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12	IN THE UNITED STATES DISTRICT COURT					
13	FOR THE DISTRICT OF ARIZONA					
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15						
16	FEDERAL TRADE COMMISSION,	Civ No.				
17	Plaintiff,					
18	VS.	COMPLAINT FOR INJUNCTIVE AND				
19	CAPITAL CARD SERVICES, INC., and	OTHER EQUITABLE RELIEF				
20	CORY M. HARRIS, individually and as an officer of Capital Card Services, Inc.,					
21						
22	Defendants.					
<ul><li>23</li><li>24</li></ul>						
25	Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its					
26	complaint, alleges:					
27	1. The FTC brings this action under Sections 13(b) and 19 of the Federal					
28	Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing					
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ļ	II					

1	and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§			
2	6101 et seq., to obtain permanent injunctive relief, rescission or reformation of contracts			
3	restitution, disgorgement, and other equitable relief for defendants' deceptive acts or			
4	practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's			
5	Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310.			
6	JURISDICTION AND VENUE			
7	2. This Court has jurisdiction over this matter pursuant to 28 U.S.C.§§ 1331,	,		
8	1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).			
9	3. Venue in the District of Arizona is proper under 28 U.S.C. §§ 1391(b) and	d		
10	(c), and 15 U.S.C. §§ 53(b), and 6103(e).			
11	<u>PLAINTIFF</u>			
12	4. Plaintiff, FTC, is an independent agency of the United States Government	t		
13	created by statute. 15 U.S.C. §§ 41 et seq. The Commission is charged, inter alia, with			
14	enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or			
15	deceptive acts or practices in or affecting commerce. The Commission is authorized to			
16	initiate federal district court proceedings by its own attorneys to enjoin violations of the			
17	FTC Act and the TSR to secure such equitable relief as may be appropriate in each case,			
18	and to obtain consumer redress. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 6105(b).			
19	<b>DEFENDANTS</b>			
20	5. Defendant Capital Card Services, Inc. ("CCS"), is an Arizona			
21	corporation. CCS transacts or has transacted business in this district.			
22	6. Defendant <b>Corey M. Harris</b> ("Harris") is the president and sole director of	of		
23	CCS. Individually, or in concert with others, he formulates, directs, participates, or			
24	controls the acts and practices of CCS, including the acts and practices complained of			
25	herein. Harris transacts or has transacted business in this district.			
26	<u>COMMERCE</u>			
27	7. At all times relevant to this complaint, defendants have maintained a			
28	substantial course of trade in the offering for sale and sale, through telemarketing, of			
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## **DEFENDANTS' BUSINESS PRACTICES**

- 8. Since at least 1999, defendants, using the name Credit Card Services, Inc., have made unsolicited telephone calls to consumers throughout the United States. In some instances they have represented, either expressly or by implication, that they are calling on behalf of the consumer's credit card issuer.
- 9. Defendants have told consumers that criminals are frequently stealing consumers' credit card numbers via the Internet and other technology. They have told consumers that persons who have stolen credit card numbers have purchased goods and services with the stolen credit card numbers, often running up hundreds or even thousands of dollars in credit card charges.
- 10. Defendants have represented that, if a consumer's credit card number is stolen or misappropriated, the consumer can be held liable for all unauthorized charges made to the consumer's credit card account. Defendants have told consumers that they should purchase defendants' credit card protection service because consumers are not currently protected against unauthorized use of their credit card accounts by such criminals.
- 11. Defendants have represented that purchase of their credit card protection service protects consumers from liability for unauthorized credit card charges. In some instances, defendants have claimed that consumers' credit card companies or certain laws require consumers to purchase credit card protection services.
- 12. Defendants have persuaded consumers to divulge their credit card numbers by reciting one or more of the numbers of consumers' credit card accounts and then directing consumers to disclose the remaining numbers of the consumers' credit card accounts. Defendants have obtained consumers' credit card account numbers and, without consumers' authorization, have caused charges to be posted to those accounts.
  - 13. Defendants have charged consumers fees of \$329 or more for their services.

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1	SECTION 5 OF THE FTC ACT			
2	14.	Sect	ion 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or	
3	deceptive acts and practices in or affecting commerce.			
4		V	TOLATIONS OF SECTION 5 OF THE FTC ACT	
5	<u>COUNT I</u>			
6	15.	In nu	imerous instances, in connection with the telemarketing of credit card	
7	protection services to consumers, or in the course of billing, attempting to collect, and			
8	collecting n	noney f	from consumers, defendants have represented, expressly or by	
9	implication,	that:		
10		1.	Defendants are affiliated with, or are calling from, or on behalf of,	
11			consumers' credit card issuers;	
12		2.	Consumers can be held fully liable for all unauthorized charges	
13			made to their credit card accounts; and	
14		3.	Consumers have purchased or agreed to purchase goods or services	
15			from defendants, and therefore owe money to defendants.	
16	16. In truth and in fact:		uth and in fact:	
17		1.	Defendants are not affiliated with, or calling from, or on behalf of,	
18			the consumer's credit card issuer;	
19		2.	Under Section 226.12(b) of Regulation Z, 12 C.F.R. § 226.12(b),	
20			and Section 133 of the Truth in Lending Act, 15 U.S.C. § 1643,	
21			consumers cannot be held liable for more than \$50 for any	
22			unauthorized charges submitted to a credit card account; and	
23		3.	In numerous instances, consumers did not purchase or agree to	
24			purchase goods or services from defendants, and therefore do not	
25			owe money to defendants.	
26	17.	Ther	refore, defendants' representations, as set forth in paragraph 15, are	
27	false and misleading and constitute deceptive acts or practices in violation of Section 5(a)		ng and constitute deceptive acts or practices in violation of Section 5(a)	
28	of the FTC	Act, 15	5 U.S.C. § 45(a).	
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## In the Telemarketing Act, 15 U.S.C. §§ 6101, et seq., Congress directed the Defendants are "sellers" or "telemarketers" engaged in "telemarketing," as

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 TSR 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).

## VIOLATIONS OF THE TELEMARKETING SALES RULE COUNT II

22. In numerous instances, in connection with the telemarketing of credit card protection services, and in the course of billing, attempting to collect, and collecting money from consumers, defendants have represented, expressly or by implication, that:

- Defendants are affiliated with, or are calling from, or on behalf of, 1. consumers' credit card issuers;
- 2. If consumers do not purchase defendants' services, consumers can be held fully liable for any unauthorized charges made to their credit card accounts; and
- 3. Consumers purchased or agreed to purchase goods or services from defendants, and therefore owe money to defendants.

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of contracts, and the refund of money. 2 28. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to remedy injury caused by defendants' law violations. 3 4 5 PRAYER FOR RELIEF 6 WHEREFORE, plaintiff requests this Court, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. 8 § 6105(b), and pursuant to its own equitable powers: 10 1. Award plaintiff such temporary and preliminary injunctive and ancillary 11 relief as may be necessary to avert the likelihood of consumer injury during 12 the pendency of this action and to preserve the possibility of effective final relief; 13 2. Permanently enjoin defendants from violating the FTC Act and the TSR as 14 alleged herein; 15 3. 16 Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of the FTC Act and the 17 TSR, including but not limited to, rescission or reformation of contracts, 18 19 restitution, the refund of monies paid, and the disgorgement of ill-gotten 20 monies; and 21 22 23 24 25 26 27 28

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1	4. Award plaintiff the costs of	f bringing this action, as well as such other			
2	additional relief as the Court may determine to be just and proper.				
3		Respectfully submitted,			
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5		DEBRA A. VALENTINE			
6		GENERAL COUNSEL			
7	DATED:	IEDOME M. CTEINED, ID			
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