

[File No. 962-3016]

**Lyle R. Larsen d/b/a Momentum;
Consent Agreement With Analysis To
Aid Public Comment**

AGENCY: Federal Trade Commission.

ACTION: Consent agreement.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent agreement, accepted subject to final Commission approval, would prohibit the Bellevue, Washington-based respondent from misrepresenting, in his advertisements for a credit repair kit, any remedy for credit history problems available under the Fair Credit Reporting Act, including the ability to remove accurate but adverse information from credit reports. It would also prohibit the company from misrepresenting the legality of any credit repair product and would require it to disclose that consumers who follow the programs may violate federal criminal laws. The consent agreement settles allegations stemming from advertisements on the Internet for Larson/Momentum's CreditPlus purported credit repair product.

DATES: Comments must be received on or before May 31, 1996.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pennsylvania Ave., NW., Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT:

C. Steven Baker, Chicago Regional Office, Federal Trade Commission, Suite 1860, 55 East Monroe Street, Chicago, IL 60603. 312-353-8156

David Medine, Federal Trade Commission, S-4429, 6th and Pennsylvania Ave, NW., Washington DC 20580. 202-326-3224

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and § 2.34 of the Commission's rules of practice (16 CFR 2.34), notice is hereby given that the following consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(6)(ii) of the Commission's rules of practice (16 CFR 4.9(b)(6)(ii)).

In the Matter of Lyle R. Larson, individually and doing business as Momentum.

[File No. 962-3016]

Agreement Containing Consent Order To Cease and Desist

The Federal Trade Commission having initiated an investigation of certain acts and practices of Lyle R. Larson individually and doing business as Momentum (hereinafter referred to as "proposed respondent"), and it now appearing that proposed respondent is willing to enter into an agreement containing an order to cease and desist from the acts and practices being investigated,

It is hereby agreed by and between Lyle R. Larson, individually and doing business as Momentum, and counsel for the Federal Trade Commission that:

1. Proposed respondent Lyle R. Larson is an individual doing business as Momentum with his principal office or place of business at 3033 127th Place SE, Suite I-21, Bellevue, Washington 98005.

2. Proposed respondent admits all the jurisdictional facts set forth in the draft of complaint.

3. Proposed respondent waives:

(a) Any further procedural steps;

(b) The requirement that the Commission's decision contain a statement of findings of fact and conclusion of law;

(c) All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement; and

(d) All claims under the Equal Access to Justice Act.

4. This agreement shall not become a part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission, it, together with the draft of the complaint contemplated hereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify proposed respondent, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondent that the law has been violated as alleged in the attached draft complaint or that the facts as alleged in the attached draft

complaint, other than the jurisdictional facts, are true.

6. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 2.34 of the Commission's Rules, the Commission may, without further notice to proposed respondent (1) issue its complaint corresponding in form and substance with the draft of complaint here attached and its decision containing the following order to cease and desist in disposition of the proceeding, and (2) make information public in respect thereto. When so entered, the order to cease and desist shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The order shall become final upon service. Delivery by the U.S. Postal Service of the decision containing the agreed-to order to proposed respondent's address as stated in this agreement shall constitute service. Proposed respondent waives any right he might have to any other manner of service. The complaint may be used in construing the terms of the order, and no agreement, understanding, representation, or interpretation not contained in the order or in the agreement may be used to vary or contradict the terms of the order.

7. Proposed respondent has read the complaint and the order contemplated hereby. He understands that once the order has been issued, he will be required to file one or more compliance reports showing he has fully complied with the order. Proposed respondent further understands that he may be liable for civil penalties in the amount provided by law for each violation of the order after it becomes final.

Order

Definitions

1. "Credit Report" means any written, oral, or other communication of information by a consumer reporting agency bearing on a person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living that is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for credit.

2. "Credit Repair Product" means any product or service to improve a person's credit report by removing adverse information appearing therein, changing the rating of such information from

negative to positive, or otherwise enhancing the person's credit report.

I

It is ordered that respondent Lyle R. Larson, his agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any credit repair product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, either directly or indirectly, in writing, via a computer communications network, or by any other means:

A. Any right of remedy available under the Fair Credit Reporting Act, 15 U.S.C. 1681 *et seq.*, including, but not limited to, the ability to remove adverse information in any credit report; and

B. The legality of any credit repair product.

II

It is further ordered that respondent Lyle R. Larson, his agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any credit repair product involving the creation of a new credit file or tax identification number, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from failing to disclose in any advertisement or promotional material, including any advertisement or promotion via a computer communications network, that:

A. Making misrepresentations to the Internal Revenue Service may be a federal crime;

B. Misrepresenting one's social security number for any purpose may be a federal crime;

C. Making misrepresentations for a loan application may be a federal crime; and

D. Making misrepresentations to a financial institution may be a federal crime.

III

It is further ordered that for five (5) years after the last date of dissemination of any representation covered by this Order, respondent, or his successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All materials that were relied upon in disseminating such representation; and

B. All tests, reports, studies, surveys, demonstrations, or other evidence in his possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including complaints from consumers.

IV

It is further ordered that respondent shall:

A. Within thirty (30) days from the effective date of this Order deliver a copy of this Order to each of his officers, agents, representatives, and employees who are engaged in the preparation or placement of advertisements, promotional materials or other such sales materials covered by this Order.

B. For a period of ten (10) years from the effective date of this Order deliver a copy of this Order to each of his future officers, agents, representatives, and employees who are engaged in the preparation or placement of advertisements, promotional materials or other such sales materials covered by this Order, within three (3) days after the person assumes such position.

V

It is further ordered that for a period of five (5) years from the date this Order becomes final, respondent shall notify the Commission within thirty (30) days of the discontinuance of his present business or employment and of each affiliation with a new business or employment involving the advertising, offering for sale, sale, or distribution of any credit repair product. Each notice of affiliation with any new business or employment shall include his new business address and telephone number, current home address, and a statement describing the nature of the business or employment and the duties and responsibilities.

VI

It is further ordered that within sixty (60) days after service of this Order, and at such other times as the Commission may require, respondent shall file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this Order.

VII

This Order will terminate twenty years from the date of its issuance, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying

consent decree) in federal court alleging any violation of the Order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this Order that terminates in less than twenty years;

B. This Order's application to any respondent that is not named as a defendant in such complaint; and

C. This Order if such complaint is filed after the Order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this paragraph as though the complaint was never filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission has accepted an agreement, subject to final approval, to a proposed consent order from respondent Lyle R. Larson, individually and doing business as Momentum.

The proposed consent order has been placed on the public record for sixty (60) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

This matter concerns claims made by the respondent in his advertising, including advertising through the Internet, for the CreditPlus credit repair product. The Commission's complaint charges that the respondent's advertising represents, directly or by implication, that: (a) Consumers can remove bankruptcies, judgments, foreclosures, liens, repossessions, late payments, and other adverse items of information from their credit reports even where such information is accurate and not obsolete; and (b) respondent's product whereby consumers create new credit files is legal. The claims are alleged to be false and misleading, and in violation of section 5 of the Federal Trade Commission Act, 15 U.S.C. 45, because: (a) Most consumers cannot remove adverse items of information

from their credit reports where such information is accurate and not obsolete; and (b) respondent's product whereby consumers create new credit files is not legal. The Commission's complaint also charges that the respondent's failure to disclose that consumers who follow respondent's product to create new credit files will violate certain federal criminal laws, is a deceptive practice in violation of section 5 of the Federal Trade Commission Act, 15 U.S.C. 45.

The proposed consent order contains provisions designed to remedy the violations charged and to prevent the respondent from engaging in similar acts and practices in the future. Part I of the proposed order prohibits the respondent from misrepresenting, directly or by implication in his advertising for any credit repair product: (a) Any right or remedy available under the Fair Credit Reporting Act, 15 U.S.C. 1681 *et seq.*, including, but not limited to, the ability to remove adverse information in any credit report; and (b) the legality of any credit repair product. Part II of the proposed order prohibits the respondent from failing to disclose in any advertisement for any credit repair product that: (a) Making misrepresentations to the Internal Revenue Service may be a federal crime; (b) misrepresenting one's social security number for any purpose may be a federal crime; (c) making misrepresentations for a loan application may be a federal crime; and (d) making misrepresentations to a financial institution may be a federal crime.

Part III of the proposed order requires the respondent to maintain materials relied upon in disseminating any representation covered by the order. Part IV of the proposed order requires the respondent to distribute copies of the order to certain company officials and employees. Part V of the proposed order requires the respondent to notify the Commission of any discontinuance of his present business or employment and of each affiliation with a new business or employment. Part VI of the proposed order requires the respondent to file one or more compliance reports. Part VII of the proposed order is a provision whereby the order, absent certain circumstances, terminates twenty years from the date of issuance.

The purpose of this analysis is to facilitate public comment on the proposed consent order. It is not intended to constitute an official interpretation of the agreement and

proposed order or to modify their terms in any way.

Donald S. Clark,
Secretary.

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BILLING CODE 6750-01-M

[File No. 952-3441]

Rick A. Rahim d/b/a NBDC Credit Resource Publishing; Consent Agreement With Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.
ACTION: Consent Agreement.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent agreement, accepted subject to final Commission approval, would prohibit the Springfield, Virginia-based respondent from misrepresenting, in his advertisements for a credit repair product, the legality of any credit repair product available under the Fair Credit Reporting Act, and would require it to disclose that consumers who follow the programs may violate federal criminal laws. The consent agreement settles allegations stemming from advertisements on the Internet for Rahim/NBDC's purported credit repair product.

DATES: Comments must be received on or before May 31, 1996.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 6th St. and Pa. Ave., NW., Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: C. Steven Baker, Chicago Regional Office, Federal Trade Commission, Suite 1860, 55 East Monroe Street, Chicago, IL 60603, 312-353-8156. David Medine, Federal Trade Commission, S-4429, 6th and Pennsylvania Ave, NW., Washington, DC 20580, 202-326-3224.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46 and § 2.34 of the Commission's rules of practice (16 CFR 2.34), notice is hereby given that the following consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of sixty (60) days. Public comment is invited. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(6)(ii) of the Commission's rules of practice (16 CFR 4.9(b)(6)(ii)).

Agreement Containing Consent Order To Cease and Desist

In the Matter of: Rick A. Rahim, individually and doing business as NBDC Credit Resource Publishing.
File No. 952-3441.

The Federal Trade Commission having initiated an investigation of certain acts and practices of Rick A. Rahim, individually and doing business as NBDC Credit Resource Publishing (hereinafter referred to as "proposed respondent"), and it now appearing that proposed respondent is willing to enter into an agreement containing an order to cease and desist from the acts and practices being investigated,

It is hereby agreed by and between Rick A. Rahim, individually and doing business as NBDC Credit Resource Publishing, and counsel for the Federal Trade Commission that:

1. Proposed respondent Rick A. Rahim is an individual doing business as NBDC Credit Resource Publishing with his principal office or place of business at 7010 Brookfield Plaza, Suite 322, Springfield, Virginia 22150.
2. Proposed respondent admits all the jurisdictional facts set forth in the draft of complaint.
3. Proposed respondent waives:
 - (a) Any further procedural steps;
 - (b) The requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;
 - (c) All rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement; and
 - (d) All claims under the Equal Access to Justice Act.

4. This agreement shall not become a part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission, it, together with the draft of the complaint contemplated hereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify proposed respondent, in which event it will take such action as it may consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

5. This agreement is for settlement purposes only and does not constitute an admission by proposed respondent that the law has been violated as alleged in the attached draft complaint or that