

UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JOEL JEROME TUCKER, individually and as an
officer of SQ Capital, LLC, JT Holdings, Inc. and
HPD LLC,

SQ CAPITAL, LLC, a limited liability company

JT HOLDINGS, INC., a corporation,

and

HPD LLC, a limited liability company,

Defendants

Case No.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission, 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 temporary, preliminary, and permanent injunctive relief, 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), in connection with Defendants' marketing, distribution and sale of counterfeit payday loan

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

3. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC 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.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A).

DEFENDANTS

6. Defendant Joel Jerome Tucker is a resident of - ia an

Solutions Ltd., and ~~Ena~~ Solutions, Inc. JT Holdings transacts or has transacted business in this district and throughout the United States.

9. Defendant HPD LLC (“HPD”) is a Wyoming limited liability company that lists its principal address as 2120 Carey Ave, Cheyenne, Wyoming 82001.

10. Defendants SQ Capital, JT Holdings, and HPD have operated as a common enterprise while engaging in the unlawful acts and practices alleged below. Defendants have conducted the business practices described below through an interrelated network of companies that have a

consumers did not owe.

18. Defendants knew or should have known that the lenders identified in the debt portfolios were fictitious or, if the lenders were genuine entities, that Defendants were not authorized to act as the lenders' agents and did not have authority to ~~debt~~ originate by these lenders.

19. Defendants knew or should have known that it was likely that the counterfeit portfolios would be given to debt collectors who would contact the listed consumers to demand payment on the purported debts. Defendants knew or should have known that it was likely that some counterfeit portfolios would be used to submit claims demanding payment of the purported debts in estate and bankruptcy proceedings.

20. Numerous consumers, directly or through bankruptcy proceedings, have been contacted by various debt collectors demanding repayment of purported debts listed in counterfeit portfolios distributed by Defendants. These demands for repayment were made by debt collectors that received counterfeit portfolios ~~skate~~, transferred or sold by Defendants.

21. In numerous instances, debt collectors who received counterfeit portfolios marketed, transferred or sold by Defendants have successfully induced consumers to pay the purported debts.

22. Consumers cannot reasonably avoid this harm. From the counterfeit portfolios, debt collectors obtain consumers' private personal information and sensitive financial information, including social security numbers, bank account numbers, and names of references. Debt collectors recite such information as proof that the purported loan is legitimate. ~~Cite~~ Cite this detailed information, some consumers have made payments on the purported debt.

23. Other consumers have paid the purported debts to stop the debt collection calls, or

because they were afraid of the repercussions of debt collectors reporting that they were delinquent in repaying a loan.

24. Defendants have profited from the sale of counterfeit debt portfolios.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

26. 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).

27. Acts or practices are unfair under Section 5 of the FTC Act if they cause, or are likely to cause, substantial injury to consumers that consumers cannot reasonably avoid and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

COUNT I

Means and Instrumentalities to Mislead

28. In numerous instances, in connection with their marketing, distribution, and sale of purported payday loan debt portfolios, Defendants have represented, directly or indirectly, expressly or by implication, that consumers listed in those portfolios owe unpaid payday loan debts, and that those who obtain the portfolios through Defendants have the right to collect debts listed in the portfolios.

29. In fact, the consumers listed in those portfolios that Defendants have marketed, distributed, and sold did not owe the purported debts, and collectors that obtained those portfolios did not have the right to collect those purported debts.

30. By making the representations in Paragraph 28, Defendants placed in the hands of debt collectors the means and instrumentalities by and through which they may mislead consumers regarding their debt obligations.

31. Therefore, Defendants' representations, as set forth in Paragraph 28 of this Complaint are false or misleading, and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

Distribution of Counterfeit Debt Portfolios for Collection

32. In numerous instances, Defendants' actions in distributing and selling counterfeit debt portfolios have caused or are likely to have caused substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition.

33. Therefore, Defendants' practices, as described above, constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and

CONSUMER INJURY

34. Consumers have suffered, or are likely to suffer, substantial injury because of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Abse.1(t)34 f* EMC BT /LBody <</MCID 21 >>BD7 /TT1 1 T

PRAYER FOR RELIEF

Respectfully submitted,

Dated: December 16, 2016

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