

1 WILLARD K. TOM  
General Counsel  
2 ROBERT J. SCHROEDER  
Regional Director  
3 JOE LIPINSKY, Wash. Bar No. 25446  
MARY BENFIELD, Wash. Bar No. 18835  
4 Federal Trade Commission  
915 Second Ave., Suite 2896  
5 Seattle, WA 98174  
Telephone: (206) 220-6350  
6 Facsimile: (206) 220-6366  
jlipinsky@ftc.gov

7 Attorneys for Plaintiffs  
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10 **IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

11  
12 Federal Trade Commission,

13 Plaintiff,

14 vs.

15 Premier Nationwide Corporation, an Arizona  
Corporation, d.b.a. Premier Savings; and

16 Eric C. Synstad,

17 Defendants.  
18  
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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
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Civil No.

**CIV '12 000 9 PHX GMS**

COMPLAINT FOR  
INJUNCTIVE AND  
OTHER EQUITABLE  
RELIEF

20 Plaintiff, the Federal Trade Commission ("FTC"), for its complaint,

21 alleges:

22 1. The FTC brings this action under Sections 13(b) and 19 of the  
23 Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and  
24 the Telemarketing and Consumer Fraud and Abuse Prevention Act  
25 ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108, to obtain temporary,  
26 preliminary, and permanent injunctive relief, rescission or reformation of  
27 contracts, restitution, the refund of monies paid, disgorgement of ill-gotten  
28 monies, and other equitable relief for defendants' acts or practices in violation

1 of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of the  
2 FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, in connection  
3 with the marketing and sale of credit card debt consolidation and debt relief  
4 services.

### 5 JURISDICTION AND VENUE

6 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
7 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and  
8 6105(b).

9 3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c)  
10 and 15 U.S.C. § 53(b).

### 11 PLAINTIFF

12 4. Plaintiff FTC is an independent agency of the United States  
13 Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section  
14 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts  
15 or practices in or affecting commerce. The FTC also enforces the  
16 Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing  
17 Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which  
18 prohibits deceptive and abusive telemarketing acts or practices.

19 5. The FTC is authorized to initiate federal district court  
20 proceedings, by its own attorneys, to enjoin violations of the FTC Act and the  
21 TSR and to secure such equitable relief as may be appropriate in each case,  
22 including rescission or reformation of contracts, restitution, the refund of  
23 monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b),  
24 56(a)(2)(A), 56(a)(2)(B), 57b, 6102(c), and 6105(b).

### 25 DEFENDANTS

26 6. Defendant Premier Nationwide Corporation, doing business as  
27 Premier Savings, is an Arizona Corporation incorporated in 1997. Its mailing  
28 address is 4400 North Scottsdale Road, Suite 9, # 259, Scottsdale, Arizona

1 85251. Its last known place of business was 1933 South Alma School Road,  
2 Mesa, Arizona 85210. Premier Savings transacts or has transacted business in  
3 this district and throughout the United States.

4 7. Defendant Eric C. Synstad ("Synstad") is the owner and sole  
5 officer of Premier Nationwide Corporation. At times material to this  
6 Complaint, acting alone or in concert with others, he has formulated, directed,  
7 controlled, had the authority to control, or participated in the acts and practices  
8 set forth in this Complaint. He resides in Scottsdale, Arizona, and, in  
9 connection with the matters alleged herein, transacts or has transacted business  
10 in this district and throughout the United States.

#### 11 COMMERCE

12 8. At all times material to this Complaint, Defendants have  
13 maintained a substantial course of trade in or affecting commerce, as  
14 "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

15 9. Defendants Premier Savings and Synstad have marketed a credit  
16 card debt consolidation service since at least 2005 and they have marketed a  
17 debt relief service since at least December 2010 to consumers nationwide.

18 10. In the course of marketing their credit card debt consolidation  
19 and debt relief services, Defendants have engaged in telemarketing by  
20 participating in a plan, program, or campaign conducted to induce the purchase  
21 of goods or services by use of one or more telephones and which involves more  
22 than one interstate telephone call.

#### 23 DEFENDANTS' BUSINESS PRACTICES

24 11. To market their credit card debt consolidation and debt relief  
25 services, Defendants or intermediaries acting on Defendants' behalf, have  
26 initiated telephone calls to consumers in which live representatives offer to sell  
27 Defendants' services.

28

1           12. Defendants have also marketed their credit card debt  
2 consolidation and debt relief services via the Internet at  
3 <http://www.premiersavings.com>.

4           13. During the telemarketing calls, Defendants have claimed that  
5 they will either consolidate debt by securing a low interest rate credit card for  
6 consumers or achieve debt relief by substantially reducing interest rates on  
7 consumers' existing credit cards. Defendants have also often claimed that their  
8 services will provide substantial savings to consumers.

9           14. Defendants have charged consumers an up front fee that typically  
10 ranges from \$149 to \$599 for their services. Defendants have represented that  
11 the amount of the fee will be offset quickly by savings achieved through a  
12 lower rate credit card or reduced interest rates on existing credit cards. One of  
13 Premier Savings's scripts promises the following about the purchase price,  
14 "[n]ow of course with your new Debt Management Plan you should save that  
15 much in interest in the first few months."

16           15. Defendants have disclosed different refund policies to different  
17 consumers. In some instances, Defendants have not disclosed any refund policy  
18 to consumers. In other instances, Defendants have guaranteed that, if the  
19 consumers do not get a low interest rate card or reduced interest rates for any  
20 reason, the consumers will receive a full refund. In other instances, Defendants  
21 have guaranteed that, if the consumers do not save the promised significant  
22 amount of money in a short time, the consumers will receive a full refund less a  
23 20% "processing fee."

24           16. In the final step of the transaction, Defendants have conducted a  
25 verification of the consumers' orders. The verification call is recorded and the  
26 consumers verify their names, addresses, and other billing details, including  
27 credit card information. Defendants have placed the entire charge on the  
28 consumers' credit card immediately following the verification call.

1           17. After consumers' credit cards are charged, Defendants have  
2 mailed a package to consumers containing forms for the consumers to complete  
3 and return listing all of the consumers' credit card account information. The  
4 letterhead on these materials contains the name Premier Savings and instructs  
5 the recipients to mail or fax the completed forms to Premier Savings.

6           18. After consumers have completed and returned the forms to  
7 Premier Savings, Defendants have provided the consumers who signed up for  
8 the credit card debt consolidation service a list of banks and told the consumers  
9 to apply for low interest rate credit cards on their own. This is not what  
10 Defendants promised consumers. Defendants have failed to secure low interest  
11 rate credit cards for consumers and failed to save consumers a significant  
12 amount of money.

13           19. After consumers have completed and returned the forms to  
14 Premier Savings, Defendants have told the consumers who signed up for the  
15 debt relief service that instead of Defendants working directly with credit card  
16 issuers to lower the monthly payments and interest rates on the consumers'  
17 existing credit cards, the consumers have signed up for a "debt management  
18 plan." Under this debt management plan, the consumers will pay an additional  
19 monthly fee to a different company that will work to obtain reduced monthly  
20 payments and interest rates – but only if the consumers stop using their credit  
21 cards. This is not what Defendants promised consumers. Defendants have  
22 failed to reduce monthly payments and interest rates on consumers' existing  
23 credit cards and failed to save consumers a significant amount of money.

24           20. In numerous instances, consumers who seek refunds from  
25 Defendants are denied refunds because Defendants have claimed that they  
26 delivered what they promised when the consumers were provided a list of  
27 banks to which the consumers could apply for a low interest rate credit card or  
28 when the consumers were referred to a company for debt management.

1 21. In numerous instances, Defendants have refused to issue a refund  
2 unless a complaint is filed with the Better Business Bureau of Phoenix  
3 (“BBB”) or the Arizona Attorney General’s Office.

4 **VIOLATIONS OF THE FTC ACT**

5 22. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair  
6 or deceptive acts or practices in or affecting commerce.”

7 23. Misrepresentations or deceptive omissions of material fact  
8 constitute deceptive acts or practices prohibited by Section 5(a) of the FTC  
9 Act. 15 U.S.C. § 45(a).

10 **COUNT ONE**

11 **Making Misrepresentations of Material Facts**

12 24. In numerous instances, in connection with the marketing, offering  
13 for sale, or sale of credit card debt consolidation or debt relief services,  
14 Defendants have represented, directly or indirectly, expressly or by implication,  
15 that:

- 16 A. Consumers who purchase Defendants’ credit card debt  
17 consolidation or debt relief services will receive a low rate  
18 credit card or have their credit card interest rates reduced  
19 substantially;
- 20 B. Consumers who purchase Defendants’ credit card debt  
21 consolidation or debt relief services will save a significant  
22 amount of money in a short time as a result of lowered  
23 credit card interest rates; and
- 24 C. Defendants will provide refunds if consumers do not save  
25 a significant amount of money as a result of lowered credit  
26 card interest rates obtained by Defendants’ services.

27 25. In truth and in fact, in numerous instances in which Defendants  
28 have made the representations set forth in Paragraph 24 of this Complaint,

- 1           A. Consumers who purchase Defendants' credit card debt
- 2           consolidation or debt relief services do not receive a low
- 3           rate credit card or have their credit card interest rates
- 4           reduced substantially;
- 5           B. Consumers who purchase Defendants' credit card debt
- 6           consolidation or debt relief services do not save a
- 7           significant amount of money in a short time as a result of
- 8           lowered credit card interest rates; and
- 9           C. Defendants do not provide refunds when consumers do not
- 10          save a significant amount of money as a result of lowered
- 11          credit card interest rates obtained by Defendants' services.

12           26. Therefore, Defendants' representations as set forth in Paragraph  
13 24 of this Complaint are false and misleading and constitute deceptive acts or  
14 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

15                           **THE TELEMARKETING SALES RULE**

16           27. Congress directed the FTC to prescribe rules prohibiting abusive  
17 and deceptive telemarketing acts or practices pursuant to the Telemarketing  
18 Act, 15 U.S.C. §§ 6101-6108, in 1994. The FTC adopted the original  
19 Telemarketing Sales Rule ("TSR") in 1995, extensively amended it in 2003,  
20 and amended certain provisions thereafter. 16 C.F.R. Part 310.

21           28. As amended, effective September 27, 2010, and October 27,  
22 2010, the TSR addresses the telemarketing of debt relief services. The  
23 amendments effective September 27, 2010, among other things, prohibit  
24 misrepresentations about material aspects of debt relief services and require  
25 certain disclosures in promoting debt relief services. The amendments effective  
26 October 27, 2010, prohibit sellers and telemarketers from charging or  
27 collecting an advance fee before renegotiating, settling, reducing, or otherwise  
28 altering consumers' debts.

1           29. Defendants are “seller[s]” or “telemarketer[s]” engaged in  
2 “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2 (aa), (cc), and (dd).  
3 Defendants are also sellers or telemarketers of “debt relief services,” as defined  
4 by the TSR, 16 C.F.R. § 310.2(m).

5           30. The TSR prohibits sellers and telemarketers from  
6 misrepresenting, directly or by implication, in the sale of goods or services, any  
7 material aspect of the performance, efficacy, nature, or central characteristics  
8 of the goods or services that are the subject of a sales offer.  
9 16 C.F.R. § 310.3(a)(2)(iii).

10           31. The TSR also prohibits sellers and telemarketers from  
11 misrepresenting, directly or by implication, in the sale of goods or services, any  
12 material aspect of the nature or terms of the seller’s refund, cancellation,  
13 exchange, or repurchase policies. 16 C.F.R. § 310.3(a)(2)(iv).

14           32. The TSR prohibits sellers and telemarketers from  
15 misrepresenting, directly or by implication, in the sale of goods or services, any  
16 material aspect of any debt relief service, including, but not limited to, “the  
17 amount of time necessary to achieve the represented results.”  
18 16 C.F.R. § 310.3(a)(2)(x).

19           33. The TSR prohibits sellers and telemarketers from failing to  
20 disclose truthfully, in a clear and conspicuous manner before a consumer  
21 consents to pay for debt relief services, “the amount of time necessary to  
22 achieve the represented results.” 16 C.F.R. § 310.3(a)(1)(viii)(A).

23           34. The TSR prohibits sellers and telemarketers from “[r]equesting or  
24 receiving payment of any fee or consideration in advance of obtaining a loan or  
25 other extension of credit when the seller or telemarketer has guaranteed or  
26 represented a high likelihood of success in obtaining or arranging a loan or  
27 other extension of credit for a person.” 16 C.F.R. § 310.4(a)(4). Thus, charging  
28 an advance fee for a credit card is prohibited.



1           35.    The TSR prohibits sellers and telemarketers from requesting or  
2 receiving payment of a fee for debt relief services unless and until:

3           a.    the seller or telemarketer has “renegotiated, settled,  
4 reduced, or otherwise altered the terms of at least one debt  
5 pursuant to a settlement agreement, debt management  
6 plan, or other such valid contractual agreement,”

7                   16 C.F.R. § 310.4(a)(5)(i)(A);

8           b.    the consumer “has made at least one payment pursuant to  
9 that settlement agreement, debt management plan, or other  
10 valid contractual agreement,”

11                   16 C.F.R. § 310.4(a)(5)(i)(B); and

12           c.    “[t]o the extent that debts enrolled in a service are  
13 renegotiated, settled, reduced, or otherwise altered  
14 individually, the fee or consideration either: (1) [b]ears the  
15 same proportional relationship to the total fee for  
16 renegotiating, settling, reducing, or altering the terms of  
17 the entire debt balance as the individual debt amount bears  
18 to the entire debt amount . . . or (2) [i]s a percentage of the  
19 amount saved as a result of the renegotiation, settlement,  
20 reduction, or alteration.” 16 C.F.R. § 310.4(a)(5)(i)(c).

21           36.    Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C.  
22 § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a  
23 violation of the TSR constitutes an unfair or deceptive act or practice in or  
24 affecting commerce, in violation of Section 5(a) of the FTC Act,  
25 15 U.S.C. § 45(a).

1 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

2 **COUNT TWO**

3 **Misrepresenting Material Aspect of Service**

4 37. In numerous instances, in the course of telemarketing goods or  
5 services, Defendants have misrepresented, directly or by implication, that:

6 a. Consumers who purchase Defendants' credit card debt  
7 consolidation or debt relief services will receive a low  
8 interest rate credit card or have their credit card interest  
9 rates reduced substantially; and

10 b. Consumers who purchase Defendants' credit card debt  
11 consolidation or debt relief services will save a significant  
12 amount of money in a short time as a result of lowered  
13 credit card interest rates.

14 38. Defendants' acts and practices, as described in Paragraph 37  
15 above, are deceptive telemarketing acts or practices that violate the TSR,  
16 16 C.F.R. § 310.3(a)(2)(iii).

17 **COUNT THREE**

18 **Misrepresenting Material Aspect of Refund**

19 39. In numerous instances, in the course of telemarketing goods or  
20 services, Defendants have misrepresented, directly or by implication, that  
21 Defendants will provide full refunds or full refunds minus a 20% "processing  
22 fee" if consumers do not save a significant amount of money as a result of  
23 lowered credit card interest rates.

24 40. Defendants' acts and practices, as described in Paragraph 39  
25 above, are deceptive telemarketing acts or practices that violate the TSR,  
26 16 C.F.R. § 310.3(a)(2)(iv).

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1 **COUNT FOUR**

2 **Misrepresenting Material Aspect of Debt Relief**

3 41. In numerous instances, including on or after September 27, 2010,  
4 in the course of telemarketing debt relief services, Defendants have  
5 misrepresented, directly or indirectly, expressly or by implication, material  
6 aspects of the debt relief services, including, the amount of money consumers  
7 will save or the amount of time necessary to achieve the represented results.

8 42. Therefore, Defendants' acts or practices, as described in  
9 Paragraph 41 above, are deceptive telemarketing acts or practices that violate  
10 Section 310.3(a)(2)(x) of the TSR, 16 C.F.R. § 310.3(a)(2)(x).

11 **COUNT FIVE**

12 **Failure to Disclose Amount of Time to Achieve Debt Relief**

13 43. In numerous instances, including on or after September 27, 2010,  
14 in the course of telemarketing debt relief services, Defendants have failed to  
15 disclose truthfully, in a clear and conspicuous manner, before the consumer  
16 consents to pay, the amount of time necessary to achieve the represented results  
17 of the debt relief services.

18 44. Therefore, Defendants' acts or practices, as described in  
19 Paragraph 43 above, are deceptive telemarketing acts or practices that violate  
20 Section 310.3(a)(1)(viii)(A) of the TSR, 16 C.F.R. § 310.3(a)(1)(viii)(A).

21 **COUNT SIX**

22 **Advance Fee for Guaranteed Low Interest Rate Credit Card**

23 45. In numerous instances, in connection with telemarketing their  
24 credit card debt consolidation service, Defendants have requested or received  
25 payment of a fee or consideration in advance of consumers obtaining an  
26 extension of credit when Defendants have guaranteed or represented a high  
27 likelihood of success in obtaining or arranging an extension of credit for such  
28 consumers.

1 46. Defendants' acts or practices, as described in Paragraph 45  
2 above, are abusive telemarketing act or practice that violate the TSR, 16 C.F.R.  
3 § 310.4(a)(4).

#### 4 **COUNT SEVEN**

##### 5 **Advance Fee for Debt Relief Services**

6 47. In numerous instances, including on or after October 27, 2010, in  
7 the course of telemarketing debt relief services, Defendants have requested or  
8 received payment of a fee, directly or indirectly from a consumer, for a debt  
9 relief service before renegotiating, settling, reducing, or otherwise altering the  
10 terms of at least one of the consumer's debts.

11 48. Defendants' acts or practices, as described in Paragraph 47  
12 above, are abusive telemarketing acts or practices that violate Section  
13 310.4(a)(5)(i) of the TSR, 16 C.F.R. § 310.4(a)(5)(i).

#### 14 **CONSUMER INJURY**

15 49. Consumers have suffered and will continue to suffer substantial  
16 injury as a result of Defendants' violations of the FTC Act and the TSR. In  
17 addition, Defendants have been unjustly enriched as a result of their unlawful  
18 acts and practices. Absent injunctive relief by this Court, Defendants are likely  
19 to continue to injure consumers, reap unjust enrichment, and harm the public  
20 interest.

#### 21 **THIS COURT'S POWER TO GRANT RELIEF**

22 50. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this  
23 Court to grant injunctive and such other relief as the Court may deem  
24 appropriate to halt and redress violations of any provision of law enforced by  
25 the FTC. The Court, in the exercise of its equitable jurisdiction, may award  
26 ancillary relief, including rescission or reformation of contracts, restitution, the  
27 refund of monies paid, and the disgorgement of ill-gotten monies, to prevent  
28 and remedy any violations of any provision of law enforced by the FTC.

1 51. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of  
2 the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such  
3 relief as the Court finds necessary to redress injury to consumers resulting from  
4 Defendants' violations of the TSR, including the rescission or reformation of  
5 contracts, and the refund of money.

6 **PRAYER FOR RELIEF**

7 Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC  
8 Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act,  
9 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the  
10 Court:

11 1. Award Plaintiff such preliminary injunctive and ancillary relief as  
12 may be necessary to avert the likelihood of consumer injury during the  
13 pendency of this action and to preserve the possibility of effective final relief,  
14 including, but not limited to, temporary and preliminary injunctions and an  
15 order freezing assets;

16 2. Enter a permanent injunction to prevent future violations of the  
17 FTC Act and the TSR by Defendants;

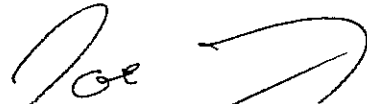
18 3. Award such relief as the Court finds necessary to redress injury  
19 to consumers resulting from Defendants' violations of the FTC Act and the  
20 TSR, including, but not limited to, rescission or reformation of contracts,  
21 restitution, the refund of monies paid, and the disgorgement of ill-gotten  
22 monies; and  
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4. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully Submitted,  
WILLARD K. TOM  
General Counsel  
ROBERT J. SCHROEDER  
Regional Director

DATED: 1/2, 2012

  
\_\_\_\_\_  
JOE LIPINSKY  
MARY BENFIELD  
Federal Trade Commission  
915 Second Ave., Suite 2896  
Seattle, WA 98174  
(206) 220-6350 [telephone]  
(206) 220-6366 [facsimile]