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COLUMBUS, OHIO**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

U.S. DISTRICT COURT
SOUTHERN DIST. OHIO
EAST. DIV. COLUMBUS

2 : 12 cv 893

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Ryan Golembiewski, individually and
d/b/a www.legitimatedebtsettlement.com,
www.debtreliefemergency.com,
www.freecreditcounselinghelp.com,
www.creditdebtsettlements.com,
www.creditcarddebt negotiations.com,
www.disputedebts.com,
www.freedebtredutionhelp.com,
www.freedebtsettlementadvice.com,
www.creditcarddebtfighters.com,
www.CardDebtManagement.com,
www.ChooseDebtRelief.com,
www.DebtDecreaser.com,
www.DebtFinanceCompany.com,
www.DefeatDebts.com,
www.FreeDebtConsolidationAdvice.org,
www.GetInstantCashLoans.com, and
www.LegitimateDebtHelp.com,
and

United Debt Associates, LLC
a limited liability company,

Defendants.

Case No. _____

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

JUDGE BARGUS

MAGISTRATE JUDGE ABEL

Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges that:

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 permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, the 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 Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, in connection with the advertising, marketing, promotion, offering for sale, or sale of debt relief services.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 45(a) and 53(b), and 16 C.F.R. Part 310.

3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), 15 U.S.C. § 53(b), and 16 C.F.R. Part 310.

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. The FTC also enforces the Telemarketing Act, 15 U.S.C. § 6101 *et seq.* Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing acts or practices.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR, and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), and the TSR, 16 C.F.R. Part 310.

DEFENDANTS

6. Defendant Ryan Golembiewski (“Golembiewski”) is the owner and registered agent for defendant United Debt Associates. Defendant Golembiewski does business as a number of websites to advertise debt settlement services, including but not limited to www.legitimatedebtsettlement.com, www.debtreliefemergency.com, www.freecreditcounselinghelp.com, www.creditdebtsettlements.com, www.creditcarddebt negotiations.com, www.disputedebts.com, www.freedebtreductionhelp.com, www.freedebtsettlementadvice.com, www.creditcarddebtfighters.com, www.CardDebtManagement.com, www.ChooseDebtRelief.com, www.DebtDecreaser.com, www.DebtFinanceCompany.com, www.DefeatDebts.com, www.FreeDebtConsolidationAdvice.org, www.GetInstantCashLoans.com, and www.LegitimateDebtHelp.com. At all times material to this Complaint, defendant Golembiewski resided and transacted business in this District and throughout the United States and acting alone or in concert with others, formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint.

7. Defendant United Debt Associates, LLC (“United Debt Associates”) is an Ohio limited liability company that was formed in May 2010. Its registered agent is defendant Ryan Golembiewski, and its mailing address is defendant Golembiewski’s residence in Columbus, Ohio. Since May 2010, acting alone or in concert with others, defendant United Debt Associates has advertised or marketed debt settlement services to consumers throughout the United States.

COMMERCE

8. At all times material to this Complaint, defendant Golembiewski, and since May 2010, defendant United Debt Associates, have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ BUSINESS ACTIVITIES

9. Defendants run a lead generation business, which targets the millions of Americans who are struggling to pay their credit card debt with advertisements claiming that debt settlement providers will obtain settlements of their debts and enable them to pay thousands of dollars less than they currently owe.

10. Since at least February 2010, defendant Golembiewski, and since October 2010, defendant United Debt Associates, have advertised debt settlement services to consumers across the country through online advertisements using the URLs www.legitimatedebtsettlement.com, www.debtreliefemergency.com, www.freecreditcounselinghelp.com, www.creditdebtsettlements.com, www.creditcarddebt negotiations.com, www.disputedebts.com, www.freedebtreductionhelp.com, www.freedebtsettlementadvice.com, www.creditcarddebtfighters.com, www.CardDebtManagement.com, www.ChooseDebtRelief.com, www.DebtDecreaser.com, www.DebtFinanceCompany.com, www.DefeatDebts.com, www.FreeDebtConsolidationAdvice.org, www.GetInstantCashLoans.com, and www.LegitimateDebtHelp.com, amongst others. Defendants’ advertisements direct consumers to call a toll-free telephone number for assistance with their credit card debt. In nearly all instances, the calls were routed directly to telemarketers for third-party debt settlement providers. In a handful of instances, the toll-free numbers were routed to Defendants’ telephone sales representative who would take preliminary information for

debt settlement providers or enroll consumers. Consumers were also able to submit their contact information through an online form on Defendants' websites, and third-party companies purchased these leads from Defendants.

11. Defendants do not provide debt settlement services to consumers and do not collect any fees from consumers. Instead, Defendants collect fees exclusively from the third-party companies that purchase their leads. Defendants are paid approximately \$24.60 for each lead generated.

12. In a debt settlement program, the debt settlement provider typically purports to negotiate settlements with creditors to settle consumers' debts for less than they owe. Consumers who enroll in debt settlement programs typically stop making any payments to their creditors, often at the direction of the provider, and instead make monthly payments to the provider. Consumers have often paid the provider's fees in advance of receiving any debt settlement services and frequently also pay the provider periodic maintenance and other charges.

13. Defendants' advertisements make claims about the efficacy of debt settlement programs, particularly that debt settlement providers will eliminate or significantly reduce consumers' debt. Defendants have made statements such as:

- A. "The best debt elimination programs will be in a position to eliminate virtually 60-70% of your balance due. In this market, there were a couple of cases where they've been in a position to eliminate unsecured debt up to 90% of the amount owed."
- B. "[Debt relief firms] can eliminate 60% of a buyer's debt balance roughly but cases in the 70-80% [sic] are not at all rare in this market."
- C. "Free Debt Advice and Help - Reduce Your Debt 40 - 60%"

- D. “The most effective settlement firms in Arkansas will be in a position to get rid of a minimum of 60% of your debt balances and instances within the 70-90% range aren’t at all weird in this marketplace.”
- E. “Reduce your debt 40% – 60%.”
- F. “If you have over \$10k in unsecured debt it almost always makes financial sense to use a debt settlement company.”
- G. “Typically, a debt settlement can be settled for 40-60% of the original balance.”
- H. Debt settlement companies “can take all of your outstanding debt and not only eliminate at least 50% of it but also provide a realistic repayment plan for the rest of your debt.”
- I. “DisputeDebts.com is a consumer based service that provides those who are at least \$10k in unsecured debt, a legitimate and proven method to reduce that debt up to 70%.”
- J. “On average, our skilled negotiators are able to help consumers eliminate at least 50% of their unsecured debt balances.”
- K. “All of our associated debt settlement companies have been approved and accredited by the watchdog in the debt settlement industry and makes [sic] sure that they are properly conducting business according to industry regulations.”
- L. “Consumers that qualify can typically expect to eliminate at least 50% of their unsecured debt with a legitimate debt settlement program.”

- M. “So while it’s true that your credit score is going to be negatively affected, millions of consumers are willing to accept this in order to eliminate up to 70% of their unsecured debts.”
- N. “Fill Out the Form Below Now to Reduce Your Credit Card Debt 50%-70%.”
- O. “Take Action to Reduce Your Unsecured Debt 50-70%!”
- P. “In this market, most consumers can expect to eliminate 50-70% of their unsecured debt.”
- Q. “We are not a direct debt relief company and do not handle any of the terms or contracts between the consumer and debt settlement company. We are simply an outlet serving on behalf of the consumer to obtain the best possible debt relief options and pair them with top performing companies.”
- R. “Debt settlement companies are better positioned to successfully negotiate a debt settlement due to their established relationships with various creditors. They can take all of your outstanding debt and not only eliminate at least 50% of it but also provide a realistic repayment plan for the rest of your debt.”
- S. “In order to be in our network at CreditCardDebtNegotiations.com, the company must prove above average statistical performance in negotiating credit card debt settlements. We also check the BBB and other accredited organizations to ensure that the companies are properly conducting business and have no outstanding consumer disputes.”

T. “FreeDebtReductionHelp.com has paired thousands of consumers up with debt specialists and has helped them pave a path to serious debt reduction, many times saving up to 60% of what they originally owed.”

14. At the time Defendants disseminated their advertisements, Defendants did not possess any substantiation for their representations that the debt settlement companies for which they were advertising would substantially reduce or eliminate consumers’ debts. In fact, Defendants rarely, if ever, sought information from the companies to which they sold their leads as to whether the ultimate debt settlement providers who receive those leads provide the services or results that Defendants represented. Instead, Defendants merely posted representations that the debt settlement companies provided to them or simply used statements from other debt relief websites.

15. Defendants have also solicited consumers using official-sounding advertisements that purport to be from a public, non-commercial program, when in fact the advertisements are commercial in nature and are designed to induce consumers to contact Defendants, thus becoming leads that Defendants sell to commercial debt settlement providers. These advertisements include statements such as:

A. “The US government decided to introduce a stimulus package to boost the financial institutions and prevent them from breaking down. Part of this stimulus money is being utilized by the [c]redit card companies to offer debt settlements to the users.”

B. “Government grants are also given by the government to an ordinary man in the recession period. This is not the settlement but the loan amount is given by the government in order to pay off their full debt and it is also tax

free. If you are qualified for that you don't have to pay anything from your pocket.”

- C. “According to the new debt settlement laws if consumers owe more than \$10,000 in debt then they should hire a debt relief firm that negotiates with their creditors in their favor. Creditors should listen to professional negotiator’s appeals and reduce the debt to up to 60%.”

16. Several of Defendants’ advertisements contain statements which purport to be actual and genuine testimonials from customers of Defendants’ debt settlement services. These statements convey the impression that consumers can successfully and quickly reduce or eliminate their debts by using Defendants’ purported debt settlement services. The purported customers, however, are not in fact customers of Defendants and their testimonials are not actual and genuine.

17. Defendants’ advertisements also represent that consumers can become debt free in one to five years. Defendants’ advertisements contain statements such as the following:

- A. “This process takes about 2 years but it will cover up all your debt and you can start anew with a fresh line of credit.”
- B. “Debt relief is a legal and sensible way for you to pay off the money you owe over a certain period, typically around 3 years or maybe even less.”
- C. “Credit card debt management program provides an opportunity for registrants to be debt free in four to five years.”
- D. “You can find and hire a legitimate debt settlement company to negotiate with your creditors for debt settlement. It can reduce your balance

payments and makes it easy to repay your debt in small term [sic] of 12 to 36 months.”

- E. “Therefore, the bottom-line says once you strike a proper deal with a legitimate debt relief service you need not to be [sic] worried any more. Pay off the easy installments for two years and enjoy a financial obligation free life forever.”
- F. “Once you strike a deal with a loyal debt settlement company it will take hardly 2 years to come out of the huge indebtedness.”
- G. “If you play your cards right, your debt problems will vanish before the first year ends.”
- H. “Once creditors agree to make a deal, you can get out of debt from 12 to 36 months.”
- I. “Let us say if you owe \$10,000 to a credit card company and take around 38 years to pay the amount with minimum amount paid every month, Settlement Company will try to reduce the debt to \$4000 or \$5000 and you will be able to clear your debt in 2 – 3 years.”
- J. “This will help you become debt free in 3 to 5 years.”
- K. “So you can very well see that debt settlement not only helped you avoid bankruptcy but helped you pay [sic] lot less, in a single payment (instead of paying to several credit card companies separately), less APR and in a time period of just 2-3 years.”

- L. “The advantages of debt settlement are.... You pay the debt in 2-3 years, instead of paying it for around 30-40 years with a minimum amount every month.”
- M. “Debt settlements use [sic] time span of 3 years and even lesser [sic] than that, say a year.”
- N. “You will enjoy a stress free life just within 1 to 2 years whereas bankruptcy takes at least 8 to 10 years.”
- O. “[A debt management program] usually takes 3-5 years to liberate you completely from the the [sic] advantage is a spotless credit score.”
- P. “This helps you pay off the debt in 2-3 years flat instead of stretching it for 30 years or so.”

18. At the time Defendants have disseminated their advertisements, Defendants have not possessed any substantiation for their representations that consumers who enroll in the advertised debt settlement programs would become debt free in a period of one to five years. In fact, Defendants sought virtually no information from the companies to which they sold their leads as to whether the ultimate debt settlement providers who receive those leads provide the results that Defendants represented. Instead, Defendants merely posted representations that the debt settlement companies provided to them or simply used statements from other debt relief websites.

VIOLATIONS OF THE FTC ACT

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

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

COUNT I

21. In numerous instances, in connection with the advertising, marketing, promoting, offering for sale, or sale of debt relief services, Defendants have represented directly or indirectly, expressly or by implication, that consumers who enroll in the programs promoted in Defendants’ advertisements generally will have their debts reduced, such that they would pay 40-90% less than what they owed at the time of enrollment.

22. The representations were false or not substantiated at the time the representations were made. Therefore, the making of the representations constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

23. In numerous instances, in connection with the advertising, marketing, promoting, offering for sale, or sale of debt relief services, Defendants have represented directly or indirectly, expressly or by implication, that the services promoted in Defendants’ advertisements are part of a public, non-commercial program.

24. The representations are false and misleading. Therefore, the making of the representations constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

25. In numerous instances, in connection with the advertising, marketing, promoting, offering for sale, or sale of debt relief services, Defendants have represented directly or indirectly, expressly or by implication, that the testimonials in Defendants' advertisements represent actual and genuine consumer testimonials from Defendants' customers.

26. The representations were false or not substantiated at the time the representations were made. Therefore, the making of the representations constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV

27. In numerous instances, in connection with the advertising, marketing, promoting, offering for sale, or sale of debt relief services, Defendants have represented directly or indirectly, expressly or by implication, that consumers who use the services promoted in Defendants' advertisements will be debt free in one to five years.

28. The representations were false or not substantiated at the time the representations were made. Therefore, the making of the representations constitutes a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE

29. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101-6108, in 1994. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended certain sections thereafter.

30. In 2010, the FTC amended the TSR to address the telemarketing of debt relief services. The amendments, among other things, prohibit misrepresentations about material

aspects of debt relief services, require certain disclosures in promoting debt relief services, and prohibit sellers and telemarketers from charging or collecting an advance fee before settling or otherwise resolving consumers' debts.

31. Defendants are a "seller" or "telemarketer" engaged in "telemarketing" as defined by the TSR, 16 C.F.R. § 310.2(aa), (cc), and (dd). Defendants are also a seller or telemarketer of "debt relief services," as defined by the TSR, 16 C.F.R. § 310.2(m).

32. The TSR prohibits sellers or telemarketers from "[m]isrepresenting, directly or by implication, in the sale of goods or services . . . any material aspect of any debt relief service, including, but not limited to, the amount of money or the percentage of the debt amount that a customer may save by using such service." 16 C.F.R. § 310.3(a)(2)(x).

33. 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).

COUNT V

34. In numerous instances, in the course of telemarketing debt relief services, Defendants have misrepresented, directly or indirectly, expressly or by implication, material aspects of the debt relief services, including the amount of money or the percentage of the debt amount that a customer will save by using the services promoted in Defendants' advertisements, such as that consumers can reduce their debt by as much as 90%.

35. Therefore, Defendants' acts or practices 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).

CONSUMER INJURY

36. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. 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.

THIS COURT'S POWER TO GRANT RELIEF

37. 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 and 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.

38. 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), respectively, 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.

PRAYER FOR RELIEF

Wherefore, Plaintiff Federal Trade Commission, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), and 57(b), 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. Enter a permanent injunction to prevent future violations of the FTC Act and the TSR by Defendants;

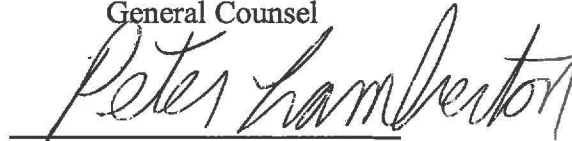
B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the TSR, including but not limited to rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

C. 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,

WILLARD K. TOM
General Counsel

Dated: September 26, 2012



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