

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

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FEDERAL TRADE COMMISSION,)
)
Plaintiff,)
)
v.)
)
DEBT SET, INC.,)
a Colorado corporation;)
)
DEBT-SET,)
a Nevada corporation;)
)
RESOLVE CREDIT COUNSELING, INC.,)
a Colorado corporation;)
)
WILLIAM "BILL" RIGGS, individually and as an)
officer or director of Debt Set, Inc. and)
Debt-Set;)
)
MICHELLE TUCKER, a.k.a. Michelle Mangan,)
individually and as an officer or director of)
Resolve Credit Counseling, Inc.;)
)
LEE TUCKER, a.k.a. Leo Mangan, individually,)
and as an officer or director of Debt-Set; and))
)
ISAAC KHAN, a.k.a. Issac M. Klan or Ishaq)
Mohammad Khan, individually,)
and as an officer or director of Debt-Set;)
)
Defendants.)
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Case No. _____

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its Complaint alleges:

1. The FTC brings this action under Sections 5(a) and 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a) and 53(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement, appointment of a receiver, and other equitable relief for the defendants’ violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. § 53(b). This action arises under 15 U.S.C. § 45(a)(1).

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

THE PARTIES

4. **Plaintiff, the Federal Trade Commission**, is an independent agency of the United States Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of 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 to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act in order to secure such equitable relief as may be appropriate in each case, and to obtain consumer redress. 15 U.S.C. § 53(b).

5. **Defendant Debt Set, Inc. (“Debt Set Colorado” or “Debt Set CO”)**, is a Colorado for-profit corporation with its principal place of business at 2060 Broadway, Suite 1, Boulder, CO 80302, which is an office space that Debt Set Colorado shared with codefendant

9. **Defendant Michelle Tucker, also known as Michelle Mangan**, is the sole director and executive officer of Resolve, and is married to codefendant Lee Tucker, also known as Leo Mangan. At all times material to this Complaint, acting alone or in concert with others, Michelle Tucker has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants and the common enterprise, including the acts and practices set forth in this Complaint. She resides, transacts or has transacted business in the District of Colorado.

10. **Defendant Lee Tucker, also known as Leo Mangan**, is the Secretary of Debt-Set Nevada and is married to codefendant Michelle Tucker, a.k.a. Michelle Mangan. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Lee Tucker resides, transacts or has transacted business in the District of Colorado.

11. **Defendant Isaac Khan, also known as Issac Klan or Ishaq Mohammad Khan**, is the Treasurer of Debt-Set Nevada. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. He resides, transacts or has transacted business in the District of Colorado.

COMMON ENTERPRISE

12. The Corporate Defendants, Debt Set Colorado, Debt-Set Nevada and Resolve, and Individual Defendants, William Riggs, Michelle Tucker, Lee Tucker and Isaac Khan have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Because these Defendants operate and have operated as a

common enterprise, each of them is jointly and severally liable for the deceptive acts and practices alleged below.

COMMERCE

13. At all times relevant to this Complaint, the defendants have maintained a substantial course of trade in the offering for sale and sale of debt reduction services, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

THE DEFENDANTS’ BUSINESS PRACTICES

14. Since at least July 2004, and continuing thereafter, the defendants have offered for sale debt reduction services to consumers having difficulties with their personal finances. The defendants promote themselves as industry leaders of debt management and debt reduction providers to prospective purchasers throughout the United States.

15. The defendants promote Debt Set Colorado, Debt-Set Nevada and Resolve’s debt reduction services on their Internet websites at www.debt-set.com and www.resolvecredit.com, and through advertisements on television and radio. The defendants’ websites are nearly identical, bearing the same graphics and fonts, and each website promises to “Reduce Debt Now!” and to “Eliminate Harassing Calls.” The defendants’ websites also claim, “It’s Free” and “No Fee Application” and encourage consumers to submit an online request for more information or to call the defendants’ toll-free telephone numbers to reduce their debt.

16. The consumers who call the defendants’ toll-free telephone numbers are connected to Debt Set Colorado telemarketers. In the initial telephone calls with consumers, the defendants ask consumers to disclose the total amount of unsecured debt they owe and the payment status of those accounts. Depending on how overdue a consumer’s payments are, the

defendants then promise to reduce the consumer's debts by either: (1) consolidating the consumer's debts and negotiating special interest rates with the consumer's creditors (hereafter,

20. Consumers who agree to enroll in either the debt consolidation program or the debt settlement program are sent an initial set of enrollment documents from Debt Set Colorado.

defendants and after they paid the defendants their first monthly payment. Consumers are instructed to sign and return these documents to Resolve.

23. Contrary to the defendants' earlier representations, the defendants, in numerous instances, fail to reduce the consumer's debts by lowering their interest rates, or achieving the promised settlements for substantially reduced amounts such as fifty cents on the dollar or 50-60% of the debts owed with the consumers' creditors. Many consumers who have retained the defendants' services have, in fact, experienced an increase in their total amount of unsecured debt, due to accumulated interest, late fees, and finance charges.

24. Contrary to their earlier representations, in numerous instances, the defendants charge a percentage-based fee, generally 8% of the consumer's total unsecured debt, that must be paid in full before defendants or their agents will contact any of the consumers' creditors.

25. Contrary to their earlier representation, in numerous instances, the defendants have failed to contact consumers' creditors or debt collectors at all, and consumers have continued to be contacted by creditors and debt collectors about their debts.

26. Consumers who have purchased the defendants' debt reduction services frequently seek a refund from the corporate defendants. Many of these consumers eventually reach Defendant William Riggs or Defendant Michelle Tucker, who personally deny the consumers any refunds.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

27. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

COUNT I

Misrepresentations Regarding Debt Reduction

28. In numerous instances the defendants have represented, expressly or by implication, that consumers who purchase the defendants' debt reduction services will receive specific benefits including, but not limited to:

- a. a substantial reduction in consumers' interest rates, such as to "between zero and nine percent;" or
- b. settlements with consumers' creditors for a substantially reduced amount such as "fifty cents on the dollar" or "50% to 60%" of the total amount of unsecured debt owed at the time the consumers enroll in the defendants' programs.

29. In truth and in fact, in numerous instances, consumers who purchase the defendants' debt reduction services do not receive the specific benefits represented including, but not limited to:

- a. a substantial reduction in consumers' interest rates, such as to "between zero and nine percent;" or
- b. settlements with consumers' creditors for a substantially reduced amount such as "fifty cents on the dollar" or "50% to 60%" of the total amount of unsecured debt owed at the time the consumers enroll in the defendants' programs.

30. Therefore, the defendants' representations as set forth in Paragraph 28 are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC

Act, 15 U.S.C. § 45(a).

COUNT II

Misrepresentations Concerning Fees

31. In numerous instances the defendants have represented, expressly or by implication that there are no upfront fees or costs for their debt reduction programs.

32. In truth and in fact, the defendants require consumers to pay through monthly payments an upfront fee of approximately 8% of the consumers' total unsecured debt.

33. Therefore, the defendants' representations as set forth in Paragraph 31 are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

Misrepresentations About Collections

34. In numerous instances the defendants have represented, expressly or by implication, that enrollment in the defendants' debt reduction programs will prevent or assist consumers with preventing creditors from calling, harassing, or commencing collections litigation against the consumer.

35. In truth and in fact, enrolling in the defendants' programs does not prevent or assist consumers in preventing creditors from calling, harassing, or commencing collections litigation against the consumer.

36. Therefore, the defendants' representations as set forth in Paragraph 34 are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

3. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, 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.

Respectfully submitted,
WILLIAM BLUMENTHAL
General Counsel

Dated: March 19, 2007

Respectfully submitted,

