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CREDIT REPAIR? BUYER BEWARE!
FTC, States Announce Crackdown On Scams That Bilk Consumers

Consumers are still being bilked out of millions of dollars by bogus credit repair organizations, the Federal Trade Commission said today as it announced another project in its continuing effort to eliminate these illegal operations. "Operation Eraser," a federal-state crackdown on fraudulent credit repair firms, targeted 31 companies that promise consumers that they can restore their creditworthiness for a fee. Sometimes charging more than $1,000, these firms purport to guarantee consumers they can remove negative information from their credit reports -- even if the negative information is accurate and timely. But, according to the FTC, these companies cannot remove legitimate negative information and, where there are actual errors in credit reports, consumers have the legal right to have those corrected for free most of the time. In some cases, these credit repair companies are advising consumers to take actions such as using false Social Security numbers, which, if followed, would constitute felonies. This joint law enforcement sweep is the first combined effort to utilize the Credit Repair Organization Act (CROA), a new federal law designed to help consumers combat fraudulent credit repair operations.

"Credit repair organizations that promise to clean up consumers' credit reports by removing accurate, up-to-date credit information are breaking federal law," said Jodie Bernstein, Director of the FTC's Bureau of Consumer Protection. "This fraud is particularly appalling because it preys on consumers who already find themselves in financial difficulty as a result of layoffs, divorce, or heavy medical expenses. The new statute gives both consumers and law enforcement agencies additional ammunition to fight these phony operations. Although there are legitimate, not-for-profit credit *counseling* services, the FTC has never seen a legitimate credit *repair* company. Along with our state and local law enforcement partners, we will continue to fight this fraud."

According to Connecticut Attorney General Richard Blumenthal, "Credit repair scams literally kick consumers when they are down, fostering and exploiting false hopes of building a better credit history after suffering through tough times financially. Now the FTC and the states are escalating efforts to strike back to end these rip-offs and educate consumers," Blumenthal said. "Consumers must understand that no one can erase negative credit information if it is accurate and current, and anything that is inaccurate can be corrected at little or no cost to the consumer."

The state of Connecticut was the first state to bring a credit repair case under the CROA. The effort being announced today includes law enforcement actions initiated in federal courts across the United States by the FTC against 20 companies; with an additional 11 companies targeted by state law enforcers. Seven of the FTC's cases were referred to the Department of Justice for filing.

In all of the FTC's cases announced today, the agency charged that the defendant companies and their principals violated Section 5 of the FTC Act by making deceptive claims about improving consumers' credit records. In all but one of these cases, the FTC also alleged violations of the CROA by seeking advance payment for credit repair services and misrepresenting the credit repair services that would be performed. In the remaining case being brought by the FTC, the complaint contends that the defendant, Dixie W. Cooley, is making false claims about her ability to help consumers obtain a new credit identity. These claims are being made widely throughout the country through unsolicited commercial e-mail, also known as "spam." The FTC has requested an injunction to prohibit the claims. In three cases, the defendants were charged with failing to provide to consumers, prior to the sale, required written disclosures of important information, including the right to a three-day cooling-off period. Five of these 20 actions were conducted jointly with the local State Attorney General. (A list of cases is **attached**.)

In 12 of these cases, the FTC asked for and the courts issued temporary restraining orders, asset freezes (in some cases, limited asset freezes) and, in some cases, appointed a receiver to take charge of the companies. Ultimately, in all cases the FTC is seeking permanent injunctions prohibiting the alleged deceptive practices and redress for consumers.

The additional seven cases are being brought by the Department of Justice's Office of Consumer Litigation, and have been filed in federal courts across the country. DOJ will be seeking injunctions, civil penalties, and restitution for victims.

The final set of 11 cases are being brought by state Attorneys General and other law enforcers across the country. Some of these cases utilize the CROA, others rely solely on state law. (A list of state cases is **attached**.)

Credit repair cons are pitched in a variety of media, including in television and radio ads, infomercials, classified ads and on the Internet. The scams operate in two different ways. In the first, the credit repair operation falsely promises that truthful, adverse information, such as bankruptcies, late payment histories, and judgments can be removed from a consumer's credit report. But federal law allows credit bureaus, which compile consumers' credit history information, to report all truthful information, including negative information for seven years (bankruptcies can be reported for 10 years), the Commission said, and the credit repair operators cannot and do not get the information removed.

A second approach -- labeled "file segregation" -- claims to create a new credit history for the consumer. Typically, the consumer is advised to apply for an Internal Revenue Service (IRS) "Employer Identification Number," which has the same number of digits as a Social Security number, and to use that in lieu of a Social Security number when applying for credit, the FTC said. According to the Commission, consumers who follow the advice of "file segregation" operations are committing felonies -- it is illegal to make false use of a Social Security number and it also is illegal to make any false statement to a federally insured financial institution when seeking credit.

"Consumers have the power to put these fraud artists out of business," Bernstein added. They can correct any errors in their own records for free, most of the time. And there is little that they can do about truthful, negative information other than to live within a budget and rebuild their credit one step at a time. The only sure result from hiring these companies is that consumers will fall even more into debt."

Over the past two years, the FTC has undertaken extensive consumer education efforts to inform consumers of their rights under federal law. These include a booklet designed for consumers with bad credit, titled "***Getting Back in the Black***," and a brochure, titled "***Credit Repair: Self-Help May Be Best***." In addition, the Commission has brought numerous law enforcement efforts since the 1980s -- the most recent was in April 1996, when the agency and nine state AGs and the District of Columbia brought 17 law enforcement actions against 13 credit repair firms.

The CROA is the first federal law specifically targeting credit repair scams. Effective April 1, 1997, the new statute is enforced by the FTC and state Attorneys General. In addition, this law allows consumers to bring lawsuits on their own in federal court and obtain damages, attorneys fees, and punitive damages.

The most important new consumers rights under the statute include:

- Prohibiting credit repair organizations from taking money from consumers **before** services are fully performed.

- Requiring credit repair organizations to give consumers a written disclosure explaining their legal rights about their credit history, before any contract is signed.

- Requiring credit repair organizations to give consumers a written contract with all the terms and conditions of payment, a detailed description of the services to be provided, including any guarantees of performance, and an estimate of how long it will take to perform the contract.

- Giving consumers a three-day cooling-off period, or right to cancel any agreement they sign with a credit repair organization.

- Making void any contract between a consumer and a credit repair organization that doesn't comply with the law.

- Prohibiting credit repair organizations from making deceptive claims about credit repair services.

In continuing its consumer education efforts, the FTC today issued a new Consumer Alert: ***"Credit Repair: HelpYourself First,"*** and put together, in one package, a number of consumer brochures on credit matters: ***"Getting Back in the Black."***

The FTC wishes to thank the Attorneys General of Arizona, California, Connecticut, Florida, Indiana, Massachusetts, Missouri, New Jersey, North Carolina, Nevada, Ohio, Oregon, Pennsylvania, and the Orange County, California District Attorney's Office for their participation in "Operation Eraser."

The Commission votes authorizing the filing of the complaints in court were 4-0, with Commissioner Mary L. Azcuenaga not participating.

NOTE: The Commission files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. A complaint is not a finding or ruling that the defendant has actually violated the law. The cases will be decided by the courts.

Copies of the complaints and the consumer education materials are available from the FTC's web site at *http://www.ftc.gov* and also from the FTC's Consumer Response Center, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-326-3128; TTY for the hearing impaired 202-326-2502. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710.

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(eraser)

Operation Eraser: List of Law Enforcement Actions

Case Name	Office	Case Status	Type of action	Where filed	Contact
Federal Trade Commission Cases					
G. Andrew Watson & Midwest Management Associates	FTC	Filed; court order granted 2/26	Action for injunction and restitution; CROA/FTCA §5	US District Court, Chicago, IL	Media contact: Howard Shapiro, (202) 326-2176; staff contact: C. Steven Baker or Mary Tortorice, (312) 960-5634
Nathaniel Harrell, Jr., d/b/a Compass Northeast Credit Service	FTC	Filed; court order granted 2/26	Action for Injunction and restitution; CROA/FTCA §5	US District Court, Columbia, SC	Media contact: Howard Shapiro, (202) 326-2176; staff contact: Chris M. Couillou, (404) 656-1399
Brian Dale Prater, d/b/a Pathfinder Research Company and Choice Credit Systems	FTC	Filed; court order granted 2/27	Action for Injunction and restitution; CROA/FTCA §5	US District Court, Los Angeles, CA	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: Raymond E. McKown, (310) 824-4343
Donald Quaite, d/b/a Quaite & Associates and The Credit Solver	FTC	Filed; court order granted 3/2	Action for Injunction and restitution; CROA/FTCA §5	US District Court, Dallas, TX	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: W. David Griggs, (214) 979-0213
John Mancini, d/b/a Credit Services	FTC	Filed; court order granted 3/2	Action for Injunction and restitution; CROA/FTCA §5	US District Court, Ft. Worth, TX	
Dixie W. Cooley, d/b/a DWC	FTC	Filed; court order pending hearing	Action for Injunction and restitution; FTCA § 5	US District Court, Phoenix, AZ	Media contact: Howard Shapiro, (202) 326-2176; staff contact: Russell Damtoft, (312) 960-5634
Fighting Back, Inc. and William S. Licata	FTC	Filed; court order granted 2/27	Action for Injunction and restitution; CROA/FTCA §5	US District Court, New York, NY	Media contact: Howard Shapiro, (202) 326-2176; staff contact: Denise Tighe, (212) 264-1207
Keith H. Gill, d/b/a Law Office of Keith Gill and Richard Murkey	FTC	Filed; court order pending hearing	Action for Injunction and restitution; CROA/FTCA §5	US District Court, Los Angeles, CA	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: Jennifer Larabee, (310) 824-4300
Joint Federal Trade Commission and State Attorney General Cases					
National Credit Management Group, LLC, d/b/a YES-CREDIT, Glen Buzzetti, and Joseph Ferguson	FTC and New Jersey Attorney General	Filed; court order granted 3/3. Separate FTC and NJ actions were consolidated by the court.	Actions for injunction and restitution; CROA and Telemarketing Sales Rule (FTC and NJ); FTCA §5 (FTC) and state law (NJ).	US District Court, Newark, NJ	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: Russell Damtoft, (312) 960-5634. New Jersey media contact: Pamela McClure or Genene Wiggins, (973) 504-6327
Raymond J. Caluori d/b/a New England Financial	FTC and Massachusetts Attorney General	Filed; court order granted 3/2	Joint action for injunction and restitution; CROA (FTC and MA); FTCA §5 (FTC) and state law (MA).	US District Court, Boston, MA	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: Pamela J. Wood, (617) 424-5960 Massachusetts Attorney General media contact: Marsha Cohen, (717) 727-2543
Second Federal Credit, Inc., and Frank DeMaio	FTC and Massachusetts Attorney General	Filed; court order granted 3/2	Joint action for injunction and restitution; CROA (FTC and MA); FTCA §5 (FTC) and state law (MA).	US District Court, Boston, MA	
Henry J. Frattaroli, Jr., D/b/a Credit Repair Network	FTC and Massachusetts Attorney General	Filed; court order granted 3/2	Joint action for injunction and restitution; CROA (FTC and MA); FTCA §5 (FTC) and state law (MA).	US District Court, Boston, MA	
Allied Credit Services, Inc., and Howard S. Hall	FTC and Massachusetts Attorney General	Filed; court order granted 3/2	Joint action for injunction and restitution; CROA (FTC and MA); FTCA §5 (FTC) and state law (MA).	US District Court, Boston, MA	
Department of Justice/Office of Consumer Litigation Cases					

Credit Advisors, Credit Corp. of America, Inc., and Gregory J. Ruiz	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, New Orleans, LA	FTC media contact: Howard Shapiro, (202) 326-2176; staff contact: C. Steven Baker, (312) 960-5634. Department of Justice contact: Main Press Office: 202-616-2777
Andrea L. Christie, d/b/a B & J Enterprises, Ltd., et al	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Charleston, SC	
Cornerstone Wealth Corp., d/b/a Credit Finan. and Associates et al John Atchley	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Dallas, TX	
Mark A. Reiber, d/b/a Credit Report Counselors	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Cincinnati, OH	
Equity Funding Associates, Inc., and John Cini	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Detroit, MI	
Jack Schrold	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Ft. Lauderdale, FL	
Nationwide Credit Information Services, Inc., & Neil Angelicola	Department of Justice	Filed	Action for civil penalties & injunction; CROA & FTCA § 5	US District Court, Newark, NJ	
State Cases					
Wayne E. Johnson, d/b/a The Credit Doctor, et al	Arizona Attorney General	Filed	Order to show cause why subpoena should not be enforced	Arizona Superior Court, Maricopa Co., Phoenix, AZ	Karie Dozer, (602) 542-8019
Glenn Margelot d/b/a Credit Clearing Services	Connecticut Attorney General	Filed	Action for injunction, restitution and civil penalties; CROA and state law	Connecticut Superior Court, Hartford, CT	Cheryl Fialkoff, (860) 808-5324
Credit & Debt Consultant Inst., Inc., et al and Ken Yarborough	Florida Attorney General	Filed; court order granted 3/3	Action for injunction, restituion and civil penalties; CROA & state law	Circuit Court of 17th Judicial Circuit, Ft. Lauderdale, FL	Joe Bizzaro, (850) 487-0984
Linda Foltz, d/b/a Action Credit Clearing, Inc., and Action Financial Services	Indiana Attorney General	Filed	Action for injunction, restitution and civil penalties; state law	Marion Circuit Court, Indianapolis, IN	Rich Schneider, (317) 232-6351
Rex Bertram, d/b/a Credit Improvement Resources	Indiana Attorney General	Filed	Action for injunction, and restitution; CROA	US District Court, Indianapolis, IN	
Consumer Credit Relations Corp., d/b/a Credit Relations and Law Office, and Richard Porter	Indiana Attorney General	Filed	Action for injunction and restitution; CROA	US District Court, Indianapolis, IN	
American Home Buyers Ass'n, LLC, Michael A. Cimino, and Freshstart Financial Management	Missouri Attorney General	Filed; stipulated permanent injunction entered 2/24	Action for injunction and civil penalties; CROA & state law	Circuit Court of Jackson County, Kansas City, MO	Scott Holste, (573) 751-8844
United Credit Corp. and Cornelius G. Bell	North Carolina Attorney General	filed; court order pending hearing	Action for injunction, restitution and civil penalties; state law	Wake County Superior Court, Raleigh, NC	Amy Green, (919) 716-6412
Cornelius Degefferd, d/b/a Degefferd Revised Credit Financial Services	Ohio Attorney General	Filed	Action for injunction, restitution, and civil penalties; state law	Franklin County Common Pleas Court, Columbus, OH	Jennifer Detwiler, (614) 644-3840
Don Leask, d/b/a/ Advance Credit Consultanta	Oregon Attorney General	Signed	Assurance of Voluntary Compliance; state law	Circuit Court of Oregon; Multnomah County	Jan Margosian, (503) 378-4732
John T. Detrick, d/b/a The Credit Guild	Orange Co., CA, District Attorney	Filed	Stipulated Action for Injunction and Civil Penalties; state law	California Superior Court, Orange County, Santa Ana, CA	Andrea Burke, (714) 568-1200

FTC CASES IN "OPERATION ERASER"

Compass Northeast Credit Service, of Columbia, South Carolina, and its principal officers, Nathaniel Harrell, Jr. and Valerie Harrell. Charged with misrepresenting their ability to remove accurate, negative information from consumer's credit reports, and from collecting payment up- front for services. Complaint filed under seal on February 26, 1998 in U.S. District Court for the District of South Carolina, Columbia Division. The seal was lifted March 3, 1998. (Civil Action No. 3:98-542-17) (FTC File No. 982 3025). FTC Staff Contact: Chris M. Couillou, Atlanta Regional Office, Suite 5M35 Midrise Bldg., 60 Forsyth Street S.W., Atlanta, Georgia 30303; 404-656-1399.

Second Federal Credit, Inc., and its president, Frank DeMaio; **Credit Repair Network,** and its principal officer Henry J. Frattaroli, Jr.; **New England Financial**, and its principal officer, Raymond J. Caluori; and **Phillips Hall, Inc.**, doing business as **Allied Credit Services**, and its president, Howard Hall. All four of these Massachusetts firms operated credit repair businesses. In four separate complaints that the FTC filed jointly with the Commonwealth of Massachusetts, these defendants were charged with collecting payment up-front for credit repair services before such services were fully performed and with misrepresenting that they can permanently remove accurate and current negative information from credit reports. The complaints allege violations of the CROA, the FTC Act and the Massachusetts Consumer Protection Act. The FTC and the Commonwealth also charged Second Federal Credit, Inc. and its president with misrepresenting that the company could legally alter consumers' identification to conceal adverse credit information from consumers' credit records by obtaining Taxpayer Identification Numbers for consumers to use instead of their Social Security numbers when applying for credit. Complaints filed under seal on February 26, 1998 in U.S. District Court for the District of Massachusetts, in Boston. The seal was lifted March 3, 1998. Civil Action Nos. 98-10348NG (Second Federal Credit, Inc.); 98-10349NG (Credit Repair Network); 98-10350NG (New England Financial); and 98-10351NG (Phillips Hall, Inc., doing business as Allied Credit Services). FTC Staff Contact: Pamela J. Wood, Boston Regional Office, 101 Merrimac Street, Suite 810, Boston, Massachusetts 02114-4719; 617-424-5960. Massachusetts Attorney General Press Contact: Marsha Cohen, Massachusetts Attorney General's Office, 1 Ashburton Place, Boston, MA 02108; 617-727-2543.

Midwest Management Associates, Inc., of Chicago, Illinois, and its principal officer, Andy Watson. Complaint charged that the defendants misrepresented that they could substantially improve most consumers' credit reports by permanently removing accurate, non-obsolete negative information. Complaint filed on February 26, 1998 in U.S. District Court for the Northern District of Illinois, Eastern Division. (Civil Action No.: 98-C-1218). FTC Staff Contact: C. Steve Baker or Mary Elizabeth Tortorice, Chicago Regional Office, 55 E. Monroe Street, Suite 1860, Chicago, Illinois 60603-5701; 312-960-5634.

National Credit Management Group and its principals Glen Buzzetti and Joseph Ferguson of Fort Lee, New Jersey. According to the FTC, National Credit Management is a large company -- doing business as 1-800-YES-CREDIT -- that advertises on television and radio, imploring consumers to call a toll-free number to receive an unsecured credit card. During the telephone sales pitch, the defendants allegedly offered consumers a "credit analysis," suggesting they will help consumers improve their credit ratings, in return for an up-front fee of $95. The defendants also obtained the consumers' checking account numbers, the FTC said, and often withdrew additional funds from consumers' accounts without their express authorization for products that they had not ordered. In its complaint, the FTC alleges that consumers typically failed to receive either the "guaranteed" credit cards or the improvement to their credit records. The complaint alleges violations of the CROA by obtaining an advance fee for their credit repair services and failing to provide the required written pre-sale disclosures; and violations of the Telemarketing Sales Rule by making unauthorized bank account debits, obtaining advance fees for "guaranteed" credit cards, and failing to disclose the true costs of their services; also charged with violating the FTC Act by misrepresenting the types of services they will provide consumers and the fact that their credit applications are "pre-approved." Complaint filed in the U.S. District Court for the District of New Jersey, Newark Division, on March 3, 1998. (Civil Action No. 98-936) (FTC File No. 982 3003). FTC Staff Contact: Russell W. Damtoft, Chicago Regional Office, 55 E. Monroe Street, Suite 1860, Chicago, Illinois 60603-5701; 312-960-5634. The New jersey Attorney General simultaneously filed a similar action in the same court, and the court has consolidated the FTC's and New Jersey's cases.

Quaite & Associates/The Credit Solver, and its principal Donald Quaite of Dallas, Texas, and **Credit Services** and its principal John Mancini of Conroe and Dallas, Texas. In two separate complaints, these defendants were charged with collecting payment up-front for credit repair services before such services were fully performed and with representing they can permanently remove accurate and current negative information from credit reports. Quaite complaint filed under seal in the U.S. District Court for the Northern District of Texas, Dallas Division, on March 2, 1998. (Civil Action No. 398CV0552-P) (FTC File No. 982 3065). Credit Services complaint filed under seal in the U.S. District Court for the Northern District of Texas, Dallas Division on March 2, 1998. (Civil Action No. 3-98CV0553-X) (FTC File No. 982 3064). The seals were lifted March 5, 1998. FTC Staff Contact: W. David Griggs, Dallas Regional Office, 1999 Bryan Street, Suite 2150, Dallas, Texas 75201; 214-979-0213.

Pathfinder Research Company and its principal Brian Dale Prater of Los Alamitos, California. According to the FTC, Pathfinder sold its credit repair services through nationwide advertisements on radio, in yellow page advertisements, in print advertisements, and over the Internet, representing that the company can legally remove negative items from consumers' credit reports. It allegedly charged from $300-$599 for its services. The FTC charged the defendants with collecting payment up-front for credit repair services before such services were fully performed and with misrepresenting the credit repair services they would perform. Complaint filed under seal in the U.S. District Court for the Central District of California, Los Angeles, on February 27, 1998. The seal was lifted March 4, 1998. (Civil Action No. SACV- 98-191 GLT (EEx) (FTC File No. 982 3072). FTC Staff Contact: Raymond E. McKown, Los Angeles Regional Office, 10877 Wilshire Boulevard, Suite 700, Los Angeles, California 90024; 310-824-4343.

Keith Gill, d.b.a. Law Offices of Keith Gill and Richard Murkey of Woodland Hills, California. The defendants allegedly solicited consumers to purchase their credit repair services through advertisements, an hour-long weekly radio broadcast and referrals. The FTC charged the defendants with collecting payment up-front for credit repair services before such services were fully performed and with misrepresenting their credit repair services. Complaint filed in the U.S. District Court for the Central District of California, Los Angeles, on March 2, 1998. (Civil Action No.98-1436 IH (MCX)) (FTC File No. 982 3073). FTC Staff Contact: Jennifer Larabee, Los Angeles Regional Office, 10877 Wilshire Boulevard, Suite 700, Los Angeles, California 90024; 310-824-4300.

Fighting Back, Inc. and its owner operating out of New York City. According to the FTC, Fighting Back's brochures and company representatives describe the company's credit repair services: "credit repair" and "file segregation." The complaint alleges that the defendants misrepresented that they can improve substantially consumers' credit records by removing accurate and timely negative information including judgments, late payments, charge-offs, repossessions, tax liens, etc. and that they can, through their "file segregation" services, legally alter consumers' identification to conceal adverse credit information. Complaint filed under seal in the U.S. District Court for the Southern District of New York, on February 27, 1998. The seal was lifted **date??** (Civil Action No.

98-CIV-1461) (FTC File No. 982 3019). FTC Staff Contact: Denise Tighe, New York Regional Office, 150 William Street, Suite 1300, New York, New York 10038; 212-264-1207

Dixie W. Cooley individually and doing business as DWC, in Scottsdale, Arizona. The FTC charged that through the use of unsolicited e-mail (commonly known as "spamming"), the defendant operated a credit repair scam. According to the FTC, Cooley's "spam" solicitations promoted a file segregation scheme. She claimed that consumers who responded to her e-mail and purchased her "product" (at a cost of $19.95 to $79.00) would learn how to create a new credit identity by obtaining a new social security number. The complaint was filed in the U.S. District Court for the District of Arizona, on March 4, 1998 (Civil Action No. CIV-98-0373- PHX-RGS) (FTC File No. 982 3111). FTC Staff Contact: Russell W. Damtoft, Chicago Regional Office, 55 E. Monroe Street, Suite 1860, Chicago, Illinois 60603-5701; 312-960-5634.

The following seven were filed by the Department of Justice on behalf of the FTC. In these cases, in addition to permanent injunctions against the defendants, the FTC is also seeking civil penalties:

Cornerstone Wealth Corporation operating out of Dallas, Texas. The FTC charged that Cornerstone illegally promised to improve most consumers' credit reports by permanently removing bankruptcies, charge-offs, late payments and other negative information from consumers' credit reports, even where such information is accurate and not obsolete. Complaint filed in the U.S. District Court for the Northern District of Texas, Dallas Division, on March 4, 1998. (Civil Action No. was not available) (FTC File No. 982 3086).

Credit Report Counselors and its principal, Mark Reiber of Cincinnati, Ohio. Credit Report advertises at least in part through a home page on the Internet. The site notes that the defendants require a partial advance payment before it will provide services, the FTC said. The site also asserts that they can remove items such as bankruptcies and late payments from consumer accounts. The complaint alleges violations of the CROA for requiring advance payment and the CROA and the FTC Act for making misleading claims of success in removing timely accurate information from credit reports. Complaint filed in the U.S. District Court for the Southern District of Ohio, on March 4, 1998. (Civil Action No.: C-1-98-171) (FTC File No. 982 3084).

AAA Credit Services and its principal, Angela Christie of Columbia, South Carolina. The defendants were charged by the FTC with violations of both the CROA and the FTC Act for requiring advance payments before services were performed and not providing the requisite disclosures or three-day right to cancel. Complaint was filed in U.S. District Court for the District of South Carolina, Charleston Division, on February 27, 1998. (Civil Action No. 2:98- 0546-12) (FTC File No. 982 3085)

Nationwide Credit Information Services and its president Neil Angelicola of Freehold, New Jersey. Its printed materials directly claim that by "a systematic process of disputing all inaccurate or unverifiable credit" they "have helped thousands of consumers." Nationwide does not give consumers the mandatory disclosure requirements or grant the three day right to cancel. The company also does not detail what services they are obligated to perform. The complaint alleges violation of the federal statutes for requiring advance payment and making false representations about general success in removing accurate information from credit reports. Complaint was field in U.S. District Court for the District of New Jersey, on March 4, 1998. (Civil Action No. *was not available*) (FTC File No. 982 3082)

Law Offices of Jack Schrold of Fort Lauderdale, Florida. The FTC alleged that Schrold requested or received money in advance and claimed that he could successfully have truthful information permanently deleted from most consumers' credit reports. In addition, the complaint alleges that Schrold has violated the CROA by not providing the mandatory disclosures or allowing a three day right to cancel. Complaint was filed in the U.S. District Court for the Southern District of Florida, on March 2, 1998. (Civil Action No. 98-6212-CIV-ZLOCH) (FTC File No. 982 3088)

Equity Funding & Associates, Inc. and its president, John Cini of Bloomfield, Michigan. According to the FTC, Equity Funding claims that it "can improve substantially most consumers' credit reports or profiles by permanently removing bankruptcies, charge-offs, later payments, and other negative information from consumers' reports, even where such information is accurate and not obsolete." The complaint challenges the practice of obtaining advance payment and the claims of success in removing accurate information from credit reports. Complaint was filed in the U.S. District Court for the Eastern District of Michigan, on March 4, 1998. (Civil Action No. 98-70995) (FTC File No. 982 3083)

Credit Corporation of America and its president, Greg Ruiz of New Orleans, Louisiana. Credit Corporation's ads promised to "Legally clear your credit" and "Remove charge-offs, judgments, collections, etc," the FTC said. The complaint alleges that Credit Corporation has claimed that it "can improve substantially most consumers' credit reports or profiles by permanently" removing negative information even where it is accurate and not obsolete. Complaint was filed in the U.S. District Court for the Eastern District of Louisiana, on March 2, 1998. (Civil Action No. 98-0658) (FTC File No. 982 3087)

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