

Complaint

121 F.T.C.

IN THE MATTER OF

RICK A. RAHIM

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3671. Complaint, June 12, 1996--Decision, June 12, 1996

This consent order prohibits, among other things, a Virginia-based individual doing business as NBDC Credit Resource Publishing from misrepresenting, in advertisements -- via a computer communications network, or by any other means -- for a credit repair product, the legality of any credit repair product, and requires the respondent to disclose that the program may violate federal criminal laws.

Appearances

For the Commission: *Nicholas Franczyk, C. Steven Baker and Charulata Pager.*

For the respondents: *Pro se.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Rick A. Rahim, individually and doing business as NBDC Credit Resource Publishing ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Rick A. Rahim is an individual doing business as NBDC Credit Resource Publishing. His principal office or place of business is located at 7010 Brookfield Plaza, Suite 322, Springfield, Virginia.

PAR. 2. Respondent is engaged in the advertising, promotion, offering for sale, sale, and distribution of a credit repair product to the public.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. Respondent has disseminated or has caused to be disseminated advertisements, including advertisements through the Internet, for his credit repair product. These advertisements include, but are not necessarily limited to, the attached Exhibit 1, which states, in part:

You are about to learn the truth about credit repair and "New Credit Files." New Credit Files DO WORK!

We don't just sell you bogus information. We have created new credit files 100% legally for ourselves to make sure it works. Yes, we have successfully tested the system with all major credit bureaus and the IRS.

Yes, it is true that you can obtain a new taxpayer identification number from the IRS. You can then use that number in place of your social security number to establish a brand-new credit file from each of the major credit bureaus.

PAR. 5. Through the use of the statements contained in the advertisements referred to in paragraph four, including, but not necessarily limited to, the advertisement attached as Exhibit 1, respondent has represented, directly or by implication, that respondent's product whereby consumers create new credit files is legal.

PAR. 6. In truth and in fact, respondent's product whereby consumers create new credit files is not legal. Therefore, the representation set forth in paragraph five was, and is, false and misleading.

PAR. 7. In the advertising, promotion, offering for sale, sale, and distribution of his credit repair product, including but not necessarily limited to the advertisement attached as Exhibit 1, respondent has represented that his product whereby consumers create new credit files is legal. Respondent has failed to disclose that consumers who follow respondent's product to create new credit files will violate federal criminal laws, including the federal law against making false statements on certain loan and credit applications, the federal law against falsely representing one's social security number, and the federal law against making false statements to a department or agency of the United States. This fact would be material to consumers in their decision to purchase respondent's product. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

PAR. 8. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or

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affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

EXHIBIT 1

Subj: * NEW CREDIT FILE TRUTH *

Date:

From:

You are about to learn the truth about credit repair and "New Credit Files."

For a FREE REPORT (no obligation), please respond by E-Mail.

No scams here. No quick ways to cheat the system.

New Credit Files DO WORK!

We don't just sell you bogus information. We have created new credit files 100% legally for ourselves to make sure it works. Yes, we have successfully tested the system with all major credit bureaus and the IRS. You cannot afford to miss our FREE REPORT!

Subj: Re: New credit Files

Date:

From:

To:

ATTENTION!

You can listen to a FREE 3 minute recording about our program.

Call 1-800-500-7766

When prompted, enter code 8839 and the # sign.

YOU HAVE ALREADY TAKEN THE FIRST STEP TO ESTABLISHING YOUR
NEW CREDIT FILE!

Thank you for your inquiry. As you know, just about everyone is trying to sell you their "system." But how many of them have actually followed their own plans and created a new credit file?

Yes, it is true that you can obtain a new taxpayer identification number from the IRS. You can then use that number in place of your social security number to establish a brand-new credit file from each of the major credit bureaus.

Use your new credit file prudently and you will be able to obtain any type of unsecured credit you desire within a very short time! But be careful. Because the IRS only allows you one new taxpayer identification number in your lifetime. You need to know which IRS form to use. And you need to know which IRS office to send the form to for the proper type of number.

If you don't understand the pitfalls of using the new number, you risk having your old credit file merged with your new one. Establishing your new credit file is a very simple process which anyone can complete. But you must take each step precisely so that you don't ruin your only chance.

Our guide gives you step-by-step instructions on how to have a brand new credit file in your name within 30 days. It cannot be done any faster than that; so don't be taken in by anyone else's claims.

You have to do this legally and you must pay particular attention to each of the three easy steps.

We have bought and analyzed all of the other guides, reports, and manuals.

We wanted to make sure that we give you the clearest, most concise instructions possible.

While you can buy similar information from other people selling their "systems"; **BE CAREFUL!**

Only our comprehensive report gives you the following:

- * The actual IRS form ready for you to complete and mail.
- * Addresses of which regional IRS centers to send this form to.
- * How to create a new credit file once you have your new taxpayer identification number.
- * How to establish perfect credit once you have a new credit file.
- * What companies will actually give you unsecured credit on your new credit file.
- * A mail-order company which will ship merchandise to you immediately on credit with no money down. AND, they will then help you establish positive credit by reporting your unsecured account to the major bureaus. (They will even give you credit on your "tarnished" social security number if you want!)
- * A bonus report on credit repair scams and why credit repair just doesn't work.
- * A **MONEY BACK GUARANTY** if you are unable to establish a brand new credit file with **POSITIVE** credit.

You might get lucky with other systems. If you use another program to establish your new credit file; just remember that you only get one chance.

Don't risk making a mistake in dealing with the IRS or the credit bureaus.

We show you how to avoid mistakes!

The only cost for everything you need is \$19.00

You will be able to begin establishing your new credit file the same day you receive our reports!

Cash and money orders are shipped within 48 hours. Personal checks delay your order slightly. **SEND \$19.00 TO THE FOLLOWING ADDRESS:**

NBDC CREDIT RESOURCE PUBLISHING

c/o AOL Offer

7010 Brookfield Plaza, Suite 322

Springfield, VA 22150

Our money-back guarantee means there is absolutely no risk to you

Just **GOOD CREDIT IN YOUR FUTURE!**

Good Luck. Remember, you only get once [sic] chance. **BE CAREFUL !!!**

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Chicago Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Rick A. Rahim is an individual doing business as NBDC Credit Resource Publishing with his principal office or place of business at 7010 Brookfield Plaza, Suite 322, Springfield, Virginia.

2. The acts and practices of the respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

DEFINITIONS

1. "*Credit report*" means any written, oral, or other communication of information by a consumer reporting agency bearing on a person's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living that is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for credit.

2. "*Credit repair product*" means any product or service to improve a person's credit report by removing adverse information appearing therein, changing the rating of such information from negative to positive, or otherwise enhancing the person's credit report.

I.

It is ordered, That respondent Rick A. Rahim, his agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any credit repair product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, either directly or indirectly, in writing, via a computer communications network, or by any other means, the legality of any such credit repair product.

II.

It is further ordered, That respondent Rick A. Rahim, his agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any credit repair product involving the creation of a new credit file or tax identification number, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from failing to disclose in any advertisement or promotional

material, including any advertisement or promotion via a computer communications network, that:

A. Making misrepresentations to the Internal Revenue Service may be a federal crime;

B. Misrepresenting one's social security number for any purpose may be a federal crime;

C. Making misrepresentations for a loan application may be a federal crime; and

D. Making misrepresentations to a financial institution may be a federal crime.

III.

It is further ordered, That for five (5) years after the last date of dissemination of any representation covered by this order, respondent, or his successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All materials that were relied upon in disseminating such representation; and

B. All tests, reports, studies, surveys, demonstrations, or other evidence in his possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including complaints from consumers.

IV.

It is further ordered, That respondent shall:

A. Within thirty (30) days from the effective date of this order deliver a copy of this order to each of his officers, agents, representatives, and employees who are engaged in the preparation or placement of advertisements, promotional materials or other such sales materials covered by this order.

B. For a period of ten (10) years from the effective date of this order deliver a copy of this order to each of his future officers, agents, representatives, and employees who are engaged in the preparation or placement of advertisements, promotional materials or

other such sales materials covered by this order, within three (3) days after the person assumes such position.

V.

It is further ordered, That from the date this order becomes final, respondent shall notify the Commission within thirty (30) days of the discontinuance of his present business or employment and of each affiliation with a new business or employment. Each notice of affiliation with any new business or employment shall include his new business address and telephone number, current home address, and a statement describing the nature of the business or employment and the duties and responsibilities.

VI.

It is further ordered, That within sixty (60) days after service of this order, and at such other times as the Commission may require, respondent shall file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

VII.

This order will terminate on June 12, 2016, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order,

and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

IN THE MATTER OF

LYLE R. LARSON

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3672. Complaint, June 12, 1996--Decision, June 12, 1996

This consent order prohibits, among other things, a Washington-based individual doing business as Momentum from misrepresenting, in advertisements -- via a computer communications network, or by any other means -- for a credit repair product, any right or remedy available under the Fair Credit Reporting Act, including the ability to remove adverse information in any credit report, and the legality of any credit repair product. In addition, the consent order requires the respondent to disclose that the program may violate federal criminal laws.

Appearances

For the Commission: *Nicholas Franczyk, C. Steven Baker and Charulata Pager.*

For the respondent: *Pro se.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Lyle R. Larson, individually and doing business as Momentum ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Lyle R. Larson is an individual doing business as Momentum. His principal office or place of business is located at 3033 127th Place SE, Suite I-21, Bellevue, Washington.

PAR. 2. Respondent is engaged in the advertising, promotion, offering for sale, sale, and distribution of the CreditPlus credit repair product to the public.