

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

RCA Credit Services, LLC  
a Florida corporation; and

Rick Lee Crosby, Jr., individually, and as an officer  
or manager of Defendant;

Brady Wellington, individually, and as an officer  
or manager of Defendant;

Defendants.

Case No. 8:08 CV 2062 T 27MAF

U.S. DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA, FLORIDA

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**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), 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 57(b), and under Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts and restitution, disgorgement of ill-gotten gains, and other equitable relief for the Defendants’ violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services.

## JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 53(b) and 57(b), and 15 U.S.C. § 1679h(b). This action arises under 15 U.S.C. §§ 45(a)(1) and 1679(b).

3. Venue in the United States District Court for the Middle District of Florida is proper under 28 U.S.C. §§ 1391(b), and 15 U.S.C. § 53(b).

## THE PARTIES

4. **Plaintiff, the Federal Trade Commission**, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The Commission is charged, *inter alia*, with enforcement of 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 Credit Repair Organizations Act. 15 U.S.C. § 1679h(a). The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Credit Repair Organizations Act in order to secure such equitable relief as may be appropriate in each case, and to obtain consumer redress. 15 U.S.C. §§ 53(b), 57b, and 1679h(b).

5. **Defendant RCA Credit Service, Inc., (“RCA”)** is a Florida for-profit corporation with its principal place of business at 12360 66<sup>th</sup> Street, Largo, FL 33773. Defendant RCA transacts or has transacted business in this district and throughout the United States.

6. **Defendant Rick Lee Crosby, Jr.** is the registered agent of Defendant RCA. At all times material to this Complaint, acting alone or in concert with others, Defendant Crosby has formulated, directed, controlled, or participated in the acts and practices set forth in this

Complaint. Defendant Crosby resides, transacts, or has transacted business in the Middle District of Florida and throughout the United States.

7. **Defendant Brady Wellington** is registered as a manager of Defendant RCA in RCA's corporate filings with the Florida Secretary of State. Since at least July 2007, acting alone or in concert with others, Defendant Wellington has formulated, directed, controlled, or participated in the acts and practices set forth in this Complaint. Defendant Wellington resides, transacts, or has transacted business in the Middle District of Florida and throughout the United States.

### **COMMERCE**

8. At all times relevant to this Complaint, the Defendants 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.

### **THE DEFENDANTS' BUSINESS PRACTICES**

9. Since at least September 2005, and continuing thereafter, Defendants RCA and Crosby have offered for sale credit repair services to consumers across the country. Since at least July 2007, Defendant Wellington has offered these credit repair services to consumers across the country in conjunction with Defendants Crosby and RCA. The Defendants have advertised their services through Web sites including [www.RCACredit.com](http://www.RCACredit.com) and [www.RCAcreditservices.com](http://www.RCAcreditservices.com).

10. Through written statements on their Web sites, as well as through verbal statements made by the Defendants' representatives over the telephone, the Defendants have offered "credit repair" services, purporting to remove or attempt to remove negative information from, or improve, consumers' credit histories, credit reports, or credit ratings. The Defendants

purport to be able to remove such negative information from consumer's credit histories, credit reports, or credit ratings even when the information is accurate.

11. In addition to removing negative information, the Defendants offer to improve consumers' credit by allowing consumers to purchase positive credit information belonging to other, unrelated individuals or entities. Specifically, the Defendants offer to register the paying consumer as an "additional authorized user" on one or several credit cards or line of credit accounts held by an unrelated account holder with a long-standing positive payment history. Each credit card account or line of credit is called a "credit line."<sup>1</sup>

12. To induce consumers to purchase the Defendants' services, the Defendants' Web sites, [www.RCACredit.com](http://www.RCACredit.com) and [www.RCAcreditservices.com](http://www.RCAcreditservices.com), contain statements such as the following:

- Boost Your Credit Score Into The 700's in as little as 30 Days.
- Remove ANY and ALL Negative Accounts From Your Credit Report.
- Recover Your Credit Score FAST! Even After a Bankruptcy, Foreclosure, Judgment or Lien.
- 100% Guaranteed Results With ANY of Our PROVEN Credit Building Techniques.

The Defendants' Web sites, [www.RCACredit.com](http://www.RCACredit.com) and [www.RCAcreditservices.com](http://www.RCAcreditservices.com), make the above claims in a bold, distinct manner on the first page of the Web sites and do not include any disclosures, qualifications, or explanations of which consumers, if any, have credit circumstances where the promised results are possible. In addition, the Web sites do not provide a means for consumers to describe their credit situation to the Defendants in advance of learning the potential improvement they should expect to receive. Instead, the Defendants blatantly

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<sup>1</sup> These "credit lines" are commonly referred to as "trade lines."

advertise the claims in this paragraph to the public at large, regardless of the individual credit histories of consumers who view the claims.

13. To induce consumers to purchase the Defendants' services, the Defendants' recorded preamble on their toll-free telephone number echoes many of the statements from RCA's Web sites, such as the following:

- Press one for more info on how you can increase your score into the 700s in as little as 30 days.

- Once you become a client, a certified RCA Credit expert will be assigned to your case to ensure your success and coach you on ways to remove negative remarks and unpaid debts from your credit report while adding new positive reporting accounts to your credit file.

- This legal technique alone has been responsible for credit score jumps as high as 240 points.

14. The defendants also use a recorded message for consumers who return calls to RCA: "Hi, this is RCACredit.com. If you're looking to increase your credit score into the 700s in as little as 30 days by adding positive payment history to your credit file, remove any negative activity that's currently affecting your score, and help you get approved for that bank loan, please leave your name, number, and a reason of why you're calling and one of our credit experts will be sure to get back to you."

15. The Defendants' live representatives also make statements over the telephone to consumers indicating that the Defendants will remove, or help consumers remove, negative information from their credit histories and allow consumers to purchase positive credit information. For example, one representative said: "What we do is add established lines of credit onto a person's file to give them that, you know, consistent positive payment history that they're looking for to have a creditor see them as a good credit risk. It's going to give them

about a 70 percent increase in their credit score, depending on the negatives we can help them dispute during the time period that it takes for the lines to report to the bureaus.”

16. Before providing any of the promised services, the Defendants request and obtain at least partial payment for these services. The fee required by the Defendants ranges from \$500 to over \$3,000 depending on how many “trade lines” a customer decides to purchase.

17. In numerous instances, consumers who bought the Defendants’ credit repair and improvement services report that they did not receive the promised credit improvement by removal of negative items or addition of positive history, or both, and that RCA refused to provide consumers any refunds.

18. The Defendants require consumers to sign written contracts for their services. However, the Defendants fail to provide consumers with separate written statements containing specific information on consumers’ credit file rights under state and federal law, prior to the time consumers sign their contracts.

19. The Defendants also fail to include on their consumer contracts specific statements regarding the consumers’ right to cancel the contract without penalty or obligation at any time before the third business day after the date on which the consumer signed the contract.

20. The Defendants also fail to provide consumers with a form, having the heading “Notice of Cancellation” and containing, in bold face type, language about the three-day right to cancel, and which can be used by consumers to elect to cancel the contract.

#### **VIOLATION OF SECTION 5 OF THE FTC ACT**

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

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

### **COUNT I**

23. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, the Defendants have represented, expressly or by implication, that they can remove negative information from consumers' credit reports or profiles even where such information is accurate and not obsolete.

24. In truth and in fact, in numerous of these instances, the Defendants cannot remove negative information from consumers' credit reports, where such information is accurate and not obsolete.

25. Therefore, the Defendants' representations as set forth in Paragraph 23 are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **COUNT II**

26. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of credit repair services, the Defendants have represented, expressly or by implication, that they will substantially improve the credit scores "into the 700s" within 30 days of consumers who respond to their advertisements.

27. In truth and in fact, in numerous of these instances, the Defendants cannot substantially improve the credit scores "into the 700s" within 30 days of consumers who respond to their advertisements.

28. Therefore, the Defendants' representations as set forth in Paragraph 26 are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC

Act, 15 U.S.C. § 45(a).

### **THE CREDIT REPAIR ORGANIZATIONS ACT**

29. The Credit Repair Organizations Act took effect on April 1, 1997, and has since that date remained in full force and effect.

30. The Credit Repair Organizations Act defines a “credit repair organization” as:

[A]ny person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of . . . improving any consumer’s credit record, credit history, or credit rating[.]

15 U.S.C. § 1679a(3).

31. The purposes of the Credit Repair Organization Act, according to Congress, are:

(1) to ensure that prospective buyers of the services of credit repair organizations are provided with the information necessary to make an informed decision regarding the purchase of such services; and (2) to protect the public from unfair or deceptive advertising and business practices by credit repair organizations.

15 U.S.C. §1679(b).

32. The Credit Repair Organizations Act prohibits credit repair organizations from charging or receiving any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform before such service is fully performed. 15 U.S.C. §1679b(b).

33. The Credit Repair Organizations Act requires credit repair organizations to provide consumers with a written statement containing prescribed language concerning “Consumer Credit File Rights Under State and Federal Law” before any contract or agreement is executed. 15 U.S.C. § 1679c(a).

34. The Credit Repair Organizations Act requires credit repair organizations to



include, in any contract or agreement for services, specific conspicuous statements regarding the consumers' right to cancel the contract without penalty or obligation at any time before midnight of the third business day after the date on which the consumer signed the contract or agreement.

15 U.S.C. § 1679d(b)(4).

35. The Credit Repair Organizations Act requires credit repair organizations to provide consumers with a "Notice of Cancellation" form, in duplicate, containing prescribed language concerning consumers' three-day right to cancel that consumers can use to cancel the contract. 15 U.S.C. § 1679e(b).

36. The Credit Repair Organizations Act prohibits all persons from making or using any untrue or misleading representation of the services of the credit repair organization.

15 U.S.C. § 1679b(a)(3).

37. Pursuant to Section 410(b)(1) of the Credit Repair Organizations Act, 15 U.S.C. §1679h(b)(1), any violation of any requirement or prohibition of the Credit Repair Organizations Act constitutes an unfair or deceptive act or practice in commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **VIOLATIONS OF THE CREDIT REPAIR ORGANIZATIONS ACT**

#### **COUNT III**

38. In numerous instances, in connection with their operation as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), the Defendants have charged or received money or other valuable consideration for the performance of credit repair services that the Defendants have agreed to perform before such services were fully performed.

39. The Defendants have thereby violated Section 404(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679b(b).

#### **COUNT IV**

40. In numerous instances, in connection with their operation as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), the Defendants have failed to provide a written statement of “Consumer Credit File Rights Under State and Federal Law,” in the form and manner required by the Credit Repair Organizations Act, to consumers before any contract or agreement was executed.

41. The Defendants have thereby violated Section 405(a) of the Credit Repair Organizations Act, 15 U.S.C. § 1679c(a).

#### **COUNT V**

42. In numerous instances, in connection with their operation as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), the Defendants have failed to include on their consumer contracts conspicuous statements regarding the consumers’ right to cancel the contracts without penalty or obligation at any time before the third business day after the date on which the consumers signed the contracts.

43. The Defendants have thereby violated Section 406(b)(4) of the Credit Repair Organizations Act, 15 U.S.C. § 1679d(b)(4).

#### **COUNT VI**

44. In numerous instances, in connection with their operation as a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), the Defendants have failed to provide a written “Notice of Cancellation,” in

the form and manner required by the Credit Repair Organizations Act, to consumers before any contract or agreement was executed.

45. The Defendants have thereby violated Section 407(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679e(b).

### COUNT VII

46. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of services to consumers by a credit repair organization, as that term is defined in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3), the Defendants have made untrue or misleading statements to induce consumers to purchase their credit repair services, including, but not limited to the representations:

- a. that the Defendants can remove negative information from consumers' credit reports, even where such information is accurate and not obsolete; and
- b. that they will substantially improve the credit scores "into the 700s" within 30 days of consumers who respond to their advertisements.

47. In truth and in fact, the Defendants:

- a. cannot remove negative information from consumers' credit reports, where such information is accurate and not obsolete; and/or
- b. cannot substantially improve the credit scores "into the 700s" within 30 days of consumers who respond to their advertisements.

48. Therefore, by the practices described in Paragraphs 46 and 47, the Defendants have violated Section 404(a)(3) of the Credit Repair Organizations Act. 15 U.S.C. § 1679b(a)(3).

### **CONSUMER INJURY**

49. Consumers nationwide have suffered or will suffer substantial monetary loss as a result of the Defendants' ongoing violations of Section 5(a) of the FTC Act and the Credit Repair Organizations Act. In addition, the Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, the Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public.

### **THIS COURT'S POWER TO GRANT RELIEF**

50. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), empower this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of the FTC Act and the Credit Repair Organizations Act. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by the Defendants' law violations.

### **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 57b, and Section 410(b) of the Credit Repair Organizations Act, 15 U.S.C. § 1679h(b), and the Court's equitable powers, requests that this Court:

1. 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, temporary and preliminary injunctions, an order freezing assets, immediate access, and limited expedited

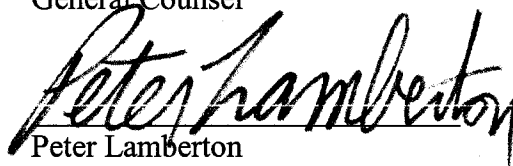
discovery;

2. Enter a permanent injunction to prevent future violations of the FTC Act and the Credit Repair Organizations Act by the Defendants;

3. Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from the Defendants' violations of the FTC Act and the Credit Repair Organizations Act, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains by the Defendants; and

4. 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,  
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