



Credit Repair Operation Settles with FTC; Company Made False Claims and Charged Illegal Up-Front Fees

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Press Release
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A federal court has ordered a credit repair operation and its principals to stop making false claims and requiring advance payment for credit repair services. The agreed-upon court orders are a result of a settlement between the Federal Trade Commission and the “credit repair” defendants.

The Commission sued the defendants in October 2008 as part of “Operation Clean Sweep,” a crackdown on credit repair operations. The defendants represented that they could remove negative but accurate information from consumers’ credit reports, including bankruptcies and late fees. According to the FTC, the defendants charged consumers up to \$59.95 initially, then \$59.95 per month, to send letters to credit reporting agencies disputing information on the consumers’ credit reports. Contrary to the defendants’ representations to consumers, those dispute letters failed to remove accurate negative information from the consumers’ credit reports.

The orders bar the defendants from violating the Credit Repair Organizations Act by charging clients fees in advance and claiming that a credit repair organization can permanently remove negative information from credit reports, even when the information is accurate. They also bar the defendants from making deceptive claims when marketing any product or service, including credit repair services.

The orders further prohibit the defendants from collecting money from consumers who purchased their services before December 3, 2008, when the court halted their unlawful practices, and from disclosing or benefitting from customers’ personally identifiable or financial information. The orders require them to take reasonable measures to protect consumers’ personally identifiable information during its disposal.

The order against Ace Group, Inc., doing business as American Credit Experts, Inc., The Ace Group, Inc., The Ace Group, and ACE; Legal Credit Repair Center, Inc.; Michael Singer, and Gerald Roth, imposes a \$20,645,754 judgment that will be suspended if Singer and Roth pay \$5,000 each because of their inability to pay the full judgment. The order against Melvin Kessler also imposes a \$20,645,754 judgment, which is suspended based on his inability to pay. If the

defendants are found to have misrepresented their financial condition, the full judgments will become due immediately. The orders also contain record-keeping and reporting provisions to allow the FTC to monitor compliance with the orders.

The FTC advises that only time, effort, and a personal debt repayment plan can improve your credit report. The first step is to learn what information is in your credit report. Federal law requires that the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – provide you with a free copy of your credit report once every 12 months, if you ask for it. To order your free report, visit annualcreditreport.com, call 1-877-322-8228, or complete and mail the Annual Credit Report Request Form. If you find errors or mistakes in your credit report, federal law gives you the right to have them corrected – free of charge. Credit repair information is available in “Credit Repair: How to Help Yourself,” at www.ftc.gov/bcp/edu/pubs/consumer/credit/cre13.shtm.

The Commission vote authorizing staff to file each of the stipulated final orders was 4-0. The orders were filed in the U.S. District Court for the Southern District of Florida and were entered by the court on June 3 and June 15, 2009.

NOTE: Stipulated court orders are for settlement purposes only and do not necessarily constitute an admission by the defendants of a law violation. Stipulated orders have the force of law when signed by the judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC’s online Complaint Assistant or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 1,500 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC’s Web site provides free information on a variety of consumer topics.