

2009-43253

No. \_\_\_\_\_

STATE OF TEXAS,  
Plaintiff

v.

JUBILEE FINANCIAL SOLUTIONS,  
L.P. D/B/A THE CREDIT CARD  
SOLUTION; JUBILEE FINANCIAL  
MANAGEMENT L.L.C.; and  
ROBERT M. LINDSEY,  
Defendants

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IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

215 JUDICIAL DISTRICT

2009 JUL -8 AM 10:33  
DEPUTY

**PLAINTIFF'S ORIGINAL VERIFIED PETITION  
AND APPLICATION FOR EXPARTE TEMPORARY RESTRAINING ORDER,  
TEMPORARY INJUNCTION AND PERMANENT INJUNCTION**

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, the State of Texas, acting by and through the Attorney General of Texas, Greg Abbott, and on behalf of the public interest, complains of JUBILEE FINANCIAL SOLUTIONS, L.P. doing business as THE CREDIT CARD SOLUTION; JUBILEE FINANCIAL MANAGEMENT, L.L.C.; and ROBERT MITCHELL LINDSEY ("Defendants"). Plaintiff alleges that Defendants engaged in unlawful and deceptive acts and practices in violation of the Texas Deceptive Trade Practices Act, Credit Services Organization Act, and Business Opportunity Act. In support thereof, Plaintiff respectfully shows the following:

**I. DISCOVERY CONTROL PLAN**

1. Discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R.

## II. JURISDICTION

2. This action is brought by Attorney General Greg Abbott, through his Consumer Protection and Public Health Division, in the name of the State of Texas and in the public interest under the authority granted him by § 17.47 of the Texas Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (“DTPA”) upon the ground that Defendants have engaged in false, deceptive and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, §§ 17.46(a) and (b) of the DTPA.

3. This action is further brought by Attorney General Greg Abbott, through his Consumer Protection and Public Health Division, in the name of the State of Texas and in the public interest under the authority granted him by TEX. FIN. CODE ANN. § 393.502 upon the grounds that Defendants have engaged in business in this state as a credit services organization without complying with the provisions found in Chapter 393 of the Texas Finance Code.

4. This action is further brought by Attorney General Greg Abbott, through his Consumer Protection and Public Health Division, in the name of the State of Texas and in the public interest under the authority granted him by TEX. BUS. & COM. CODE ANN. § 51.302 upon the grounds that Defendants have engaged in the sale of business opportunities without complying with the provisions found in Chapter 51 of the Texas

**III. DEFENDANTS**

5. Defendant ROBERT MITCHELL LINDSEY is an individual who operates a business in Houston, Texas known as “The Credit Card Solution.” Defendant may be served with process at his home at 25114 Pepper Ridge Lane, Spring, Texas 77373 or wherever he may be found.

6. Defendant JUBILEE FINANCIAL SOLUTIONS, L.P. is a Texas limited partnership and does business in Texas and across the United States as The Credit Card Solution. In April 2009, Lindsey formed Jubilee Financial Solutions, L.P. According to Harris County Clerk records, as of May 2009, Jubilee Financial Solutions, L.P. is now doing business as The Credit Card Solution. Defendant may be served with process by serving its registered agent, Robert Mitchell Lindsey, at 333 North Sam Houston Parkway East #1190, Houston, Texas 77060.

7. Defendant JUBILEE FINANCIAL MANAGEMENT, L.L.C. is a Texas limited liability company. In April 2009, Lindsey formed Jubilee Financial Management, L.L.C.; Lindsey is its managing member. Defendant does business in Texas and is the general partner of Jubilee Financial Solutions, L.P. Defendant may be served with process by serving its registered agent, Robert Mitchell Lindsey, at 333 North Sam Houston Parkway East #1190, Houston, Texas 77060.

#### **IV. VENUE**

8. Venue of this suit lies in Harris County, Texas for the following reasons:
- a. Under TEX. CIV. PRAC. & REM. CODE ANN. § 15.002(a)(1), venue is proper because all or a substantial part of the events or omissions giving rise to the claim occurred in Harris County, Texas.
  - b. Under TEX. CIV. PRAC. & REM. CODE ANN. § 15.002(a)(3), venue is proper because Defendants' principal offices in this State are in Harris County, Texas.
  - c. Under DTPA § 17.47(b), venue is proper because Defendants have their principal place of business in Harris County, Texas and have done business in Harris County, Texas.

#### **V. PUBLIC INTEREST**

9. Because Plaintiff State of Texas has reason to believe that Defendants have engaged in, and will continue to engage in, the unlawful practices set forth below, Plaintiff has reason to believe that Defendants have caused adverse effects to legitimate business enterprises which lawfully conduct trade and commerce in this state, and that imminent harm exists in that Defendants will continue to cause such adverse effects. Therefore, Plaintiff believes and is of the opinion that these proceedings are in the public interest.

#### **VI. NOTICE BEFORE SUIT NOT GIVEN**

10. Pursuant to DTPA §17.47(a), contact has not been made with the Defendants herein to inform them of the unlawful conduct alleged herein, for the reason that the Plaintiff is of

the opinion that there is good cause to believe that such an emergency exists that immediate and irreparable injury, loss or damage would occur as a result of such delay in obtaining a temporary restraining order, and that Defendants would dissipate or secrete assets if prior notice of this suit were given.

**VII. TRADE AND COMMERCE; CREDIT SERVICES;  
AND BUSINESS OPPORTUNITIES**

11. Defendants have, at all times described below, engaged in conduct which constitutes “trade” and “commerce” as those terms are defined by § 17.45(6) of the DTPA.

12. Defendants have, at all times described below, conducted business in this state as a “credit services organization” as that phrase is defined by TEX. FIN. CODE ANN. § 393.001(3).

13. Defendants have, at all times described below, conducted business in this state by selling “business opportunities” as that phrase is defined by TEX. BUS. & COM. CODE ANN. § 51.003(a).

**VIII. ACTS OF AGENTS**

14. Whenever in this Petition it is alleged that Defendants did any act, it is meant that:

- a. Defendants performed or participated in the act, or
- b. Defendants’ officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendants.

**IX. SPECIFIC FACTUAL ALLEGATION**

15. Defendants market and sell “debt invalidation” and “credit restoration” services through a business called The Credit Card Solution (TCCS). Defendants advertise to

consumers in Texas and throughout the United States who are struggling with credit card debt.

16. Defendants have advertised and continue to advertise their services through an Internet website located at [www.thecreditcardsolution.com](http://www.thecreditcardsolution.com). (Exhibit 2, TCCS website) Defendants also use a number of other websites and jump pages to advertise their debt invalidation services. These websites and jump pages include:

- ([www.thecreditcardsolution.biz](http://www.thecreditcardsolution.biz))
- ([www.getridofdebtnow.net](http://www.getridofdebtnow.net))
- ([www.creditproblemassistance.com](http://www.creditproblemassistance.com))
- ([www.legallyerasedebt.net](http://www.legallyerasedebt.net))
- ([www.myfastdebthelp.com](http://www.myfastdebthelp.com))
- ([www.kissyourdebtgoodbye.net](http://www.kissyourdebtgoodbye.net))
- (<http://tccsaffiliates.net/icagreement.asp>)

(Exhibits 5 to 11)

17. Defendants' TCCS website claims to offer "compliance" services that can invalidate a consumer's debt by challenging the consumer's credit reporting agencies, banks, and debt collectors and showing they are non-compliant with federal law. (Exhibit 2) Defendants claim that their services offer the following benefits to consumers: (1) reduce their credit card debt to zero; (2) restore their credit score to an excellent credit rating, and (3) recover money for the consumer by suing debt collectors that violate federal law.

18. A business that claims that it can improve a consumer's credit history or credit rating or provide advice or assistance to a consumer in that regard is considered a "credit services organization" under the Credit Services Organization Act. TEX. FIN. CODE ANN. §

393.001(3). A credit services organization must register with the Texas Secretary of State, file a registration statement, and obtain a surety bond or surety account, among other requirements. Defendants have not registered with the Secretary of State, filed a registration statement, or obtained a surety bond or surety account. (Exhibit 3, SOS credit services organization search results)

19. To attract consumers and induce them to purchase Defendants' services, the TCCS website contains statements such as the following:

Our program is for those who want to:

- Stop making payments immediately
- Restore their credit – Fico score above 750
- Invalidate their unsecured debt in 12 months
- Stop harassing phone calls TODAY
- Increase their monthly cash flow
- Protect their assets
- Avoid Bankruptcy
- Become financially free

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You owe it to yourself and your family's future to spend a few moments to check out this proven debt invalidation program before you pay one more bill.

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The Credit Card Solution can also challenges [sic] the validity of unsecured debt at a financial institution. A look at the General Ledger of a bank that you supposedly owe, say, \$20,000 on an unsecured debt, such as a credit card account, shows that you owe the bank nothing and you owe yourself the \$20,000 according to their bookkeeping system. Therefore, that bank can be advised that the debt is not valid whether that debt is still at the bank or has been charged off. The proprietary process that The Credit Card Solution

uses is successful in having the bank invalidate the debt. That debt no longer exists.

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We have worked with over 6000 families and gotten rid of \$150 million of credit card debt

(Exhibit 2)

20. Defendants claim that their legal department can work with consumers so that Defendants “proprietary process” can “get rid of your credit card debt completely and more quickly than you ever thought imaginable.” Defendants claim to operate “under the watchful eye and guidance of attorneys who provide legal advice, guidance in preparation and filing of any necessary legal paperwork, and guidance in staying in full compliance with any and all state laws.” In videos on the TCCS website, Defendant Lindsey discusses various federal laws and describes how TCCS’ attorney network can help consumers. (Exhibit 2)

21. Consumers who are persuaded to use Defendants’ services are asked to sign a contract and pay an advance fee. Defendants collect \$600 to \$6,000 from consumers in advance fees. These fees can be paid in various forms, including by credit card. (Exhibit 2)

22. Defendants require payment of these fees from consumers before the promised debt invalidation services are performed. (Exhibit 12, TCCS Purchase Agreement)

23. Defendants’ TCCS website also advertises an Affiliate Program for a “great income opportunity” by helping others escape debt while earning a “generous commission.” Defendants explain that “Every crisis is also an opportunity” and that “If you can see the

potential that this business has to make you some serious money during these otherwise hard times, then you should consider getting involved ASAP.” As part of the Affiliate Program, Defendants offer “marketing materials” and “website setup and service” to Affiliates. (Exhibit 2)

24. Under the Business Opportunity Act, a business opportunity is regulated by law if a consumer pays an initial consideration of \$500 or more to a seller to start the business and the seller provides a marketing program and represents that the consumer will likely earn a profit. TEX. BUS. & COM. CODE ANN. § 51.003(a). A business selling a business opportunity must register with the Texas Secretary of State, file a disclosure statement, and obtain a surety bond or surety account, among other requirements. The Defendants have not registered to sell business opportunities with the Secretary of State, filed a disclosure statement, or obtained a surety bond or surety account. (Exhibit 4, SOS business opportunity search results)

25. Lindsey claims that TCCS has been in business for nine years. According to Harris County Clerk records, Lindsey first filed an assumed name record to do business as The Credit Card Solution in 2007.

#### **X. VIOLATIONS OF FINANCE CODE CH. 393 – CREDIT SERVICES ORGANIZATIONS**

26. The State incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this petition.

27. In Texas, a business that represents that it can improve a consumer’s credit history or

credit rating or provides advice or assistance to a consumer in that regard is considered a “credit services organization” under the Credit Services Organization Act. TEX. FIN. CODE ANN. § 393.001(3). A credit services organization must register with the Texas Secretary of State, file a registration statement, and obtain a surety bond or surety account, among other requirements. Defendants are operating as a “credit services organization” because they represent that their debt invalidation process can improve a consumer’s credit rating.

28. Defendants, as alleged and detailed above, have failed to file a registration statement with the Secretary of State before conducting business in this state, in violation of TEX. FIN. CODE ANN. § 393.101.

29. Defendants, as alleged and detailed above, have charged or received from a consumer valuable consideration before completely performing all the services they have agreed to perform for the consumer without obtaining a surety bond for each of their locations or establishing and maintaining a surety account for each of their locations, in violation of TEX. FIN. CODE ANN. § 393.302.

30. Defendants, as alleged and detailed above, have advertised their services without filing a registration statement, in violation of TEX. FIN. CODE ANN. § 393.306.

31. Defendants, as alleged and detailed above, have directly or indirectly engaged in a fraudulent or deceptive act, practice, or course of business relating to the offer or sale of their services, in violation of TEX. FIN. CODE ANN. § 393.305. These and other such actions are specifically defined to be deceptive trade practices actionable under the DTPA under TEX.

**XI. VIOLATIONS OF BUSINESS & COMMERCE CODE CH. 51 –  
BUSINESS OPPORTUNITIES**

32. The State incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this petition.

33. A “business opportunity” is regulated by law if a consumer pays an initial consideration of \$500 or more to a seller to start the business and the seller provides a marketing program and represents that the consumer will likely earn a profit. TEX. BUS. & COM. CODE ANN. § 51.003(a). A business selling a business opportunity must register with the Texas Secretary of State by filing a disclosure statement, and obtain a surety bond or surety account, among other requirements. The Defendants are selling a business opportunity because they offer an Affiliate Information Package and represent that a purchaser of their Affiliate Program can earn a profit.

34. Defendants, as alleged and detailed above, have failed to register with the Secretary of State by filing a disclosure statement before offering business opportunities in this state, in violation of TEX. BUS. & COM. CODE ANN. § 51.051.

35. Defendants, as alleged and detailed above, have represented to consumers of its Affiliate Program that they will earn a profit, without obtaining the required surety bond or establishing and maintaining a surety account, in violation of TEX. BUS. & COM. CODE ANN. § 51.054.

36. Defendants, as alleged and detailed above, have directly or indirectly engaged in a

fraudulent or deceptive act, practice, or course of business relating to the offer or sale of their services, in violation of TEX. BUS. & COM. CODE ANN. § 51.302. These and other such actions are specifically defined to be deceptive trade practices actionable under the DTPA under TEX. BUS. & COM. CODE ANN. § 51.302

## **XII. VIOLATIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES ACT**

37. The State incorporates and adopts by reference the allegations contained in each and every preceding paragraph of this petition.

38. Defendants, as alleged and detailed above, have in the conduct of trade and commerce engaged in false, misleading, or deceptive acts or practices declared unlawful in DTPA § 17.46(a).

39. Defendants, as alleged and detailed above, have caused confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services, in violation of DTPA § 17.46(b)(2).

40. Defendants, as alleged and detailed above, have represented that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not, in violation of DTPA § 17.46(b)(5).

41. Defendants, as alleged and detailed above, have represented that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law, in violation of DTPA § 17.46(b)(12).

42. Defendants, as alleged and detailed above, have failed to disclose information concerning goods or services which was known at the time of the transaction with an intent to induce the consumer into a transaction into which that consumer would not have entered had the information been disclosed, in violation of DTPA § 17.46(b)(24).

43. Defendants, as alleged and detailed above, have violated Chapter 393 of the Texas Finance Code, and such actions are specifically defined to be deceptive trade practices actionable under the DTPA under TEX. FIN. CODE ANN. § 393.504.

44. Defendants, as alleged and detailed above, have violated Chapter 51 of the Texas Business & Commerce Code, and such actions are specifically defined to be deceptive trade practices actionable under the DTPA under TEX. BUS. & COM. CODE ANN. § 51.302.

**XIII. NECESSITY OF IMMEDIATE RELIEF  
TO PRESERVE DEFENDANTS' ASSETS**

45. Plaintiff requests immediate relief by way of a Temporary Restraining Order and Temporary Injunction to preserve and protect the advanced fees paid to Defendants by consumers so that at final trial consumers may obtain restitution to which they are entitled. As described herein, there is evidence that before final trial Defendants are likely to waste or secrete the advanced fees to avoid paying restitution to these consumers. As described above and in greater detail below, Defendant Lindsey, who controls the other two named Defendants, has a history of violating the law and willfully pursuing conduct in contempt of court orders. Defendant Lindsey has also filed multiple bankruptcies and has control of advanced fees from consumers of over \$469,000.00 In support of its request for temporary

restraining order to preserve assets for potential restitution, Plaintiff offers the following evidence:

- a. *Unregistered* – Defendants are operating in violation of Texas law. Defendants have never registered with the Texas Secretary of State as a “credit services organization” despite the fact that they represent they can improve a consumer’s credit rating and erase their bad credit. Defendants have never registered with the Texas Secretary of State to sell “business opportunities” despite the fact that they sell an Affiliate Program and claim that purchasers can “make serious money.” Defendants have fraudulently obtained monies from consumers that should be preserved as potential restitution to these consumers.
- b. *Improperly withholding consumers’ fees* – In June 2009, the Texas Attorney General’s Office received a complaint from the Credit Collections Defense Network (CCDN), a business that had a referral agreement with TCCS. By this agreement, TCCS agreed to sign up new consumers, charge them a registration fee, and refer the consumers to CCDN; CCDN would provide certain services to consumers. TCCS agreed to forward a portion of the consumer’s registration fee to CCDN as payment for CCDN’s program. CCDN reports that TCCS has taken and improperly withheld approximately \$469,000.00 of consumers’ payments for services to be performed by CCDN on behalf of consumers.
- c. *Violating a permanent injunction regarding Business Opportunities* – In

December 1993, the Texas Attorney General's Office sued Child Support Collection Agency of America, Inc. ("CSCAA"), of which Lindsey was vice-president. As in the present lawsuit, one basis for the 1993 lawsuit was violations of the Business Opportunity Act. In 1994, Lindsey entered into an Agreed Final Judgment and Permanent Injunction with the Attorney General's Office for his role in the business opportunity scheme. (Exhibit 13, permanent injunction) Defendants' website indicates that Lindsey may be violating the injunction by repeating these improper business opportunity practices with TCCS.

- d. *Bankruptcy* – Lindsey has previously dissipated assets and sought bankruptcy protection during a lawsuit. In December 1993, the Texas Attorney General's Office sued Child Support Collection Agency of America, Inc. ("CSCAA"), of which Lindsey was vice-president. Shortly after the lawsuit was filed, Lindsey incorporated CSES, Inc., a company which then purchased all of CSCAA's assets. In March 1994, CSCAA filed a Chapter 7 petition for bankruptcy protection. On another occasion, in 2002, Lindsey filed for Chapter 7 bankruptcy protection. Defendant Lindsey has demonstrated that he is willing to use the bankruptcy courts as a means of avoiding judgment and that he is likely to file bankruptcy again to avoid a judgment in this case.
- e. *Name changes and incorporations* – Lindsey claims on the TCCS website that

TCCS has been in business for nine years. Lindsey first filed an assumed name record with the Harris County Clerk to do business as The Credit Card Solution in 2007. In April 2009, Lindsey incorporated Jubilee Financial Solutions, L.P. and Jubilee Financial Management, L.L.C. Lindsey is the managing member of Jubilee Financial Management, L.L.C., which in turn is the general partner of Jubilee Financial Solutions, L.P. In May 2009, Lindsey withdrew the previous assumed name record for TCCS and filed a new assumed name record by which Jubilee Financial Solutions, L.P. is doing business as The Credit Card Solution. These name changes suggest an effort by Lindsey to avoid liability for TCCS's improper business practices.

46. For these reasons, the assets of Defendants are subject to dissipation and secretion and therefore should be frozen pending final trial so restitution can be made and full and final relief can be awarded at final trial.

**XIV. REQUEST TO CONDUCT EXPEDITED DISCOVERY  
PRIOR TO TEMPORARY INJUNCTION HEARING**

47. Plaintiff requests leave of this Court to conduct expedited discovery, including telephonic, oral, written and other depositions (containing requests for production) of witnesses prior to any scheduled Temporary Injunction hearing. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys, if known.

## **XV. DISGORGEMENT**

48. Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals, businesses, and any governmental entity together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

## **XVI. TRIAL BY JURY**

49. Plaintiff herein requests a jury trial and tenders the jury fee to the Harris County District Clerks office pursuant to TEX. R. CIV. P. 216 and TEX. GOVT. CODE ANN. §51.604.

## **XVII. PRAYER**

50. Because Defendants have engaged in the unlawful acts and practices described above, Defendants have violated and will continue to violate the law as alleged in this Petition. Unless immediately restrained by this Honorable Court, Defendants will continue to violate the laws of the STATE OF TEXAS and cause immediate, irreparable injury, loss and damage to the State of Texas and to the general public.

51. Therefore, Plaintiff requests a Temporary Restraining Order, Temporary Injunction and Permanent Injunction as indicated below. TEX. BUS. & COMM. CODE §17.47. Pursuant to DTPA §17.47(b), the Court may issue temporary restraining orders and temporary and

permanent injunctions to prevent continuing violations of the DTPA. The court shall issue such injunctive relief without requiring a bond. DTPA §17.47(b).

52. Plaintiff prays that Defendants be cited according to law to appear and answer herein; that before notice and hearing a TEMPORARY RESTRAINING ORDER be issued; that pursuant to DTPA § 17.47, after due notice and hearing, a TEMPORARY INJUNCTION be issued; and upon final hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants (including any business entities established by Defendants), their officers, agents, servants, employees and attorneys and any other person in active concert or participation with Defendants, from engaging in the following acts or practices:

- a. Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, or other written or computer generated materials relating to the business of Defendants currently or hereafter in Defendants' possession, custody or control except in response to further orders or subpoenas in this cause.
- b. Transferring, spending, hypothecating, concealing, encumbering, withdrawing, removing or allowing the transfer, removal, or withdrawal from any financial institution or from the jurisdiction of this Court any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal or mixed, wherever situated, belonging to or owned by, in the possession or custody of, standing in the name

of, or claimed by Defendants without further order of this Court.

- c. Opening or causing to be opened any safe deposit boxes or storage facilities titled in the name of Defendants or any of Defendants' assumed names, or subject to access or control by Defendants, without providing Plaintiff and the Court prior notice by motion seeking such access.
- d. Advertising, offering for sale, or selling any good or service without clearly and conspicuously disclosing all the material terms of that good or service prior to accepting any form of payment for that good or service.
- e. Advertising, selling, or offering for sale any program marketed towards consumers with bad credit or who have filed for bankruptcy without, at the same time, clearly and conspicuously disclosing the manner in which the program purports to benefit the individual consumer's financial status or credit rating, or if it does not benefit the individual consumer's financial status or credit rating, clearly and conspicuously disclosing that fact.
- f. Providing any legal advice, or interpreting any statute or legal opinion, without being licensed to practice law.
- g. Representing that any business entity, program or service affiliated with Defendants can provide legal advice, without clearly and conspicuously disclosing whether or not the entity, program or service has any association with or any participation by any lawyers or any law firm.

- h. Representing that a business entity, program or service affiliated with Defendants has benefits which it does not have.
- i. Misrepresenting the benefits received, or which may be received, by any consumer using a good or service offered for sale by Defendants. This includes, but is not limited to, representing that a consumer is able to improve their personal credit rating through the use of any program offered by Defendants if the program does not directly affect that consumer's credit rating.
- j. Referring a consumer to a non-Defendant business entity, program or service, unless prior to the time the consumer pays their registration fee to Defendants the Defendants clearly and conspicuously disclose that the consumer may be referred.
- k. At the time a consumer pays their registration fee, if Defendants know of any possible additional costs required for a consumer to fully use their goods or services, failing to disclose the source of such costs.
- l. Advertising or otherwise conducting business in Texas as a credit service organization without first filing a registration statement with the Texas Secretary of State, as required by TEX. FIN. CODE ANN. § 393.101.
- m. Charging or receiving valuable consideration from a consumer for services before completely performing all the services the organization has agreed to perform for the consumer, without obtaining a surety bond for each of its locations or establishing and maintaining a surety account for each of its locations, as required

by TEX. FIN. CODE ANN. § 393.302.

- n. Advertising, or otherwise offering, a business opportunity, including the TCCS Affiliate Program, without first filing a disclosure statement with the Texas Secretary of State, as required by TEX. BUS. & COM. CODE ANN. § 51.051.
- o. Advertising, or otherwise offering, a business opportunity, including the TCCS Affiliate Program, without obtaining the required surety bond or establishing and maintaining a surety account, as required by TEX. BUS. & COM. CODE ANN. § 51.054.
- p. Representing to a consumer that they can become an Affiliate of Defendants without advising the consumer that their activities may be regulated by state and federal governments.

53. In addition, Plaintiff respectfully prays that this Court will:

- a. Order Defendants to pay civil penalties of \$1,000.00 per violation not to exceed a total of \$20,000.00 to the State of Texas for each violation of the DTPA;
- b. Order Defendant to pay civil penalties in an amount up to \$250,000.00 as allowed by law under the DTPA, due to Defendants committing acts and practices that were calculated to acquire or deprive money or other property from consumers who were 65 years of age or older when the act or practice occurred;
- c. Order the disgorgement of Defendants' assets, as provided by law;
- d. Order Defendants to pay restitution, as provided by law;

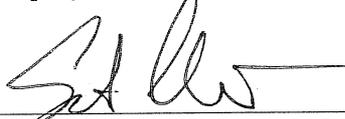
- e. Order Defendants to pay Pre-judgment and Post-judgment interest on all awards of restitution, damages or civil penalties, as provided by law; and
  - f. Order Defendants to pay all costs of Court, costs of investigation, and reasonable attorney's fees pursuant to TEX. GOVT. CODE ANN. § 402.006(c).
54. Plaintiff further prays for such other relief to which Plaintiff may be justly entitled.

Respectfully submitted,

GREG ABBOTT  
Attorney General of Texas

C. ANDREW WEBER  
First Assistant Attorney General

DAVID S. MORALES  
Deputy Attorney General for Civil Litigation



SCOT CLINTON  
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Consumer Protection & Public Health Division  
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Houston, Texas 77002  
(713) 223-5886 (telephone)  
(713) 223-5821 (facsimile)  
[Scot.Clinton@oag.state.tx.us](mailto:Scot.Clinton@oag.state.tx.us)  
ATTORNEYS FOR PLAINTIFF

**SPIN 99999928**

VERIFICATION

STATE OF TEXAS

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COUNTY OF HARRIS

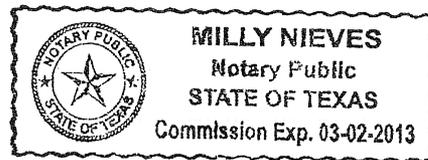
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Before me, the undersigned Notary Public, on this day personally appeared Cathryn Haynes, who, after being duly sworn, stated under oath that she is the investigator for Plaintiff in this action, that she has read the above petition, and that every statement contained in the petition is true and correct and based upon the personal knowledge of the affiants as indicated in the affidavits attached to Plaintiff's Original Petition.

*Cathryn Haynes*  
CATHRYN HAYNES

SUBSCRIBED AND SWORN TO BEFORE ME, on the 7<sup>th</sup> day of July, 2009, to certify which witness my hand and official seal.

*Milly Nieves*  
NOTARY PUBLIC



Notary without Bond