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11 UNITED STATES DISTRICT COURT
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1 permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of
2 monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or
3 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FDCPA, 15
4 U.S.C. § 1692 *et seq.*

5 **JURISDICTION AND VENUE**

6 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a),
7 and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, and 1692*l*.

1 7. Defendant In-Arabia Solutions Inc. (“In-Arabia”) is a California corporation with
2 its principal place of business at 1570 Eastlake Circle, Tracy, California, 95304. In-Arabia
3 transacts or has transacted business in this district and throughout the United States.

4 8. Defendant Kirit Patel is the president, chief executive officer, secretary, chief
5 financial officer, and sole director for both BGM and In-Arabia. He manages the merchant
6 processing accounts used by BGM to process payment card charges, serves as the sole signatory
7 for its deposit accounts, and acted as the registrant for its website. The principal place of
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DEFENDANTS' DECEPTIVE AND ABUSIVE BUSINESS ACTIVITIES

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2 11. Since at least July 2010, and continuing thereafter, Defendants have engaged in a
3 scheme to defraud consumers through the collection and processing of payments for debts that
4 consumers do not actually owe, or that are never applied to consumers' real debts. Defendants
5 use callers in India to contact consumers and make a series of misrepresentations and threats to
6 convince the consumers to pay the purported debts. Payments made by consumers then are
7 processed through merchant accounts controlled by Defendants before being deposited into
8 Defendants' bank accounts. The scheme targets consumers who previously applied for or
9 received loans from payday loan companies.

10 12. Defendants' callers contact consumers and tell them that they are delinquent on a
11 payday loan or another debt.

12 13. Defendants' callers often claim that they are law enforcement officers or that they
13 are affiliated with a federal, state, or local government agency.

14 14. Defendants' callers threaten consumers that they will face arrest or legal action if
15 they fail to pay the alleged debt immediately.

16 15. Defendants' callers also threaten to contact third parties about the consumers'
17 alleged debt, including family members and employers.

18 16. Defendants' callers possess the consumers' private personal information, such as
19 their Social Security Numbers or bank account numbers, and recite such information, convincing
20 consumers that the calls are legitimate collection efforts and that consumers must pay the
21 purportedly delinquent debts.

22 17. Defendants' callers repeatedly contact these consumers on their home, cell, and
23 work telephones. Defendants' callers frequently use abusive or profane language during these
24 telephone calls, all as a means of intimidating and harassing consumers to convince them to pay
25 the alleged debts.

26 18. Many consumers pay the alleged debt that Defendants purport to be collecting
27 because they are afraid of the threatened repercussions of failing to pay or because they want to

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COUNT ONE

Deceptive Acts or Practices in Violation of the FTC Act

28. In numerous instances, in connection with the collection of alleged debts, Defendants represent, directly or indirectly, expressly or by implication, that:

- (a) The consumer is delinquent on a payday loan that Defendants have the authority to collect;
- (b) Defendants are a law enforcement authority or that they are otherwise affiliated with a government agency;
- (c) The consumer will be arrested or imprisoned for failing to pay the Defendants; and
- (d) Defendants c-hTJ0.0003 Tc e1r failonedal btsal a allegagas, inner will be ahotsal a allegas authority to collect;

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1 15 U.S.C. § 1692l, provides that a violation of the FDCPA shall be deemed an unfair or deceptive
2 act or practice in violation of the FTC Act.

3 32. Defendants are “debt collectors” as defined by Section 803(6) of the FDCPA, 15
4 U.S.C. § 1692a(6).

5 33. A “consumer,” as defined in Section 803(3) of the FDCPA, 15 U.S.C. § 1692a(3),
6 “means any natural person obligated or allegedly obligated to pay any debt.”

7 34. A “debt,” as defined in Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5),
8 “means any obligation or alleged obligation of a consumer to pay money arising out of a
9 transaction in which the money, property, insurance or services which are the subject of the
10 transaction are primarily for personal, family, or household purposes, whether or not such
11 obligation has been reduced to judgment.”

12 **COUNT TWO**

13 *Deceptive Acts or Practices in Violation of the FDCPA*

14 35. In numerous instances, in connection with the collection of alleged debts,
15 Defendants use false, deceptive, or misleading representations or means, in violation of Section
16 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to:

- 17 (a) Falsely representing the character, amount, or legal status of any debt, in
18 violation of Section 807(2)(A) of the FDCPA, 15 U.S.C. § 1692e(2)(A);
19 (b) Falsely representing or implying that Defendants are affiliated with the
20 United States or a State, in violation of Section 807(1) of the FDCPA, 15
21 U.S.C. § 1692e(1);
22 (c) Falsely representing or implying that nonpayment of a debt will result in
23 the arrest or imprisonment of a person, when such action is not lawful or
24 when the Defendants have no intention of taking such action, in violation
25 of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
26 (d) Threatening to take action that is not lawful or the Defendants do not
27 intend to take, such as filing a lawsuit, in violation of Section 807(5) of the
28 FDCPA, 15 U.S.C. § 1692e(5); and

- 1 (e) Using false representations or deceptive means to collect or attempt to
2 collect a debt or to obtain information concerning a consumer, in violation
3 of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10).

4 **COUNT THREE**

5 *Abusive Acts or Practices in Violation of the FDCPA*

6 36. In numerous instances, in connection with the collection of alleged debts,
7 Defendants engage in conduct the natural consequence of which is to harass, oppress, or abuse the
8 caller, in violation of FDCPA Section 806, 15 U.S.C. §1692d, including, but not limited to, by:

- 9 (a) Using obscene or profane language or language the natural consequence of
10 which is to abuse the hearer, in violation of FDCPA Section 806(2), 15
11 U.S.C. §1692d(2); and
12 (b) Causing a telephone to ring or engaging a person in telephone conversation
13 repeatedly or continuously with intent to annoy, abuse, or harass a person
14 at the called number, in violation of FDCPA Section 806(5), 15 U.S.C.
15 §1692d(5).

16 **CONSUMER INJURY**

17 37. Consumers have suffered and will continue to suffer substantial injury as a result
18 of Defendants' violations of the FTC Act and the FDCPA. In addition, Defendants have been
19 unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this
20 Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm
21 the public interest.

22 **THIS COURT'S POWER TO GRANT RELIEF**

23 38. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b and Section
24 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), empower this Court to grant injunctive and such
25 other relief as the Court may deem appropriate to halt and redress violations of any provision of
26 law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award
27 ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies

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1 paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any
2 provision of law enforced by the FTC.

3 **PRAYER FOR RELIEF**

4 Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C.
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