

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF ALABAMA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

PSC ADMINISTRATIVE, LLC, a limited liability company, f/k/a PAYDAY SUPPORT CENTER, LLC;

COASTAL ACQUISITIONS, LLC, a limited liability company, d/b/a INFINITY CLIENT SOLUTIONS and INFINITYCOLLECT, LLC;

JARED IRBY, individually and as an officer or managing member of Coastal Acquisitions, LLC and PSC ADMINISTRATIVE, LLC; and

RICHARD HUGHES, individually and as an officer of PSC ADMINISTRATIVE, LLC;

Defendants.

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”) 15 U.S.C. § 6101 *et seq* to obtain preliminary and 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), and the FTC’s



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6. Defendant PSC Administrative, LLC, (“Payday Support Center”), formerly known as Payday Support Center, LLC, and doing business as Payday Support Center, is an Alabama limited liability company with its principal place of business at 800 Hillcrest Road, Mobile, AL 36695. Payday Support Center 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, Payday Support Center has advertised, marketed, distributed, or sold debt relief services to consumers throughout the United States.

7. Defendant Coastal Acquisitions, LLC (“Coastal Acquisitions”), doing business as Infinity Client Solutions and iNfinityCollect, LLC, is an Alabama limited liability company with its registered place of business at 2058 Point Leger Rd., Mobile, AL, 36605. Coastal Acquisitions also operates the Infinity Client Solutions telemarketing call center at 1216 Azalea Rd., Mobile, AL, 36693. Coastal Acquisitions registered the fictitious trade names iNfinityCollect in Texas and iNfinityCollect, LLC in Ohio. Coastal Acquisitions 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, Coastal Acquisitions has advertised, marketed, distributed, or sold debt relief services to consumers throughout the United States.

8. Defendant Jared Irby is a managing member of Payday Support Center and an officer of Coastal Acquisitions. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. For example, Defendant Jared Irby has participated in the daily operation of Payday Support Center and Coastal Acquisitions, including

by arranging and paying for those companies' websites. Several telephone numbers from Payday Support Center advertisements have been redirected to a phone number registered to Defendant Jared Irby. Defendant Jared Irby resides in this district and, in connection with the

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13. Defendants have solicited consumers across the United States through radio advertisements and an Internet website that have promised payday loan debt relief.

17. When consumers have called the phone number from Defendants' radio advertisements or website, they have spoken to Defendants' telemarketers about the "financial hardship program" wherein Defendants have offered to resolve consumers' payday loan debts.

18. Defendants' telemarketers have first gone through a purported "qualification check" with consumers to determine if the consumers owe at least two payday loans.

19. In numerous instances, after confirming their "qualifications," Defendants' telemarketers have offered to substantially reduce consumers' monthly payments from what consumers owe their payday lenders at the time of enrollment. In numerous instances, Defendants' telemarketers have offered to "get rid of," "pay off," or "take care of" all of consumers' payday loan debts by the end of the consumers' enrollment in Defendants' four to six month program.

20. Defendants' telemarketers have typically mentioned "validation" as part of the process or one of the steps that Defendants would undertake to resolve consumers' payday loans. In numerous instances, Defendants' telemarketers have stated or implied that sending a form validation letter would result in the cancellation of some loans and that Defendants would renegotiate consumers' repayment terms for those loans that are not cancelled as a result of the "validation process."

21. In numerous instances, Defendants' telemarketers have explained to consumers that they are able to lower the consumers' payments while still paying off the loans by the end of the program period because Defendants would negotiate an interest-free payment on the loans during the program. For example, one of Defendants' telemarketers stated the following during an initial sales call that was recorded by an FTC investigator:





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24. Once consumers agree to enroll in Defendants' program, Defendants' telemarketers have instructed them to immediately make their first payment to Defendants, typically via Moneygram or Western Union.

25. After receiving at least one payment from consumers, Defendants have then required consumers to

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27. Defendants' efforts for consumers typically have not resulted in the promised negotiations, lowered interest rates, and debt relief but, rather, consist of sending a form letter to consumers' lenders requesting "validation" of the loans.

28. Many, if not all, payday lenders have simply ignored Defendants' validation form letters and continued collection efforts. Defendants' validation program appears to mimic the title and general subject matter from certain inapplicable provisions of the Fair Debt Collection Practices Act ("FDCPA"). 15 U.S.C. § 1692 –1692p. The FDCPA contains a section on "Validation of debts," setting forth circumstances where consumers have the right to, within a specific time period, request the underlying data supporting collection attempts by those debt collectors covered by the statute. 15 U.S.C. § 1692g. However, in most situations, payday lenders collecting on their own behalf are not covered by the FDCPA. 15 U.S.C. § 1692a (4) and (6).

29. Typically, consumers have learned at the end of their program that Defendants failed to resolve consumers' payday loans and that consumers, in fact, were still obligated to repay their payday loans under the original terms. Consumers have learned that, despite the representations during the initial sales call with Defendants' telemarketers, their lenders did not receive payments on their behalf from Defendants.

30. In numerous instances, consumers have contacted Defendants at or near the end of their Payday Support Center program period to determine why their loans have not been paid off. Defendants' representatives have typically informed these consumers that they were mistaken about the services Defendants offered and that Defendants had only been engaged to perform "loan validations." Defendants have then attempted to upsell consumers to accomplish the

results they had originally promised, encouraging consumers to enroll in a second debt relief program operated by third party affiliates.

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

32. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act. 15 U.S.C. § 45(a).

33. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of debt relief services, Defendants have represented, directly or indirectly, expressly or by implication, for consumers who retain their services, that:

- A. Defendants generally will pay off or otherwise eliminate consumers’ payday loans;
- B. Defendants generally will successfully negotiate interest-free payments on consumers’ payday loans during the time-period of consumers’ enrollment in Defendants’ program;
- C. consumers’ creditors generally will cancel their payday loans as a result of receiving a form letter requesting “validation” of the payday loans from Defendants;
- D. consumers’ payments to Defendants will be applied to pay off their payday loans;
- E. Defendants generally will pay off or otherwise eliminate all of the consumers’ payday loans in a short time period, such as four to six months; and

F. Defendants' fee i



settling, reducing, or altering the terms of the entire debt balance as the individual debt amount bears to the entire debt amount. The individual debt amount and the entire debt amount are those owed at the time the debt was enrolled in the service; or

- ii. is a percentage of the amount saved as a result of the renegotiation, settlement, reduction, or alteration. The percentage charged cannot change from one individual debt to another. The amount saved is the difference between the amount owed at the time the debt was enrolled in the services and the amount actually paid to satisfy the debt. 16 C.F.R. § 310.4(a)(5)(i).

41. Defendants are “sellers” or “telemarketers” of “debt relief services,” as defined by the TSR, 16 C.F.R. § 310.2(aa), (cc), and (m).

42. 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), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

43. In numerous instances on or after October 27, 2010, in connection with the telemarketing of debt relief services, Defendants have requested or received payment of fees or consideration for debt relief services before: (a) they have renegotiated, settled, reduced, or otherwise altered the terms of at least one debt pursuant to a settlement agreement, debt management plan, or other

such valid contractual agreement executed by the customer; and (b) the customer has made at least one payment pursuant to that agreement.

44. Defendants' acts and practices, as described in paragraph 43, are abusive telemarketing acts or practices that violate Section 310.4(a)(5)(i) of the TSR, 16 CFR § 310.4(a)(5)(i).

45. In numerous instances, in connection with the telemarketing of debt relief services, Defendants have misrepresented, directly or indirectly, expressly or by implication, material aspects of their debt relief services, including, but not limited to, for consumers who retain their services, that:

- A. Defendants generally will pay off or otherwise eliminate all of the consumers' payday loans;
- B. Defendants generally will successfully negotiate interest-free payments on consumers' payday loans during the time-period of consumers' enrollment in Defendants' program;
- C. consumers' creditors generally will cancel their payday loans as a result of receiving a form letter requesting "validation" of the payday loans from Defendants;
- D. consumers' payments to Defendants will be applied to their payday loans ;
- E. Defendants generally will pay off or otherwise eliminate all of the consumers' payday loans in a short time period, such as four to six months; and
- F. Defendants' fee is only a small portion of consumers' program payments to Defendants.

46. Defendants' acts or practices, as described in paragraph 45, constitute deceptive telemarketing acts or practices that violate Section 310.3(a)(2)(x) of the TSR, 16 C.F.R. § 310.3(a)(2)(x).

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

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48. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

49. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the TSR, including the rescission or reformation of contracts, and the refund of money.



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50. Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

- A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, preliminary injunction and expedited financial discovery;
- B. Enter a permanent injunction to prevent future violations of the FTC Act and the TSR by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the TSR, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
- D. 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,

JONATHAN E. NUECHTERLEIN  
General Counsel

Dated: February 18, 2015

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