc. (“AmeriDebt”), a Maryland non-stock corporation that styles itself as a non-profit credit counseling organization dedicated to assisting consumers having difficulties with their personal finances. AmeriDebt provides debt management plans (“DMPs”) to its consumer clients. DMPs allow consumers to pay the credit counseling organization one consolidated monthly payment for all of their unsecured debts that are included in the plan. After the monthly payment is collected, the organization disburses payments to the creditors on the plan. Creditors often offer reduced interest rates and waiver of certain fees to consumers who pay through a DMP.

8. Although AmeriDebt’s advertising and promotional materials claim that it will provide counseling services and teach consumers how to handle their finances in the future, in fact AmeriDebt provides no such services or education. Instead, AmeriDebt enrolls all of its clients in DMPs, and its dealings with consumers consist of describing the DMPs and enrolling consumers on the plans.

9. AmeriDebt represents, both in advertisements and in oral statements by its sales personnel, that it does not charge up-front fees for enrolling in the DMPs. In fact, AmeriDebt typically retains its clients’ first payment on the DMP and disburses none of it to creditors. In addition, AmeriDebt describes itself as a nonprofit organization, but the fees it charges generate substantial profits for associated for-profit entities and individuals.

10. Once AmeriDebt has enrolled the consumer in the DMP, AmeriDebt sends the consumer’s file to its servicing company for performance of all services related to the DMP. Since January 1, 2003, Ballenger Group has been the servicing company for all of AmeriDebt’s DMP



**Count I: Deceptive Omission That AmeriDebt Retains All or a Substantial  
Portion of a Consumer's First Payment as a Fee**

13. Plaintiff incorporates by reference all the foregoing paragraphs.
14. Defendants have represented, expressly or by implication, that consumers' payments will be disbursed to creditors. Defendants have failed to disclose that AmeriDebt keeps all or a substantial

2. Permanently enjoin and restrain Defendants from violating the FTC Act as alleged herein;

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

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

Dated: November \_\_\_\_, 2003

Respectfully Submitted,  
FEDERAL TRADE COMMISSION  
WILLIAM E. KOVACIC  
General Counsel

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