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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

FEDERAL TRADE COMMISSION, Plaintiff,

v.

CREDIT ENHANCEMENT SERVICES, LLC, a limited liability company,
LIBERTY BENEFITS, LLC, a limited liability company, and
FREDERICK J. DICK, JR., individually and as the sole member of CREDIT ENHANCEMENT

4. Plaintiff, the FTC, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41- 58, as amended. The Commission enforces 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 also enforces the Telemarketing Sales Rule, 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing acts or practices. The Commission may initiate federal 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 Frederick J. Dick, Jr. (hereafter "Dick") is the sole owner and sole member of CES and Liberty Benefits, and, upon information and belief, he resides at 5312 Browning Road, Pennsauken, New Jersey 08109. 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 CES and Liberty Benefits, including the acts and practices set forth in this Complaint. Defendant Dick transacts or has transacted business in the Eastern District of New York and throughout the United States.

8. Defendants CES and Liberty Benefits 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

9. At all times material to this 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

10. 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 Credit Enhancement Services, LLC and Liberty Benefits, LLC.

11. 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,

will be required to meet a lender's minimum credit-granting criteria and to re-apply for any such cards and pay additional fees.

13. 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 consumers that they will receive a package containing the credit card in approximately four to six weeks.

14. When a consumer agrees to accept the card, the defendants ask for information about the consumer's bank account, including the number of the consumer's account and the name of the bank, in order to effect payment. In advance of obtaining or arranging the promised extension of credit, defendants' telemarketers charge consumers a fee ranging from \$219.99 to \$289.00 for each credit card. These fees were debited from consumers' bank accounts.

15. While the funds are electronically withdrawn from the consumer's bank account almost immediately, the consumer does not receive anything from the defendants for several months. Some consumers do not receive anything further from defendants.

16. Eventually, defendants send some consumers a package under the name of Liberty Benefits. Other consumers received a package with materials for the "Triple Gold" program. Instead of receiving the unsecured major credit card, as promised by defendants, consumers receive a letter welcoming them to a merchandise and service purchasing program offering discounts for auto rental, travel, magazines, prescription drugs, legal services and other goods and services, along with "bonus" items such as a credit repair manual that includes a list of banks purportedly offering secured credit cards. Defendants sometimes provide consumers with a "Premium Card" or a "Triple Gold Premium Card" that can only be used by a consumer to make purchases from defendants' catalog and only if the consumer makes a down payment of approximately one-third of the purchase price for merchandise ordered with the card.

17. In the letter included with the package for the Premium 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'

20. When consumers call defendants' toll-free number to complain or seek a refund, they are rarely able to speak to anyone because the phone lines are constantly busy. If they are able to get through to a representative, many are told that they are entitled to a refund only if they return the membership package within 30 days of receiving the package. Numerous consumers who do return the packages in a timely fashion do not get a refund.

21. In numerous instances, consumers do not receive either the guaranteed credit card or a refund of the fees paid to defendants.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

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

COUNT ONE

24. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have represented, expressly or by implication, that:

a. 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; and

b. defendants will unconditionally refund the purchase price if a consumer seeks a refund within 30 days of receipt of defendants' package.

25. In truth and in fact:

a. in numerous instances, after paying defendants a fee, consumers do not receive an unsecured major credit card, such as a VISA or MasterCard credit card; and

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.

26. 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

27. 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. melemarketve2.8(.).8.9(c)

30. 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).

31. 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).

32. 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

33. 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.

34. 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

35. 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.

36. 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

37. 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.

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

CONSUMER INJURY

39. 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

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