

**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

BRETT FISHER,

Defendant.

Case No. 8:13-bk-02528-KRM

COMPLAINT TO DETERMINE

judgment creditor with a general unsecured claim against Debtor pursuant to a Stipulated Judgment and Order for Permanent Injunction (“Stipulated Judgment”) entered in the United States District Court for the Middle District of Florida in the case styled *FTC v.*

7. Defendant is the Debtor in this Bankruptcy Case.

**COURSE OF PROCEEDINGS AND DEFENDANT'S CONDUCT GIVING RISE
TO THE NONDISCHARGEABLE DEBT**

8. Defendant is the sole corporate manager of PCG. Defendant, acting with knowledge, alone or in concert with others, has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of PCG; Sanders Legal Group, P.A.; My Success Track, LLC; Consumer Credit Group, LLC; and First Financial Asset Services, Inc., including the acts and practices set forth in this Complaint. Defendant, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

Debt Collection Operation

9. From approximately January 2010 to at least August 2011, Debtor and his co-defendants PCG, Sanders, and Sanders Legal (collectively, "Debtor and his Debt Collection Co-Defendants"), working closely with overseas call centers, engaged in a

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12. Callers further threatened consumers that they would face arrest or legal action if they failed to pay immediately.

13. In numerous instances, the callers possessed consumers' private personal information, such as their Social Security Numbers or addresses, and recited such information, convincing consumers that they were legitimate debt collectors and that consumers must pay the purportedly delinquent debts.

14. Many consumers paid the purported debts as instructed because they were afraid of the threatened repercussions of failing to pay.

15. Once consumers agreed to pay, Debtor and his Debt Collection Co-Defendants processed such payments through merchant accounts they controlled under the name Sanders Legal Group. The payments appeared on consumers' bank and credit card statements with the billing descriptor "Sanders Legal Group" or a similar name, and a phone number associated with Sanders Legal. Sanders Legal also mailed receipts to consumers reflecting their payments.

16. Many consumers attempted to obtain refunds from Debtor and his Debt Collection Co-Defendants by calling the phone number associated with Sanders Legal Group on the billing descriptor and receipt. In some instances, representatives of Sanders Legal were abusive toward consumers who requested refunds.

17. Debtor and his Debt Collection Co-Defendants processed at least \$6 million in bogus charges for overseas debt collectors.

18. Debtor and his Debt Collection Co-Defendants fielded complaints from consumers about the abusive practices of the overseas callers, including that they posed

as attorneys and called consumers repeatedly. Consumers also complained that they did not owe the money sought by the callers.

19. Debtor and his Debt Collection Co-Defendants were notified of and responded to consumer complaints filed with the Better Business Bureau of Clearwater, Florida. In these complaints, consumers reported

23. Despite their knowledge of the overseas callers' abusive practices, Debtor and his Debt Collection Co-Defendants continued processing payments consumers made in response to these practices for months.

24. Debtor and his Debt Collection Co-Defendants have operated as a common enterprise with the overseas call centers while engaging in the deceptive acts and practices and other violations of law alleged above. Debtor and his Debt Collection Co-Defendants, along with the overseas call centers, have conducted the business practices described above through an interrelated network of companies that have shared business functions, office locations, phone numbers, and advertising, and that held themselves out to consumers as the same company. Because these entities have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged above. Debtor and his Debt Collection Co-Defendants and the overseas call centers have formulated, directed, controlled, had the authority to control, or participated in the acts and practices that constitute the common enterprise.

25. At all times described herein, Debtor acted with the intent to defraud consumers into paying purported debts that they did not owe to Debtor, his Debt Collection Co-Defendants, or the overseas call centers.

Lower Interest Operation

26. Since at least January 2010, Defendant, along with PCG, Sanders Law, MST, Sanders, CCG, Robinson, First Financial, and Balsamo (collectively, "Debtor and his LI Co-Defendants") have engaged in a scheme to defraud consumers by selling them a service that purports to lower the interest rates on consumers' debts.

32. The Debtor and his LI Co-Defendants generally have charged between \$695 and \$995 for their negotiation service and consumers have been obligated to pay the entire fee before receiving any services.

33.

providing detailed information about their outstanding debts, including mortgages, student loans, medical bills, and credit cards. By signing the second form, consumers have given the Debtor and his LI Co-Defendants permission to communicate with their creditors “for the sole purpose of negotiating lower interest rates.”

35. Consumers who completed and returned the Account Information Form received in the mail a “customized budget plan.” The “plan” did not reflect the promised lower interest rates. Rather, it contained only the commonsense advice that paying more than the minimum monthly payments resulted in paying off debts more quickly than simply continuing to make minimum monthly payments.

36. Despite their promises on the phone and in the mailed materials, in numerous instances, the Debtor and his LI Co-Defendants have not negotiated lower interest rates for consumers. Indeed, some consumers have learned from their credit card companies that the Debtor and his LI Co-Defendants never contacted the companies. In those instances in which the Debtor and his LI Co-Defendants have negotiated lower rates, such rates often were temporary. Accordingly, consumers have not saved thousands of dollars from the Debtor’s and his LI Co-Defendants’ negotiations, as promised.

37. Many consumers who have attempted to contact the Debtor and his LI Co-Defendants to complain and seek refunds encounter obstacles such as busy signals, messages stating that the call is “out of range,” or no answer. When consumers have been able to leave messages, their calls often were not returned.

38. Those few consumers who have finally spoken to representatives typically were told to wait a few more months to see results or that the debt “plan” was actually what the Debtor and his LI Co-Defendants promised to provide consumers, not lower interest rates. Consumers have been unable to speak with, or even learn the identities of, their so-called personal financial consultants.

39. Even when consumers have waited longer to see results, the Debtor and his LI Co-Defendants have failed to negotiate lower interest rates.

40. The Debtor and his LI Co-Defendants have denied many consumers the full refunds they have promised. In many instances, consumers have only received refunds after making repeated requests to the Debtor and his LI Co-Defendants or after complaining to, or threatening to complain to, the Better Business Bureau or law enforcement authorities. Of those consumers who have received refunds, many received only half of their initial payment or less.

41. Debtor and his LI Co-Defendants have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged above. Debtor and his LI Co-Defendants have conducted the business practices described above through an interrelated network of companies that have shared business functions, office locations, phone numbers, and advertising, and that held themselves out to consumers as the same company. Because these entities have operated as a common

and practices of PCG, Sanders Law, MST, CCG, and First Financial that constitute the common enterprise.

Telemarketing Sales Rule

42. 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. The FTC adopted the original Telemarketing Sales Rule (“TSR”) in 1995, and extensively amended it in 2003 and 2010, 16 C.F.R. Part 310.

43. The 2010 amendments to the TSR were intended, in part, to curb deceptive and abusive practices in the telemarketing of debt relief services. These

45. Debtor and his LI Co-Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing,” as those terms are defined in the TSR, 16 C.F.R. § 310.2(aa), (cc), and (dd).

46. Debtor and his LI Co-Defendants have “assisted and facilitated” sellers or telemarketers by providing substantial assistance or support while knowing or consciously avoiding knowing that the sellers or telemarketers are engaged in any act or practice that violates §§ 310.3(a), (c) or (d), or § 310.4 of the TSR, 16 C.F.R. § 310.3(b).

47. Debtor and his LI Co-Defendants are engaged in the marketing and sale of a “debt relief service,” as that term is defined in the TSR, 16 C.F.R. § 310.2(m).

48. 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 ONE

(NONDISCHARGEABLE DEBT FOR MONEY OBTAINED IN DEBT COLLECTION OPERATION BY FALSE PRETENSES, FALSE REPRESENTATIONS, OR ACTUAL FRAUD)

49. The Commission repeats and realleges the allegations in ¶¶ 1-48.

50. In numerous instances, in connection with processing payments for debts consumers did not owe, or that were not applied to consumers’ real debts, as discussed in Paragraphs 9 through 25, Debtor, his Debt Collection Co-Defendants, and the overseas call centers have represented, directly or indirectly, expressly or by implication, that:

- a. They owned consumer debts and had the legal right to collect them;
- b. They were or were acting on behalf of lawyers or law enforcement officers in collecting the purported debts;
- c. They had legal grounds to initiate immediate legal action against consumers for failure to pay the money demanded; and
- d. They had legal grounds to have consumers arrested if they failed to pay the money demanded.

51. In truth and in fact, Debtor, his Debt Collection Co-Defendants, and the overseas call centers did not own the purported debts they collected from consumers, and

representations in the course of those schemes, or with reckless disregard of the truth or falsity of the representations.

55. Debtor injured consumers by knowingly engaging in fraudulent schemes and knowingly making false representations to consumers and using false pretenses in dealing with consumers. These false representations and false pretenses were material to consumers in the course of deciding to pay the purported debts to Debtor and his Debt Collection Co-Defendants. Consumers' reliance on the Debtor's and his Debt Collection Co-Defendants' representations was justifiable.

56. The total amount of the money the Debtor and his Debt Collection Co-Defendants and co-participants obtained from consumers by such false pretenses, false representations, or actual fraud is at least \$6,815,180.00, part of the amount of the monetary portion of the Stipulated Judgment against the Debtor in the FTC's Enforcement Action.

57. Consequently, the Debtor's judgment debt to the FTC is one for money, property, or services obtained by false pretenses, false representations or actual fraud, and is not dischargeable. 11 U.S.C. §523(a)(2)(A).

COUNT TWO

(NONDISCHARGEABLE DEBT FOR WILLFUL AND MALICIOUS INJURY TO CONSUMERS)

58. The Commission repeats and realleges the allegations in ¶¶ 1-48.

59. In numerous instances, Debtor, his Debt Collection Co-Defendants, and the overseas call centers processed payments for debts consumers did not owe, or that were not applied to consumers' real debts, as discussed in Paragraphs 9 through 25.

60. These acts and practices have caused or are likely to have caused substantial injury to consumers which is not reasonably avoidable by consumers themselves and which is not outweighed by countervailing benefits to consumers or competition.

61. Therefore, Debtor's and his Debt Collection Co-Defendants' acts and practices, as described above in Paragraphs 9 through 25, constitute an unfair act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

62. In numerous instances, in connection with processing payments for debts consumers did not owe, or that were not applied to consumers' real debts, as discussed in Paragraphs 9 through 25, Debtor's and his Debt Collection Co-Defendants' acts and practices constituted a willful and malicious injury to consumers as set forth in 11 U.S.C. § 523(a)(6):

- a. Debtor and his Debt Collection Co-Defendants injured consumers;
- b. Debtor's and his Debt Collection Co-Defendants' injury to consumers was willful because they committed intentional or deliberate acts and practices, the purpose of which was to cause injury to consumers or which were substantially certain to injure consumers;
- c. Debtor's and his Debt Collection Co-Defendants' injury to consumers was malicious because their acts and practices were wrongful and without just cause or excessive.

63. Malice for purposes of Section 523(a)(6) is established by a finding of implied or constructive malice; showing a specific intent to harm is not necessary.

64. The total amount of the money the Debtor and his Debt Collection Co-Defendants and overseas co-participants obtained from consumers by such willful and malicious injury is at least \$6,815,180, part of the amount of the monetary portion of the Stipulated Judgment against the Debtor in the FTC's Enforcement Action.

65. Consequently, the Debtor's judgment debt to the FTC is one for willful and malicious injury by the Debtor to another entity or the property of another entity and is not dischargeable pursuant to 11 U.S.C. § 523(a)(6).

COUNT THREE

(NONDISCHARGEABLE DEBT FOR MONEY OBTAINED IN LI OPERATION BY FALSE PRETENSES, FALSE REPRESENTATIONS, OR ACTUAL FRAUD)

66. The Commission repeats and realleges the allegations in ¶¶ 1-48.

67. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of interest rate reduction services, as discussed in paragraphs 26 through 41, Debtor and his LI Co-Defendants have represented, directly or indirectly, expressly or by implication, that:

- a. They are affiliated, or have established relationships, with consumers' lenders;
- b. They will negotiate lower interest rates for consumers within a few months;

c. Consumers will save thousands of dollars as a result of Debtor's and his LI Co-Defendants' negotiations;

d. Consumers will receive assistance from personal financial consultants; and

dealing with consumers. These false representations and false pretenses were material to consumers in the course of deciding to purchase the services offered from the Debtor and his LI Co-Defendants. Consumers' reliance on the Debtor's and his LI Co-Defendants' representations was justifiable.

73. The total amount of the money the Debtor and his LI Co-Defendants obtained from consumers by such false pretenses, false representations, or actual fraud is at least \$18,468,058.00, part of the amount of the monetary portion of the Stipulated Judgment against the Debtor in the FTC's Enforcement Action.

74. Consequently, the Debtor's judgment debt to the FTC is one for money, property, or services obtained by false pretenses, false representations or actual fraud, and is not dischargeable. 11 U.S.C. §523(a)(2)(A).

COUNT FOUR

(NONDISCHARGEABLE DEBT FOR MONEY OBTAINED IN TELEMARKETING LI OPERATION BY FALSE PRETENSES, FALSE REPRESENTATIONS, OR ACTUAL FRAUD)

75. The Commission repeats and realleges the allegations in ¶¶ 1-48.

76. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of interest rate reduction services, as discussed in paragraphs 26 through 48, Debtor and his LI Co-Defendants have represented, directly or indirectly, expressly or by implication, that:

a. They are affiliated, or have established relationships, with consumers' lenders;

- a. Renegotiating, settling, reducing, or otherwise altering the terms of at least one debt pursuant to a settlement agreement, debt management plan, or other such valid contractual agreement executed by the customer; and
- b. The customer has made at least one payment pursuant to that settlement agreement, debt management plan, or other valid contractual agreement between the customer and the creditor or debt collector.

80. Debtor's and his LI Co-Defendants' acts or practices, as described in Paragraph 79, violate Section 310.4(a)(5)(i) of the TSR, 16 C.F.R. § 310.4(a)(5)(i).

81. In numerous instances, in connection with the telemarketing of debt relief services, Debtor has provided substantial assistance or support to sellers or telemarketers who he knew or consciously avoided knowing are engaged in acts or practices that violate § 310.3(a), (c) or (d), or § 310.4 of the TSR.

82. Debtor's acts or practices as alle

86. Debtor injured consumers by knowingly engaging in fraudulent schemes and knowingly making false representations to consumers and using false pretenses in dealing with consumers. These false representations and false pretenses were material to consumers in the course of deciding to purchase the services offered from the Debtor and his LI co-defendants. Consumers' reliance on the Debtor's and his LI Co-Defendants'

Eighty-Three Thousand, Two Hundred Thirty-Eight Dollars (\$25,283,238.00) is nondischargeable pursuant to 11 U.S.C. § 523(a)(2)(A);

(b) Enter judgment against the Debtor in the amount of Twenty-Five Million, Two-Hundred Eighty-Three Thousand, Two Hundred Thirty-Eight Dollars (\$25,283,238.00), plus applicable interest in accordance with 28 U.S.C. § 1961; and

(c) Grant the FTC such other and further relief as this case may require and the Court deems just and proper.

Dated:

Respectfully submitted,

DAVID C. SHONKA
Acting General Counsel

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FEDERAL TRADE COMMISSION

Attachment B

**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

BRETT FISHER,

Defendant.

Case No. 8:13-bk-02528-KRM

**JUDGMENT FOR NONDISCHARGEABILITY OF DEBT
OWED TO FEDERAL TRADE COMMISSION**

This proceeding came before the Court on a Complaint to Determine Nondischargeability of Debt Owed to the Federal Trade Commission and subsequently filed Stipulated Judgment for Nondischargeability of Debt Owed to the Federal Trade Commission. Upon the stipulation and agreed to findings of fact and conclusions of law separately filed in this matter, it is:

ORDERED AND ADJUDGED that

1. Judgment is hereby entered in favor of the Federal Trade Commission and against the Debtor/Defendant, Brett Fisher, determining that the Judgment entered in the Enforcement Action, in the amount of Twenty-Five Million, Two-Hundred Eighty-Three Thousand, Two Hundred Thirty-Eight Dollars (\$25,283,238.00) is nondischargeable pursuant to 11 U.S.C. § 523(a)(2)(A). A copy of the Judgment entered in the Enforcement Action is attached hereto as **Exhibit 1**.

2. All provisions of the Judgment in the Enforcement Action, including the injunctive provisions, remain in full force and effect.

DATED this ____ day of _____, 2013 at Tampa, Florida.

K. RODNEY MAY
United States Bankruptcy Judge

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Agreed to by:

BRETT FISHER

Defendant pro se

Submitted by:
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