

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

FEDERAL TRADE COMMISSION,)

v.)

DEBT CONSULTANTS OF AMERICA, INC.,)
a corporation,)

DEBT PROFESSIONALS OF AMERICA, INC.,)
a corporation,)

ROBERT CREEL, individually and as an)
officer of the corporations,)

COREY BUTCHER, individually and as an)
officer of the corporations, and)

NIKKI CREEL, a/k/a NIKKI VRLA,)
individually and as an)
officer of the corporations,)

Defendants.)

Case No. 3:10-CV-2447

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 Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain 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).

7. **Defendant Debt Professionals of America, Inc.** (“DPA”) is a Texas for-profit corporation with its principal place of business at 8140 Walnut Hill Lane, Suite 204, Dallas, Texas 75231. DPA transacts or has transacted business in this district and throughout the United States. At all times material to this Complaint, acting alone or in concert with others, DPA has advertised, marketed, distributed, or sold debt relief services to consumers throughout the United States.

8. **Defendant Robert Creel** is President, Chief Executive Officer, and 50 percent owner of DCA and DPA and is or was married to co-defendant Nikki Creel. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had authority to control, or participated in the acts and practices of DCA and DPA, including the acts and practices set forth in this Complaint. Defendant Robert Creel resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

9. **Defendant Corey Butcher** is Treasurer and 50 percent owner of DCA and DPA. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had authority to control, or participated in the acts and practices of DCA and DPA, including the acts and practices set forth in this Complaint. Defendant Corey Butcher resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

10. **Defendant Nikki Creel**, also known as Nikki Vrla, is Vice President and Secretary of DCA and Vice President of DPA and is or was married to co-defendant Robert Creel. At times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had authority to control, or participated in the acts and practices

of DCA and DPA, including the acts and practices set forth in this Complaint. Defendant Nikki Creel resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

11. Defendants DCA and DPA (collec

services will result in the elimination of 40 to 60 percent of consumers' debts and that participating consumers will be debt free in 18 to 36 months.

Defendants' Marketing and Advertising

14. Defendant DCA markets its debt relief services on the Web sites www.4dcoa.com, www.debtconsultantsofamerica.com, and www.info@4dcoa.com, and through national radio and television advertisements.

15. Defendant DPA markets its debt relief services on the Web sites www.4dpoa.com, www.debtprofessionalsofamerica.com, and www.info@4dpoa.com, and through national radio advertisements.

16. In both radio and television advertisements, Defendants make or have made claims such as, "You could save thousands of dollars in interest" and "Stop late fees, hidden charges and outrageous interest rates." Defendants also frequently promise to help consumers "eliminate 30 to 60% of [their] credit card debt" and "avoid bankruptcy, save thousands and get more cash back in [their] pocket every month." Defendants' radio and television advertisements urge interested consumers to call a toll-free number for a free consultation and to enroll in their debt relief services.

17. Defendants' Web sites represent or have represented that consumers can "Reduce credit card debt 40%-60%" and "Get out of debt in 18-36 months." Defendants' Web sites further have represented that "Our programs will lower your monthly payments up to 50% and save you literally thousands of dollars." On their Web sites, Defendants claim to have enra

recently updated their Web sites, the updates do not substantially change the representations described above.

The Sales Ca

personal bank accounts into that special purpose account, and (d) a form to identify the amounts owed by consumers to various creditors.

21. During the telephone sales call, Defendants' sales representatives encourage consumers to fill out the enrollment documents and return the papers as quickly as possible. Defendants instruct their sales representatives to discourage consumers from carefully reading the Agreement by stating that "[these] two pages cover everything I have gone over with you about this program."

22. The Agreement is a single-spaced document in approximately eight-point font. The Agreement contains provisions that are often contrary to the representations made in the sales call or are not addressed in the sales call. For example, the Agreement contains the following statement in an attempt to disclaim the savings claims made to consumers in the advertisements and sales calls: "DCA's [or DPA's] expressions about the outcome of any matter are its best professional estimates only, and are limited by present policies, cash advances, balance transfer and Client's financial resources at the time negotiations are obtained with Client's Creditors (estimated savings do not include fees)." The Agreement also provides additional information about Defendants' fees.

23. As indicated above, consumers open a special purpose bank account into which funds are automatically transferred from the consumer's personal bank account. The special purpose account, which is maintained at a separate financial institution, is purportedly maintained to accumulate funds for the purpose of repaying consumers' enrolled debts. However, the forms completed by the consumer authorize the Defendants to withdraw their fees automatically from this account.

Defendants' Fees

24. Defendants charge their clients fees, including administrative fees, monthly maintenance fees, negotiation fees, and, in some instances, a cancellation fee. Defendants' fees are withdrawn automatically from the consumers' special purpose account each month. From the inception of the business through at least late spring 2009, all fees were non-refundable unless consumers cancelled their enrollment in the debt relief services before the end of the three-day Right of Refusal period provided for in the Agreement. Defendants have collected a \$299 cancellation fee

provides additiona

32. Contrary to Defendants' representations that consumers will pay off their de of

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

36. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I

37. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of their debt relief services, Defendants have represented, directly or indirectly, expressly or by implication, that by participating in Defendants’ debt relief services, consumers will eliminate their unsecured debt by paying a substantially reduced amount, realizing savings of 40 to 60 percent of the total debt initially enrolled in the program.

38. The representation set forth in Paragraph 37 is false or was not substantiated at the time the representation was made. Among other reasons, in making this representation, Defendants relied on calculations of past consumers’ results that: (a) included only consumers’ debts that Defendants actually settled, omitting those debts that Defendants were unable to or did not settle; (b) were based on the amounts consumers owed at the time of settlement, rather than at the time they initially enrolled; (c) excluded fees paid by consumers to Defendants; and (d) excluded consumers who dropped out of Defendants’ services before achieving any results. All of these factors tended to inflate the percentage saved by consumers enrolled in Defendants’ services. Therefore, the making of the representation as set forth in Paragraph 37 of this Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

39. In numerous instances, in connection with the advertising, marketing, pr

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