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8 SUPERIOR COURT OF CALIFORNIA

9 COUNTY OF SAN DIEGO

10  
11 **THE PEOPLE OF THE STATE OF CALIFORNIA,**

12 Plaintiff,

13 v.

14 **ROBERT BARRERE, aka ROBERT BARR, aka**  
15 **ROB BARRERE, aka PAUL BARRERE,**  
16 **RONALD STEGER,**  
**DEBRA MILLWARD, and**  
**DOES 1 through 100, inclusive,**

17 Defendants.  
18

**COMPLAINT FOR  
INJUNCTION, CIVIL  
PENALTIES AND OTHER  
EQUITABLE RELIEF**

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13 **ROBERT BARRERE, aka ROBERT BARR, aka**  
14 **ROB BARRERE, aka PAUL BARRERE,**  
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16 **DEBRA MILLWARD, and**  
17 **DOES 1 through 100, inclusive,**

Defendants.

**COMPLAINT FOR  
INJUNCTION, CIVIL  
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EQUITABLE RELIEF**

18  
19 Plaintiff, People of the State of California (“Plaintiff” of the “People”), by and through  
20 Bill Lockyer, Attorney General of the State of California, allege on information and belief:

21  
22 **DEFENDANTS**

23 1. Defendants at all relevant times have transacted business in the City and County of  
24 San Diego, and elsewhere in the State of California. The violations of law alleged herein have been  
25 and are being carried out within the City and County of San Diego, and elsewhere in California and  
26 from California throughout the United States.

27 2. Defendant ROBERT BARRERE is an individual, aka ROBERT BARR, aka ROB  
28 BARRERE, and aka PAUL BARRERE, who resides in San Diego and does business throughout

1 California and the United States under various names which include, but are not limited to, Asset  
2 Recovery Group; AMS Financial Services; AMS Members; Advanced Marketing Systems, LLC;  
3 Asset Recovery Group; Asset Research Group; Asset Retrieval Service; Claims Department; Claims  
4 Retrieval Center; Financial Resource Network; DMS Claims Retrieval; MCD Claims Retrieval; First  
5 National Trust Services; MTS Claims Retrieval Center; Funds Recovery Center; Recovery Center;  
6 Consumer Rights International, LLC; and Unclaimed Assets (collectively “The Businesses”).  
7 Defendant Barrere has at all relevant times managed and controlled the activities of The Businesses.

8           3. Defendant DEBRA MILLWARD is an individual who resides in San Diego and does  
9 business in and throughout California and the United States with Defendant Robert Barrere and has  
10 at all relevant times managed, controlled, and/or had responsibilities for the activities of some and/or  
11 all of The Businesses.

12           4. Defendant RONALD STEGER is an individual, who does business throughout  
13 California and the United States with Defendant Robert Barrere and has at all relevant time  
14 managed, controlled, and/or had responsibilities for the activities of some and/or all of The  
15 Businesses.

16           5. Whenever reference is made in this complaint to any act or transaction of a Defendant  
17 such allegation shall be deemed to mean that said Defendant and, if a business, its owners, officers,  
18 directors, agents, employees, or representatives, did or authorized such acts while engaged in the  
19 management, direction, or control of the affairs of the Defendant and while acting within the scope  
20 and course of their duties.

21           6. Whenever in this complaint reference is made to any act of any individual Defendant,  
22 such allegation shall be deemed to mean that said Defendant is and was acting (a) as a principal, (b)  
23 under express or implied agency, and/or (c) with actual or ostensible authority to perform the acts  
24 so alleged on behalf of every other Defendant herein.

25           7. Whenever in this complaint reference is made to any act of Defendants, such  
26 allegation shall be deemed to mean the act of each Defendant acting individually and jointly with  
27 the other Defendants named in that cause of action.

28           8. At all times mentioned herein, each Defendant knew or realized that the other

1 Defendants were engaging in or planned to engage in the violations of law alleged in this Complaint.  
2 Knowing or realizing that other Defendants were engaging in such unlawful conduct, each  
3 Defendant nevertheless facilitated the commission of those unlawful acts. Each Defendant intended  
4 to and did encourage, facilitate, or assist in the commission of the unlawful acts, and thereby aided  
5 and abetted the other Defendants in the unlawful conduct.

6 9. The true names and capacities, whether individual, corporate, or otherwise, of  
7 Defendants sued herein under the fictitious names of DOES 1 through 100, inclusive, are unknown  
8 to plaintiff who therefore sues said Defendants by such fictitious names. Plaintiff will amend this  
9 complaint to show the true names of each when the same has been ascertained.

10 10. Defendants operate The Businesses from California. They claim The Businesses  
11 offer services to consumers that include, but are not limited to, recovery of assets consumers are  
12 unaware belong to them, credit card placement, new credit profiling, low cost health care coverage,  
13 family trust planning and debt consolidation. Defendants have solicited tens of thousands of  
14 consumers in California and elsewhere in the United States to become their customers through the  
15 use of automated telephone solicitations with pre-recorded messages, by live telemarketing  
16 solicitations made directly by Defendants, their subsidiaries or other entities, and through the  
17 Internet and direct mail. Defendants fail to provide the services offered to and paid for by  
18 consumers in California and elsewhere in the United States.

19 **FIRST CAUSE OF ACTION**  
20 **AGAINST ALL DEFENDANTS**  
21 **FOR UNTRUE OR MISLEADING STATEMENTS**  
22 (Violations of Business And Professions Code Section 17500)

23 11. The People re-allege and incorporate by reference paragraphs 1 through 10 of this  
24 complaint.

25 12. The named Defendants, and each of them, including Does 1-100, (hereafter  
26 collectively “Defendants”) with the intent to induce California consumers to purchase the products  
27 and services Defendants claim to offer, have made or caused to be made, and continue to make, in  
28 violation of Business and Professions Code section 17500, numerous untrue or misleading  
statements before the public in the City and County of San Diego, and elsewhere in the State of

1 California, and from California to the public throughout the United States. Such statements include,  
2 but are not limited to, the following:

3           A. Defendants initiate most of their telephone calls to consumers' homes with the  
4 assistance of an auto-dialing device which delivers a prerecorded message to the consumer  
5 without Defendants having first obtained the prior express consent from the consumer called  
6 to receive such pre-recorded call. Defendants use such auto-dial calls to try to sell a number  
7 of different "services." For instance, they use auto-dial calls to attempt to sell their asset  
8 recovery services to consumers in California and throughout the United States. The pre-  
9 recorded message disseminated in these automated telephone marketing calls is from a person  
10 who does not identify himself or herself by name, but who represents that s/he is calling on  
11 behalf of one of Defendant's businesses, including, but not limited to, "Asset Recovery Group"  
12 or "Claims Retrieval." In one type of disseminated automated message for this product, the  
13 speaker represents that the call is a "confirmation call," that the recipient of the call has over  
14 \$500 or \$600 in unclaimed money, property, or other assets. The message provides the  
15 consumer with a confirmation number which the consumer is told can be used to determine the  
16 amount of unclaimed assets that Defendants have uncovered for that consumer. The automated  
17 message then instructs the recipient to contact the "Claims Department" by phone in order to  
18 retrieve his/her property. In some instances, the message provides a 900 telephone number for  
19 the consumer to call, telling consumers they will be charged \$19.99 for making the call. In  
20 other instances, the automated message instructs the consumer to call a California telephone  
21 number. When the consumer calls the California number, s/he is greeted by another recorded  
22 message, which states that in order to retrieve their property, the consumer must send to  
23 Defendants at a California or Arizona address a self addressed stamped envelope, along with  
24 a "retrieval fee" ranging from \$25 to \$99, and that without the fee, the consumer's claim will  
25 not be processed. The recorded message states that only when the retrieval fee has been  
26 processed will the consumer be mailed the proper "claims form." The claim form requires the  
27 consumer to provide personal information including the customer's social security number,  
28 mother's maiden name, previous addresses and date of birth. When making this return

1 telephone call the consumer is not able to speak with a live person to inquire about the services  
2 promised because there is no option provided which would allow the consumer to speak with  
3 a live person. Additionally, the voice-mail box of the California telephone number is always  
4 full, or otherwise not available, again preventing the consumer from being able to leave a  
5 message with Defendants to inquire about the services offered, complain, or request a refund.  
6 The addresses provided during the automated message are addresses of private mailbox rental  
7 services. These private mailboxes leased by ROBERT BARRERE and DEBRA MILLWARD.  
8 During the presentation for Defendant's asset recovery businesses, various untrue or misleading  
9 representations are made in the initial automated telephone solicitations and in the solicitations  
10 made to consumers who call the follow-up California telephone number in that:

11 i) The initial automated telephone solicitations misleadingly represent or imply  
12 that at the time of the call being placed Defendants have already uncovered assets or property  
13 which belongs to the consumer being called, when in fact at the time the automated  
14 telephone call is made;

15 ii) Defendants are unaware of the identity of the consumer they are calling and  
16 therefore they do not know whether the consumer has any money or property due to  
17 him/her;

18 iii) No asset or claims search has ever been conducted in order to determine  
19 whether there is any property or money due to the consumer being called;

20 iv) The confirmation number provided the consumer being called has no  
21 relationship to that particular consumer in that the same confirmation number is given to  
22 more than one consumer and is not used by Defendants to confirm that any amount of  
23 money or property is due to the consumer;

24 B. The recorded message the consumer hears when s/he makes the follow-up call  
25 to the number provided during the initial automated call misleadingly implies that the consumer  
26 who pays the "retrieval fee" and provides the requested information will receive unclaimed  
27 money and/or property due to him/her:

28 i) When in fact Defendants have no intention of performing a search to determine

1 whether the contacted consumer who pays the retrieval fee has any unclaimed assets;

2 ii) When in fact after a consumer sends in the retrieval fee, Defendants do not  
3 perform a subsequent search to determine whether the consumer has any unclaimed assets;

4 iii) When in fact Defendants most often do not provide the consumer with any  
5 information regarding any specific unclaimed assets which belongs, or may belong, to the  
6 consumer;

7 iv) When, in some instances, after a consumer sends in the retrieval fee, Defendants  
8 claiming to provide the consumers with his/her missing asset, send the consumer a casino  
9 voucher for use in Nevada which Defendants claim has a value of \$500 or \$600, although  
10 this voucher is not redeemable for cash;

11 v) When, in some instances, after a consumer sends in the retrieval fee, Defendants  
12 provide consumers with nothing at all; while other times all Defendants will provide the  
13 consumer with is a website address that is free to the public, instructing the consumer to  
14 use the website to conduct his/her own asset search for every state in which the consumer  
15 has lived; and

16 vi) When in fact, Defendants do not use the personal information provided by the  
17 consumer in the "claims form" in order to perform any search for any missing assets or  
18 property belonging to the consumer.

19 C. Defendants also use auto-dial calls to attempt to sell consumers in California and  
20 elsewhere in the United States their service which purports to provide a pre-approved credit  
21 card with a guaranteed credit line to consumers who pay an up front fee. The pre-recorded  
22 message disseminated in these automated telephone marketing calls is from a person who does  
23 not identify himself or herself by name, but who represents that s/he is calling on behalf of one  
24 of Defendants' businesses, often the "New Accounts Division." In one type of disseminated  
25 automated message for this product, the speaker represents that someone at the consumer's  
26 telephone number has been pre-approved for a credit card and that Defendants are processing  
27 the consumer's credit card application. The unidentified speaker continues by representing that  
28 the call is a "confirmation call," that the consumer has been pre-approved for "membership,"

1 that the membership guarantees approval for a Visa or MasterCard with a credit line of up to  
2 \$10,000 regardless of the consumer's past credit experience, and that a pre-approved  
3 application is waiting on file for the consumer. The message provides the consumer with a  
4 confirmation number which the consumer is told references his/her application. The recorded  
5 message then instructs the consumer to contact Defendants by phone at a California telephone  
6 number in order to receive the credit card. When the consumer calls the number, one of  
7 Defendants' sales representatives reads to the consumer from a script and asks the consumer  
8 to provide the following information: the consumer's bank name, bank account number, next  
9 check number, and bank routing number. The consumer is advised that a single fee will be  
10 deducted from their bank account. During the presentations for Defendants' credit card  
11 programs, various untrue or misleading representations are made in the initial automated  
12 telephone solicitations and the solicitations made to consumers who call the follow-up  
13 California telephone number in that:

14 i) Defendants misleadingly represent or imply that at the time of the call being  
15 placed Defendants already have on file an approved application for a credit card for the  
16 consumer or someone in the home of the consumer being called, when in fact at the time  
17 the automated telephone call is made:

18 a) Defendants are unaware of the identity of the consumer they are calling and  
19 do not have the consumer's name or other personal information or the name or other  
20 personal information of anyone in the home of the consumer they are calling;

21 b) Defendants are not aware of the identity or personal information for the  
22 consumer they are calling or the identity of or personal information for anyone in the  
23 home of the consumer they are calling until the identity and other information is  
24 provided to the Defendants and therefore Defendants do not have the necessary  
25 information to process a credit card application for any such persons;

26 ///

27 c) The same confirmation number is provided to more than one consumer and  
28 is not used by Defendants to confirm or locate any pre-approved credit card

1 applications because Defendants have no such application on file for the consumer  
2 or anyone in the home of the consumer they are calling;

3 d) Neither the consumer nor anyone else in the home of the consumer  
4 that Defendants are calling has completed a credit card application which is being  
5 processed by Defendants;

6 e) Defendants do not have a pre-approved credit card application on file for  
7 the consumer or anyone else in the home of the consumer that Defendants are calling;

8 f) Defendants misleadingly represent or imply that they have the ability to  
9 authorize or approve a credit card application for the consumer or other individual(s)  
10 in the home of the consumer that Defendants are calling, when in fact they do not;

11 g) Defendants misleadingly represent or imply that they provide the service  
12 of supplying credit cards to consumers, when in fact, the only “service” Defendants  
13 provide consumers, if they do anything at all, is to send the consumer’s information  
14 on to third party credit card issuers who make the final decision as to whether the  
15 consumer will receive a credit card;

16 h) Defendants misleadingly represent or imply that the consumer’s credit  
17 experience is not directly related to whether the consumer will be approved for a  
18 credit card and, if approved, what the credit line will be, when in fact the consumer’s  
19 credit experience is directly related to whether the consumer will be approved for a  
20 credit card and, if approved, what the credit line will be;

21 i) Defendants misleadingly represent or imply that consumers who provide  
22 Defendants with their personal information and pay the required fee will receive a  
23 VISA or MasterCard credit card, when in fact, consumers  
24 will not automatically receive such a card because all consumers will receive by  
25 providing his/her personal information is a membership in Defendants’ program  
26 which does not automatically provide the consumer or any member of the consumer’s  
27 household with a VISA or MasterCard credit card;

28 j) Defendants misleadingly represent or imply that they will provide

1 consumers with a credit card if the consumer will provide Defendants with their  
2 personal information and pay the required fee, when in fact Defendants do not  
3 provide a credit card, but rather without the consumer being aware Defendants sign the  
4 consumer up to their membership program for which Defendants annually and  
5 automatically debit funds from the consumer's account;

6 k) Defendants misleadingly represent or imply that consumers being called  
7 are being offered approved credit cards, when in fact consumers who provide their  
8 personal information and pay the fee are in actuality only enrolled in Defendants'  
9 membership services program, but because Defendants fail to adequately disclose  
10 this to consumers, consumers do not know that they have joined a membership service  
11 and so are not able to try to use any of the membership services Defendants'  
12 purportedly offer to members;

13 l) Defendants misleadingly represent or imply that in exchange for the  
14 "membership fee" the consumer will be provided with a guaranteed and pre-approved  
15 VISA or MasterCard credit card, when in fact all Defendants provide the consumer  
16 with is the applications for credit cards that the consumer must complete and send  
17 in on her/his own to the actual credit card issuers and that approval of these  
18 applications is not guaranteed and is not pre-approved; and

19 m) Defendants misleadingly represent or imply that if the consumer is denied  
20 a credit card, the consumer will not receive a refund of the "membership fee," when  
21 in fact Defendants do not return the fee to consumers who are denied a credit card.

22 13. Defendants knew, or should have known, that the statements or omissions set forth in  
23 paragraph 12, were untrue or misleading at the time such statements were made.

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1 **SECOND CAUSE OF ACTION**  
2 **AGAINST ALL DEFENDANTS FOR**  
3 **VIOLATIONS OF THE TELEPHONIC SELLERS' LAW**  
(Violations of Business and Professions Code Section 17511.1)

4 14. The People re-allege and incorporate by reference paragraphs 1 through 13 of this  
5 complaint.

6 15. Defendants are telephonic sellers as defined in Business and Professions Code section  
7 17511.1(a)(9), in that Defendants have made or caused to be made, and continue to make, telephone  
8 solicitations or attempted telephone solicitations wherein the telephone seller initiates telephone  
9 contact with a prospective purchaser and represents or implies that a prospective purchaser will  
10 receive a credit card, if the purchaser pays an up front or pre-application fee for the credit card to  
11 the telephonic seller, by committing the practices, inter alia, set forth in paragraph 12 B of the First  
12 Cause of Action of this complaint, which paragraph is incorporated herein as though set forth in full.

13 16. Defendants are telephonic sellers as defined in Business and Professions Code section  
14 17511.1(b)(1), in that Defendants have made or caused to be made, and continue to make, a  
15 solicitation or attempted solicitation by telephone in response to inquiries generated by unrequested  
16 notifications sent by the seller to persons who have not previously purchased goods or services from  
17 the seller or who have not previously requested credit from the seller, to a prospective purchaser  
18 wherein the seller represents or implies to the recipient of the notification that the recipient has been  
19 specifically selected to receive the notification or the offer contained in the notification, by  
20 committing the practices, inter alia, set forth in paragraphs 12 A and B of the First Cause of Action  
21 of this complaint, which paragraph is incorporated herein as though set forth in full.

22 17. Defendants' activities as set forth in paragraphs 15 and 16 above are violations of Business  
23 and Professions Code section 17511.3 in that Defendants have operated as a telephonic seller  
24 without first filing with the Attorney General's Office the information required by Business and  
25 Professions Code section 17511.4.

26 18. Defendants' activities as set forth in paragraphs 15 and 16 above are violations of Business  
27 and Professions Code section 17511.12 in that Defendants have operated as a telephonic seller

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1 without maintaining the bond required by Business and Professions Code section 17511.12 and  
2 filing a copy of such bond with the Consumer Law Section of the California Department of Justice.

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4 **THIRD CAUSE OF ACTION**  
5 **AGAINST ALL DEFENDANTS**  
6 **FOR UNLAWFUL, UNFAIR OR DECEPTIVE BUSINESS PRACTICES**  
7 (Violations of California Business and Professions Code 17200)

8 19. The People re-allege and incorporate by reference paragraphs 1 through 18 of this  
9 complaint.

10 20. Defendants have engaged in the following acts, among others, of unfair competition as  
11 defined in Business and Professions Code section 17200:

12 A. Defendants have violated and continue to violate Business and Professions Code  
13 section 17500 as alleged in paragraphs 12 and 13 of the above First Cause of Action, which  
14 paragraphs are incorporated herein as though set forth in full.

15 B. Defendants have violated and continue to violate Business and Professions Code  
16 section 17511.1 as alleged in paragraphs 17 and 18 of the above Second Cause of Action,  
17 which paragraphs are incorporated herein as though set forth in full.

18 C. Defendants have violated and continue to violate 47 U.S.C.A. § 227 which prohibits  
19 the initiation of a telephone call to any residential telephone line using an artificial or  
20 prerecorded voice to deliver a message without the prior express consent of the called party by  
21 committing the practices, inter alia, set forth in paragraph 12 of the First Cause of Action of  
22 this complaint, which paragraph is incorporated herein as though set forth in full.

23 D. Defendants have violated and continue to violate Civil Code section 1770(a)(22),  
24 which prohibits disseminating an unsolicited prerecorded message by telephone: (a) without  
25 an unrecorded, natural voice first informing the person answering the telephone of the name  
26 of the caller or the organization being represented, and either the address or telephone number  
27 of the caller, and (b) without obtaining the consent of that person to listen to the prerecorded  
28 message, in that Defendants use an auto dialer to disseminate unsolicited pre-recorded phone  
calls as set forth in Paragraph 12 of the First Cause of Action, which paragraph is incorporated

1 herein as though set forth in full.

2 E. Defendants have violated and continue to violate Civil Code section 1770(a)(5),  
3 which prohibits representing that services have characteristics or benefits that they do not have,  
4 in that Defendants represent:

5 i) That consumers who respond to the asset recovery recorded telephone  
6 solicitation and provide the retrieval fee will receive over a specific dollar amount  
7 in unclaimed assets or property if the consumer's confirmation number starts with the  
8 certain letters and/or numbers, when in fact Defendants do not know of any unclaimed  
9 assets due to any consumer at the time they call a consumer; and

10 ii) That Defendants will provide consumers with a credit card, when defendants  
11 do not have the ability to authorize or approve a credit card application for the consumer,  
12 Defendants do not issue any credit card, and receipt of any credit card is not guaranteed.

13 F. Defendants have violated and continue to violate Civil Code section 1770(a)(9),  
14 which prohibits advertising services with the intent not to sell them as advertised, in that  
15 Defendants have advertised:

16 i) That MCD Claims Retrieval Center, DMS Claims Retrieval Center, AMS Asset  
17 Recovery Group, Recovery Center, Funds Recovery Center, and Asset Recovery Group  
18 are asset retrieval services whose "primary purpose is to locate the rightful owners who  
19 have cash or property due to them," when Defendants know that, because no asset or  
20 claims search has ever been conducted, or will be conducted, consumers who pay the  
21 "retrieval fee" will not receive any unclaimed money and property due to them as  
22 advertised;

23 ii) That AMS Financial Services and First Nation Credit are credit card placement  
24 services offering a "pre-approved credit card" with a guaranteed credit line of up to  
25 \$10,000 for an up front fee, regardless of the consumer's credit experience, when

26 iii) Defendants know that they do not have the ability to authorize or approve a  
27 credit card application for the consumer, that the consumer's credit experience is directly  
28 related to whether or not the consumer can obtain a credit card, what the credit line will

1 be, and that the consumer will not obtain a credit card as part of the membership as  
2 advertised.

3 F. Defendants in offering their credit card service business to consumers operate as a  
4 credit services organization as defined in Civil Code section 1789.12(a). In so operating,  
5 Defendants have violated and continue to violate:

6 i) Civil Code section 1789.25 which prohibits Defendants from operating as a  
7 credit services organization without first filing the registration application with and  
8 receiving from the Department of Justice a certificate of registration, in that Defendants  
9 have not filed a registration application, have not posted a bond as required by Civil Code  
10 section 1789.18, have not paid the registration required and have not obtained a certificate  
11 of registration from the Department of Justice;

12 ii) Civil Code section 1789.13 subdivision (a) which prohibits a credit services  
13 organization, from charging or receiving money or other valuable consideration prior to  
14 the full and complete performance of the services the credit services organization has  
15 agreed to perform on behalf of the buyer, in that Defendants charge consumers a fee prior  
16 to performing any service on behalf on consumers;

17 iii) Civil Code section 1789.13 subdivision (c) which prohibits a credit services  
18 organization, from charging or receiving money or other valuable consideration for  
19 referral of the buyer to a retail seller or other credit grantor who will or may extend credit  
20 to the buyer, if the credit which is or will be extended to the buyer is upon substantially  
21 the same terms as those available to the general public, or is upon substantially the same  
22 terms that would have been extended to the buyer without the assistance of the credit  
23 services organization, in that the credit grantors to whom Defendants refer consumers,  
24 grant such consumers credit, if they grant credit at all, on the same terms as they grant it  
25 to the general public;

26 iv) Civil Code section 1789.13 subdivision (f) which prohibits a credit services  
27 organization, from creating, or assisting or advising the buyer to create a new credit record  
28 by using a different name, address, social security number, or employee identification

1 number, in that Defendants advise consumers to create new credit records;

2 v) Civil Code section 1789.13 subdivision (g) which prohibits a credit services  
3 organization, from making, or using untrue or misleading representations in the offer or  
4 sale of the services of a credit services organization including guaranteeing or otherwise  
5 stating that Defendants are able to obtain an extension of credit, regardless of the buyer's  
6 previous credit problems or credit history, without clearly disclosing, in a manner equally  
7 as conspicuous as the guarantee, the eligibility requirements for obtaining an extension  
8 of credit, in that Defendants have guaranteed, in return for payment of an up front  
9 "membership fee" a pre-approved credit card for the consumer regardless of the  
10 consumer's credit problems or credit history without making the required disclosures; and

11 vi) Civil Code section 1789.13 subdivision (h) which prohibits a credit services  
12 organization, from engaging, directly or indirectly, in any act, practice, or course of  
13 business which operates or would operate as a fraud or deception upon any person in  
14 connection with the offer or sale of the services of a credit services organization, in that  
15 Defendants advise consumers to create new credit records to avoid the consumer's credit  
16 problems or credit history.

17 M. Defendants have violated California Civil Code section 1572 subsection (1) which  
18 prohibits a party to a contract, with the intent to deceive or to induce the other party to enter  
19 into the contract, from suggesting as a fact that which is not true, by one who does not believe  
20 it to be true, in that Defendants represent to consumers during the automated telephone  
21 solicitations:

22 i) that the consumer has unclaimed assets in California of a particular value when  
23 Defendants know that, because they have not conducted any asset or claims search, they  
24 are not aware of any unclaimed assets belonging to the consumer, and the consumer who  
25 pays the "retrieval fee" will not receive any unclaimed money and/or property due to  
26 him/her because of Defendants' actions; and

27 ii) that the consumer has been pre-approved for a credit card with a guaranteed  
28 credit line of up to \$10,000 regardless of the consumer's credit experience, when

1 Defendants know that they do not have the ability to authorize or approve a credit  
2 card application for the consumer, that the consumer's credit experience is directly related  
3 to whether or not the consumer will obtain a credit card and, if so, what the credit line will  
4 be, and that the consumer who pays Defendants' "membership fee" will not obtain a credit  
5 card as part of the membership.

6 N. Defendants have violated California Civil Code section 1572 subsection (3), which  
7 prohibits a party to a contract, with the intent to deceive or to induce the other party to enter  
8 into the contract, from suppressing that which is true, by one having knowledge or belief of the  
9 fact, by withholding from consumers:

10 i) that Defendants have not conducted any asset or claims search in order to locate  
11 property or money due to the consumer;

12 ii) that Defendants are not aware of any unclaimed assets belonging to the  
13 consumer contacted;

14 iii) that the same confirmation number is provided to more than one consumer and  
15 is not used by Defendants to confirm that any amount of money or property is due to the  
16 consumer;

17 iv) that the consumer who pays the "retrieval fee" will not receive any unclaimed  
18 money and/or property due to him/her;

19 v) that at the time of the automated telephone solicitation, Defendants are unaware  
20 of the identity of the consumer they are calling and therefore unable to determine whether  
21 the consumer has any money or property due to him/her;

22 vi) that the consumer has not been pre-approved for a credit card with a guaranteed  
23 credit line of up to \$10,000 regardless of the consumer's credit experience;

24 vii) that the consumer has not completed a credit card application which is being  
25 processed by Defendants;

26 viii) that Defendants do not have the ability to authorize or approve a credit card  
27 application for the consumer;

28 ix) that Defendants do not have a pre-approved credit card application on file for

1 the consumer;

2  
3 x) that the consumer's credit experience is directly related to whether or not the  
4 consumer will obtain a credit card and, if so, what the credit line will be;

5 xi) that at the time of the initial automated telephone solicitation, Defendants are  
6 not aware of the identity of the consumer they are calling and therefore do not have the  
7 necessary information to process a credit card application;

8 xii) that Defendants do not have any of the consumer's personal information until  
9 the consumer provides such information to the Defendants;

10 xiii) that the same confirmation number is provided to more than one consumer and  
11 is not used by Defendants to confirm or locate any pre-approved credit card application  
12 because Defendants have no such application on file for the consumer; and

13 xiv) that the consumer who pays Defendants' "membership fee" will not obtain a  
14 credit card as part of the membership.

15 O. Defendants have violated California Civil Code section 1572 subsection (4), which  
16 prohibits a party to a contract, with the intent to deceive or to induce the other party to enter  
17 into the contract, from making a promise without any intention of performing it by representing  
18 to the consumer:

19 i) that the consumer has unclaimed assets in California of a particular value when  
20 Defendants know that, because they have not, nor do they intend to, conduct any asset or  
21 claims search, they are not aware of any unclaimed assets belonging to the consumer, and  
22 the consumer who pays the "retrieval fee" will not receive any unclaimed money and  
23 property due to him/her; and

24 ii) that the consumer has been pre-approved for a credit card with a guaranteed  
25 credit line of up to \$10,000 regardless of the consumer's credit experience when  
26 Defendants know that they do not have the ability to authorize or approve a credit card  
27 application for the consumer, that the consumer's credit experience is directly related to  
28 whether or not the consumer will obtain a credit card and, if so, what the credit line will

1 be, and that the consumer who pays the “membership fee” will not obtain a credit card as  
2 part of the membership.

3 P. Defendants have violated 18 U.S.C. § 1341, which prohibits anyone who has devised  
4 any scheme or artifice to defraud, or to obtain money or property by means of false or  
5 fraudulent pretenses, representations, or promises, from placing in any post office or authorized  
6 depository for mail any matter or thing whatever to be sent or delivered by the Postal Service,  
7 for the purpose of executing or attempting such scheme or artifice, by sending to consumers,  
8 mail as described, inter alia, in paragraphs 12 and 13 of the First Cause of Action of this  
9 complaint, which paragraphs are incorporated herein as though set forth in full.

10 Q. Defendants have illegally withdrawn funds from consumers’ bank accounts without  
11 their authorization by:

12 i) deducting an annual membership fee for a membership the consumer is not  
13 aware of;

14 ii) deducting funds from the consumer’s bank account in an amount other than that  
15 which the consumer authorized;

16 iii) deducting funds from the consumer’s bank account without the consumer’s  
17 knowledge; and

18 iv) deducting funds from the consumer’s bank account for services Defendants  
19 promise, but do not deliver.

20 R. In order to hide from consumers, Defendants have engaged in the business practice  
21 of concealing their identities by changing with great frequency the names Defendants use in  
22 their Businesses, the telephone numbers of the Businesses, the addresses of the private mailbox  
23 rental units used by Defendants’ Businesses, and the names used to register for the private  
24 mailbox rental units.

25 **WHEREFORE**, plaintiff prays for judgment as follows:

26 1. That pursuant to Business and Professions Code sections 17203 and 17535, Defendants,  
27 and each of them, their successors, agents, representatives, employees, and all other persons who  
28 act under, by, through, or on behalf of any of them, or any of them, be permanently restrained and

1 enjoined from doing any of the following:

2 (A) Making or disseminating any of the untrue or misleading statements alleged in  
3 paragraph 12 of this complaint or any other untrue or misleading statement in violation of  
4 Business and Professions Code sections 17500 et seq., in connection with any telemarketing,  
5 direct mail or Internet business;

6 (B) Violating the California Telephonic Seller Law, Business and Professions Code  
7 section 17511.1 et seq. by conducting any business as a telephonic seller unless such business  
8 is conducted in compliance with Business and Professions Code section 17511.1 et seq.;

9 (C) Violating the Credit Services Act, Civil Code section 1789.10 et seq., by conducting  
10 any business as a credit services organization unless such business is conducted in compliance  
11 with Civil Code section 1789.10 et seq.; and

12 (D) Engaging in any of the acts of unfair competition set forth in paragraph 27 of this  
13 complaint or any other act of unfair competition in violation of Business and Professions Code  
14 sections 17200 et seq., in connection with any telemarketing or Internet business.

15 3. That pursuant to Business and Professions Code section 17206, each defendant be assessed  
16 a civil penalty of \$2,500.00 for each violation of Business and Professions Code section 17200, as  
17 proven at trial, but in an amount of not less than \$500,000.00.

18 4. That pursuant to Business and Professions Code section 17206.1, each defendant be  
19 assessed an additional civil penalty of \$2,500.00 for each violation of Business and Professions  
20 Code section 17200 et seq., perpetrated against one or more senior citizens or disabled persons, as  
21 proven at trial, but in an amount of not less than \$500,000.00.

22 5. That pursuant to Business and Professions Code section 17536, each defendant be assessed  
23 a civil penalty of \$2,500.00 for each violation of Business and Professions Code section 17500, as  
24 proven at trial, but in an amount of not less than \$500,000.00.

25 6. That pursuant to Business and Professions Code section 17536, each defendant be assessed  
26 a civil penalty of \$2,500.00 for each violation of Business and Professions Code section 17511.1,  
27 et seq. as proven at trial, but in an amount of not less than \$500,000.00.

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7. That plaintiff have such other and further relief as the nature of the case may require and as the court deems appropriate and necessary.

8. That plaintiff recover its costs.

Dated: May 20, 2003

Respectfully submitted,  
BILL LOCKYER  
Attorney General of the State of California  
HERSCHEL T. ELKINS  
Senior Assistant Attorney General  
ALBERT NORMAN SHELDEN  
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