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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, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108, to secure permanent injunctive relief, rescission of contracts, restitution, disgorgement and other equitable relief for defendants' deceptive acts or practices in connection with the selling and telemarketing of advance fee credit cards in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled, "Telemarketing Sales Rule" ("the Telemarketing Sales Rule" or "the Rule"), 16 C.F.R. Part 310.

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c) and 6105(b), and 28 U.S.C. §§ 1331, 1337(a) and 1345.

3. Venue in the Eastern District of New York is proper under 15 U.S.C. § 53(b), as amended by the Federal Trade Commission Act Amendments of 1994, Pub. L. No. 103-312, 108 Stat. 1691 and 28 U.S.C. § 1391(b).

THE PARTIES

district court proceedings to enjoin violations of the FTC Act and the Telemarketing Sales Rule and to secure such equitable relief as is appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b and 6105(b).

5. Defendant Credit Enhancement Services, LLC (hereafter “CES”) is a single member Delaware Limited Liability Company, conducting business at 90-20 Jamaica Avenue, Woodhaven, New York 11421. Defendant CES transacts or has transacted business in the Eastern District of New York and throughout the United States.

6. Defendant Liberty Benefits, LLC (hereafter “Liberty Benefits”) is a single member New Jersey Limited Liability Company, conducting business at 90-20 Jamaica Avenue, Woodhaven, New York 11421. Defendant Liberty Benefits transacts or has transacted business in the Eastern District of New York and throughout the United States.

7. Defendant Broadway Management Services, LLC (hereafter “Broadway Management”) is a single member New Jersey Limited Liability Company, conducting business at 129 North Broadway, Suite 500, Camden, New Jersey 08103. Defendant Broadway Management transacts or has transacted business in the Eastern District of New York and throughout the United States.

8. Defendant Check Fee, LLC, also known as “Titanium Blue,” (hereafter “Check Fee”) is a single member New Jersey Limited Liability Company, conducting business at 129 North Broadway, Suite 500, Camden, New Jersey 08103. Defendant Check Fee transacts or has transacted business in the Eastern District of New York and throughout the United States.

9. Defendant Port of Call Centers, LLC (hereafter “Port of Call”) is a single member New Jersey Limited Liability Company, conducting business at 129 North Broadway, Suite 500, Camden, New Jersey 08103. Defendant Port of Call transacts or has transacted business in the

Eastern District of New York and throughout the United States.

10. Defendant Port of Call Centers NY, LLC (hereafter "Port of Call NY") is a single member New York Limited Liability Company, conducting business at 90-20 Jamaica Avenue, Woodhaven, New York 11421. Defendant Port of Call NY transacts or has transacted business in the Eastern District of New York and throughout the United States.

11. Defendant Frederick J. Dick, Jr. (hereafter "Dick") is the sole owner and sole member of CES, Liberty Benefits, Broadway Management, Check Fee, Port of Call and Port of Call NY, and, upon information and belief, he resides at 5312 Browning Road, Pennsauken, New Jersey 08109. At all times material to this Amended Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of CES, Liberty Benefits, Broadway Management, Check Fee, Port of Call and Port of Call NY, including the acts and practices set forth in this Amended Complaint. Defendant Dick transacts or has transacted business in the Eastern District of New York and throughout the United States.

12. Defendants CES, Liberty Benefits, Broadway Management, Check Fee, Port of Call and Port of Call NY share office space, sell the same credit card package, use the same postcards and scripts, and cooperate and act in concert to carry out the defendants' business practices as alleged herein. They constitute a common enterprise for purposes of this proceeding.

COMMERCE

13. At all times material to this Amended Complaint, defendants' course of business, including the acts and practices alleged herein, has been and is in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

14. Since at least 2000, defendants have offered and telemarketed advance fee credit

cards to consumers throughout the United States. Defendants have engaged in these practices under the names CES, Liberty Benefits, Broadway Management, Check Fee, Port of Call and Port of Call NY. Defendants' credit cards were marketed under the names CES, Liberty Benefits and Titanium Blue. Defendants' telemarketing boiler rooms in Camden, New Jersey and Woodhaven, New York were operated under the names of Port of Call and Port of Call NY, respectively. Defendants payroll account was maintained under the name of Broadway Management.

15. Defendants have mailed postcards throughout the United States to senior citizens, consumers who had never had credit, consumers with credit problems, and consumers who have had bankruptcies, inducing them to call a toll-free number to obtain a pre-approved unsecured credit card at a "low" six percent interest rate with a guaranteed minimum credit limit of either $3,500 or $4,000 and, in some cases, up to a maximum credit limit of $7,500. In the course of defendants' telemarketing program, defendants' telemarketers have induced these consumers to pay an advance fee ranging from $219.99 to $289.00 to obtain an unsecured major credit card, such as a VISA or MasterCard credit card.

16. Defendants' telemarketers represent to consumers that they are guaranteed to receive the offered credit cards, that there is no annual fee for use of the credit cards, that the six percent interest rate will never go up, and that the consumers are pre-approved for a minimum credit limit of either $3,500 or $4,000. Defendants' telemarketers do not tell consumers that in order to obtain credit cards, consumers will be required to meet a lender's minimum credit-granting criteria and to re-apply for any such cards and pay additional fees.

17. Defendants' telemarketers tell numerous consumers that there is a 30-day unconditional money back guarantee covering the purchase of their credit card that runs from the date of receipt of the package containing the credit card. Defendants' telemarketers tell numerous

Card, defendants tell consumers that they will be receiving an application for an unsecured major credit card directly from the issuing bank. Only then do those consumers realize that the fee already paid to defendants is a membership fee for defendants' buying club, as defendants' telemarketers usually make no mention of defendants' buying club, and when they do, they present it as an incidental benefit to the major credit card. Consumers who receive the letter with defendants' card realize that they cannot actually obtain credit cards from defendants when the package arrives without the major credit card.

22. Some consumers are sent applications for a credit card by several financial

b. in numerous instances, defendants do not refund the purchase price when a consumer seeks a refund within thirty 30 days of receipt of defendants' package.

30. Therefore, the representations set forth in Paragraph 24 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE FTC'S TELEMARKETING SALES RULE

31. The Commission promulgated the Telemarketing Sales Rule pursuant to Section 6102(a) of the Telemarketing Act, 15 U.S.C. § 6102(a). The Rule became effective on December 31, 1995.

32. The FTC Telemarketing Sales Rule prohibits telemarketers and sellers from misrepresenting any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

33. The FTC Telemarketing Sales Rule prohibits telemarketers and sellers from misrepresenting any material aspect of the nature or terms of the seller's refund, cancellation, exchange, or repurchase policies. 16 C.F.R. § 310.3(a)(2)(iv).

34. The Telemarketing Sales Rule also prohibits telemarketers and sellers from, among other things, requesting or receiving payment of any fee or consideration in advance of obtaining or arranging a loan or other extension of credit when the seller or telemarketer has guaranteed or represented a high likelihood of success in obtaining or arranging a loan or other extension of credit. 16 C.F.R. § 310.4(a)(4).

35. 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), violations of the Telemarketing Sales Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a)

of the FTC Act, 15 U.S.C. § 45(a).

36. Defendants are "sellers" or "telemarketers" engaged in "telemarketing," as those terms are defined in the FTC Telemarketing Sales Rule. 16 C.F.R. §§ 310.2(r), (t) & (u).

VIOLATIONS OF THE TELEMARKETING SALES RULE

COUNT TWO

37. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have misrepresented, directly or by implication, that after paying defendants a fee, consumers will, or are highly likely to, receive an unsecured major credit card, such as a VISA or MasterCard credit card.

38. Defendants have thereby violated Section 310.3(a)(2)(iii) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iii).

COUNT THREE

39. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have misrepresented, directly or by implication, that defendants will unconditionally refund the purchase price if a consumer seeks a refund within 30 days of receipt of defendants' package.

40. Defendants have thereby violated Section 310.3(a)(2)(iv) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iv).

COUNT FOUR

41. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have requested and received payment of a fee in advance of consumers obtaining a credit card when defendants have guaranteed or represented a high likelihood of success in obtaining or arranging for the acquisition of an unsecured credit card,

such as a VISA or MasterCard credit card, for such consumers.

42. Defendants have thereby violated Section 310.4(a)(4) of the Telemarketing Sales Rule, 16 C.F.R. § 310.4(a)(4).

CONSUMER INJURY

43. Consumers throughout the United States have suffered and continue to suffer substantial monetary loss as a result of defendants' unlawful acts or practices. In addition, defendants have been unjustly enriched as a result of their unlawful 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

44. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provision of law enforced by the Commission.

45. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers or other persons resulting from defendants' violations of the Telemarketing Sales Rule, including the rescission and reformation of contracts and the refund of monies.

46. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to remedy injury caused by defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, the Federal Trade Commission, requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the

Telemarketing Act, 15 U.S.C. § 6105(b), and pursuant to its own equitable powers:

1. 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;

2. Permanently enjoin defendants from violating the Telemarketing Sales Rule and 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 Telemarketing Sales Rule and the FTC Act including, but not limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten monies; and

4. 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: New York, New York
August 20, 2002

Respectfully submitted,

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