

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF TENNESSEE

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ACRO SERVICES LLC, a limited liability  
company, also d/b/a Capital Compliance  
Solutions,

AMERICAN CONSUMER RIGHTS  
ORGANIZATION, a corporation, also d/b/a  
Tristar Consumer Law Organization,

FIRST CALL PROCESSING LLC, a limited  
liability company,

MUSIC CITY VENTURES, INC., a corporation,  
also d/b/a Tri Star Consumer Group,

NASHVILLE TENNESSEE VENTURES, INC., a  
corporation, also d/b/a Integrity Resolution Group,

RELIANCE SOLUTIONS, LLC, a limited  
liability company, also d/b/a Reliance Services,  
LLC,

THACKER & ASSOCIATES INT'L LLC, a  
limited liability company,

CONSUMER PROTECTION RESOURCES,  
LLC, a limited liability company,

SEAN AUSTIN, individually and as owner,  
officer, director, manager, or member of ACRO  
Services LLC, American Consumer Rights  
Organization, First Call Processing LLC, Music  
City Ventures, Inc., Nashville Tennessee  
Ventures, Inc., Reliance Solutions, LLC, Thacker

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

**COMPLAINT FOR PERMANENT  
INJUNCTION, MONETARY  
RELIEF, AND OTHER RELIEF**

& Associates Int'l LLC, and Consumer Protection Resources, LLC,

JOHN STEVEN HUFFMAN, a/k/a Steve Huffman, individually and as owner, officer, director, manager, or member of ACRO Services LLC, American Consumer Rights Organization, First Call Processing LLC, Music City Ventures, Inc., Nashville Tennessee Ventures, Inc., Reliance Solutions, LLC, Thacker & Associates Int'l LLC, and Consumer Protection Resources, LLC, and

JOHN PRESTON THOMPSON, individually and as owner, officer, director, manager, or member of ACRO Services LLC, American Consumer Rights Organization, First Call Processing LLC, Music City Ventures, Inc., Nashville Tennessee Ventures, Inc., Reliance Solutions, LLC, Thacker & Associates Int'l LLC, and Consumer Protection Resources, LLC,

Defendants.

Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6105(b), which authorize the FTC to seek, and the Court to order, temporary, preliminary, and permanent injunctive relief, monetary relief, and other relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of the Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310.

## SUMMARY OF CASE

2. Since at least 2019, Defendants have operated a scheme that falsely promises to eliminate or substantially reduce consumers' credit card debt, while charging consumers exorbitant fees for their purported services. Through deceptive telemarketing misrepresentations, Defendants—identified as “ACRO Services,” “American Consumer Rights Organization,” or “Reliance Solutions,” among others—convince consumers that they offer legitimate debt relief services. In fact, Defendants' “services” are a deceptive scam that has taken millions of dollars from consumers without eliminating or substantially reducing consumers' credit card debt, and instead has placed many consumers further into debt. In numerous instances, Defendants have gone so far as to falsely claim they are affiliated with a bank, credit card company, or credit reporting agency.

3. As part of the scheme, Defendants' telemarketers tell consumers that Defendants can substantially reduce or eliminate their credit card debt in 12 to 18 months. Defendants use various lies to convince consumers that their debt is invalid or unowed, including telling consumers that credit card companies have been over-charging them on interest, that consumers qualify for a debt forgiveness program, or that creditors cannot collect the debt based on federal laws such as the Fair Debt Collection Practices Act. Defendants then direct consumers to cease all payments to, and communications with, their credit card companies. Consumers who enroll in Defendants' “program” are led to believe that ceasing payments and forwarding communications will enable Defendants to eliminate or substantially reduce their purportedly invalid or unowed credit card debts after 12 to 18 months in the program. As part of the program, consumers must pay a large upfront fee on their credit cards—usually several thousand

dollars, with some individual charges as high as \$18,000—and a continuing monthly charge. Defendants also tell consumers that they will never actually have to pay the upfront fee because it is part of the credit card debt that eventually will be eliminated in the program.

4. While Defendants' pitch is attractive, their promises are illusory. Defendants have no affiliation with any legitimate bank, credit card company, or credit reporting agency, and they do not reduce or eliminate consumers' debt. Consumers who enroll in the program and follow Defendants' advice to stop making credit card payments often end up in a far worse position—owing their original debts plus thousands in additional fees and interest. These consumers see their credit scores drop significantly and not recover. Many are eventually sued by their credit card companies for not making timely payments. And when consumers try to contact Defendants after months in the program, Defendants often ignore their calls and emails or claim the company has gone out of business. Behind it all, three individuals—Sean Austin, John Steven Huffman, and John Preston Thompson—have played key roles in setting up the deceptive scheme and have long known about consumers' complaints and claims of fraud.

5. Defendants have cheated consumers nationwide out of millions of dollars and have also caused them to suffer long-term financial harm. Many of these consumers are older or financially distressed.

6. By engaging in this deceptive debt relief scheme, Defendants are violating the FTC Act and the TSR.

#### **JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

8. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2), (b)(3), (c)(1), (c)(2), and (d), and 15 U.S.C. § 53(b).

**PLAINTIFF**

9. The FTC is an independent agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the TSR, 16 C.F.R. § 310, which protects consumers from unfair, deceptive, and abusive telemarketing practices.

**DEFENDANTS**

10. Defendant ACRO Services LLC, also doing business as Capital Compliance Solutions (“ACRO Services”), is a New Mexico limited liability company with its principal place of business at 4636 Lebanon Pike, PMB 348, Hermitage, TN 37076 and/or 530-B Harkle Rd, Suite 100, Santa Fe, New Mexico 87505. ACRO Services has advertised, marketed, or sold purported debt relief services to consumers nationwide. ACRO Services transacts or has transacted business in this District and throughout the United States.

11. Defendant American Consumer Rights Organization, also doing business as Tristar Consumer Law Organization, was a Tennessee nonprofit corporation with its principal place of business at 4636 Lebanon Pike, #348, Hermitage, TN 37076. American Consumer Rights Organization has advertised, marketed, or sold purported debt relief services to consumers nationwide. American Consumer Rights Organization has transacted business in this District and throughout the United States.

12. Defendant First Call Processing LLC (“First Call Processing”) is a New Mexico limited liability company with its principal place of business at 530-B Harkle Rd, Suite 100, Santa Fe, New Mexico 87505. First Call Processing’s merchant accounts have received credit card payments from consumers as part of the debt relief scheme. The company has funneled these funds to other Defendants’ bank accounts and has also paid expenses related to the scheme. First Call Processing transacts or has transacted business in this District and throughout the United States.

13. Defendant Music City Ventures, Inc., also doing business as Tri Star Consumer Group (“Music City Ventures”), is a Tennessee corporation with its principal place of business at 503 Ligon Drive, Suite A, Nashville, Tennessee 37204. Music City Ventures’ merchant accounts have received credit card payments from consumers are part of the debt relief scheme. The company has funneled these funds to other Defendants’ bank accounts and has also paid expenses related to the scheme. Music City Ventures transacts or has transacted business in this District and throughout the United States.

14. Nashville Tennessee Ventures, Inc., also doing business as Integrity Resolution Group (“Nashville Tennessee Ventures”), is a Tennessee corporation with its principal place of business at 503 Ligon Drive, Suite A, Nashville, Tennessee 37204. Nashville Tennessee Ventures’ merchant accounts have received credit card payments from consumers as part of the debt relief scheme. The company has funneled these funds to other Defendants’ bank accounts and has also paid expenses related to the scheme. Nashville Tennessee Ventures transacts or has transacted business in this District and throughout the United States.

15. Defendant Reliance Solutions, LLC, also doing business as Reliance Services, LLC (“Reliance Solutions”), is a New Mexico limited liability company with its principal place of business at 530-B Harkle Rd, Suite 100, Santa Fe, New Mexico 87505. Reliance Solutions has advertised, marketed, or sold purported debt relief services to consumers nationwide. Reliance Solutions transacts or has transacted business in this District and throughout the United States.

16. Thacker & Associates Int’l LLC (“Thacker & Associates”) was a Nevada limited liability company with its principal place of business at 2700 Las Vegas Blvd S #3108, Las Vegas, Nevada 89109. Thacker & Associates has advertised, marketed, or sold purported debt relief services to consumers nationwide. The company’s merchant accounts have received credit card payments from consumers as part of the debt relief scheme. Thacker & Associates has transacted business in this District and throughout the United States.

17. Defendant Consumer Protection Resources LLC (“Consumer Protection Resources”) was a Wyoming limited liability company with its principal place of business at 1309 Coffeen Avenue, Suite 3076, Sheridan, WY 82801. Consumer Protection Resources has advertised, marketed, or sold purported debt relief services to consumers nationwide. Consumer Protection Resources has transacted business in this District and throughout the United States.

18. Defendant Sean Austin is or was an owner, officer, director, manager, or member of ACRO Services, American Consumer Rights Organization, First Call Processing, Music City Ventures, Nashville Tennessee Ventures, Reliance Solutions, Thacker & Associates, and Consumer Protection Resources. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or

participated in the acts and practices set forth in this Complaint. Austin is the sole owner of ACRO Services and a member of Reliance Solutions, and he is the account signer for two bank accounts in the name of ACRO Services. He has registered multiple website domains for Defendants that contain deceptive claims about the scheme. Austin, along with Huffman and Thompson, has managed the merchant accounts that allow Defendants to receive consumers' card payments to the debt relief scheme, including monitoring the high number of chargebacks and fraud complaints for these accounts. Austin has routinely taken profit and revenue distributions from the scheme's bank accounts. Austin resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

19. Defendant John Steven Huffman, also known as Steve Huffman, is or was an owner, officer, director, manager, or member of ACRO Services, American Consumer Rights Organization, First Call Processing, Music City Ventures, Nashville Tennessee Ventures, Reliance Solutions, Thacker & Associates, and Consumer Protection Resources. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Huffman is a co-owner of Music City Ventures, Nashville Tennessee Ventures, and Thacker & Associates. He is an account signer for bank accounts in the name of Music City Ventures and First Call Processing. Huffman, along with Austin and Thompson, has managed the merchant accounts that allow Defendants to receive consumers' card payments to the debt relief scheme, including monitoring the high number of chargebacks and fraud complaints for these accounts. Huffman has routinely taken profit and revenue distributions from the scheme's



bank accounts. Huffman resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

20. Defendant John Preston Thompson, also known as Preston Thompson, is or was an owner, officer, director, manager, or member of ACRO Services, American Consumer Rights Organization, First Call Processing, Music City Ventures, Nashville Tennessee Ventures, Reliance Solutions, Thacker & Associates, and Consumer Protection Resources. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Thompson is a co-owner of Music City Ventures, Nashville Tennessee Ventures, and Thacker & Associates. He is an account signer for bank accounts in the name of Music City Ventures, First Call Processing, and Nashville Tennessee Ventures. Thompson, along with Austin and Huffman, has managed the merchant accounts that allow Defendants to receive consumers' card payments to the debt relief scheme, including monitoring the high number of chargebacks and fraud complaints for these accounts. Thompson has routinely taken profit and revenue distributions from the scheme's bank accounts. Thompson resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

#### COMMON ENTERPRISE

21. Defendants ACRO Services, American Consumer Rights Organization, First Call Processing, Music City Ventures, Nashville Tennessee Ventures, Reliance Solutions, Thacker & Associates, and Consumer Protection Resources (collectively, the "Corporate Defendants") have operated as a common enterprise while engaging in the deceptive and unlawful acts and practices

and other violations of law alleged below. The Corporate Defendants have conducted the business practices described below through a network of interrelated companies that have common ownership, officers, managers, business functions, employees, and office locations, and that have commingled funds. Because the Corporate Defendants have operated as a common enterprise, each of them is liable for the acts and practices alleged below.

### COMMERCE

22. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### DEFENDANTS’ BUSINESS ACTIVITIES

#### *Defendants’ Debt Relief Scheme*

23. Since at least 2019, Defendants have operated as a close network of companies that falsely claim they can eliminate or substantially reduce consumers’ credit card debt. To lure consumers into paying for this bogus service, Defendants use a series of misrepresentations: first through telemarketing calls, then through a contract and welcome packet materials sent to consumers, and again through subsequent calls and emails with consumers.

#### *Misrepresentations in Telemarketing Calls*

24. Defendants conduct widespread telemarketing calls to consumers to pitch their debt relief “program.” Many of the consumers that Defendants call are older or financially distressed Americans.

25. When consumers answer the phone, Defendants often gain their trust by reciting information about their personal credit history, such as the specific credit cards the consumer

has, the debt balances on each card, and payments the consumer has made on the cards. In numerous instances, Defendants' representatives also falsely claim to be affiliated with a particular credit card association, bank, or credit reporting agency.

26. During their pitch, Defendants claim they can eliminate or substantially reduce a consumer's credit card debt in 12 to 18 months. Defendants use a number of different false or deceptive "hooks" to convince consumers that Defendants can accomplish this—such as saying that the consumer's debt cannot be validated so they do not actually owe it, that their credit card company has been over-charging them on interest for a while, or that the consumer qualifies for a special debt forgiveness program due to their age, a particular law, or other circumstances.

27. Defendants tell consumers that they must make two kinds of payments as part of the debt relief program. First, the consumer must pay Defendants an upfront fee to enroll in the program—in the thousands of dollars, up to \$18,000 in one instance—depending on the consumer's available credit. This upfront fee is usually charged to one or more of the consumer's credit cards that is being "enrolled" in the debt relief program. Defendants tell consumers that this fee is part of the overall debt that will be eliminated by the end of program, and therefore consumers will not actually have to pay it. Second, the consumer must pay an additional monthly fee of \$20 to \$35, which Defendants often claim is for credit monitoring services, while the consumer is on the program.

28. Defendants also tell consumers that, as part of the program, consumers must stop paying their credit cards and communicating with the credit card companies so that Defendants can work on clearing their debt. Defendants generally instruct consumers to make at least minimum payments on their credit card bills for a few months, and then stop paying these bills

altogether. And when credit card companies contact consumers, Defendants instruct consumers to stop answering the credit card companies' calls and to forward all letters from the credit card companies to Defendants.

29. During these sales pitches, Defendants' telemarketers never tell consumers a crucial piece of information: that their failure to make timely payments on their credit cards may result in the consumer being sued by the credit card companies or debt collectors, or that the consumer could end up with even higher credit card debt due to the accrual of fees and interest.

30. Nor do Defendants' telemarketers tell consumers that their failure to make timely payments on their credit cards will likely result in a reduced credit score after the 12-to-18-month program. Rather, Defendants affirmatively mislead consumers by saying that their credit scores may temporarily decrease *while on the program*, but that their credit scores will improve or return to normal *after the program is done*—which is false.

31. Based on what they are told on the phone, many consumers decide to enroll in Defendants' program to eliminate or reduce their credit card debt.

*Misrepresentations in Contracts and Welcome Packets*

32. When consumers fall victim to Defendants' telemarketing pitch, Defendants charge the upfront fee to consumers' credit cards while on the phone or shortly afterward. Defendants also present consumers with a contract to sign, often through an online document signature platform, and Defendants tell them to expect a "welcome packet" in their mail or email with more information about the program.

33. Defendants' contracts and welcome packets repeat, and in many instances expand upon, the misrepresentations made by Defendants' telemarketers. These continued

misrepresentations in the contracts and welcome packets induce many consumers to continue paying the monthly fee to Defendants, and they also deter many consumers from attempting to cancel and get a refund of the large upfront fee shortly after signing up for the program. Through these materials, Defendants extend their deception of consumers beyond the initial enrollment period.

34. Defendants' contracts have described Defendants' services in a number of deceptive ways, including the following:

- a) "The Company possesses extensive experience using federal and state statutory authority to successfully dispute debts on behalf of clients while pursuing the Company's ultimate goal of permanently eliminating Your debts owed and Your monthly payments associated with any credit accounts you submit into the Company program."
- b) "[U]sing the law in accordance with the Fair Credit Billing Act and Fair Debt Collections Practices Act to successfully challenge the validity of their unsecured debts – such as credit card debts."
- c) "[T]o assist Client in cancelling and/or otherwise eliminating the Unsecured Debt, and ... solely in connection with the cancellation and/or elimination of the Unsecured Debt, to assist repairing Client's credit rating (if required)."
- d) Defendants "will prepare and send, on the Client's behalf, documents to validate accounts enrolled in the [] program."
- e) Defendants "will provide forensic debt audit and preparation services to Consumer."

- f) Defendants “[d]etermine which Consumer debt can be validated and which Consumer debts cannot be validated,” and “[u]tiliz[e] best efforts to assist in resolving Consumer’s unvalidated debt with creditors, collection efforts and credit bureaus....”

35. Some of Defendants’ contracts also reinforce their telemarketers’ instructions to consumers to not communicate with creditors during the program. For example, one version states: “[I]t is never wise for clients to disclose to a Creditor that he or she is working with [Defendants]. Doing so could change how the Client’s case is viewed by the Creditor and negatively impact the results which the client could otherwise obtain from using [Defendants’] services.”

36. Buried further down in the contracts, Defendants sometimes include statements that directly contradict their earlier statements to consumers over the phone and even within the same contract. For example, in some versions of the contracts, Defendants state that they “[do] not pay, manage, settle, pro-rate, adjust, consolidate or liquidate debts of any kind,” and that “this Agreement does not require [Defendants] to directly provide [] debt relief . . . .” These confusing and contradictory statements typically appear on the third or fourth page of the contract and in fine print.

37. In addition to the contract, Defendants send consumers a welcome packet shortly after the phone call. Defendants’ welcome packets also contain deceptive descriptions of Defendants’ services, including:

- a) “[We] assist consumers with the validation of their unsecured debt.”

- b) “REDUCE YOUR DEBT AND TAKE BACK CONTROL OF YOUR FINANCES.”
- c) “By working together, we can resolve your financial hardship. [Defendants] would like to WELCOME you to the Unsecured Debt Validation Process.”
- d) “Once unsecured debt fails to be validated, the credit bureaus MUST remove these fraudulent accounts from your credit reports.”
- e) “Following the demand for validation by ACRO Services, LLC, certain collectors may cease collecting. If they continue their collection efforts or initiate legal action against you, the lack of validation will be a defense against the collection of the debt.”

38. Often, the welcome packet also includes misleading information about applicable laws, such as the Fair Debt Collection Practices Act (“FDCPA”). One version of the welcome packet states: “The Fair Debt Collection Practices Act and other federal and state laws protect you from debt collectors, improper collection practices, and violations of the law. . . . We ensure that collectors have the legal title to the debt and have the proper legal records to prove they can collect on the debt, as well as other requirements. If they don’t have these records from the original creditor, certain debt collectors are unable to legally validate and collect the debt.”

39. Defendants deceive consumers into believing that their debts can be “invalidated” or eliminated under the FDCPA, when in reality, there is no legal basis to do so. Although the FDCPA does contain a provision requiring debt collectors to verify disputed debts, *see* 15 U.S.C. § 1692g, Defendants do not tell consumers that this provision generally applies only to third party debt collectors, not to credit card issuers who seek to collect debts directly from

cardholders. Nor do Defendants tell consumers how easily credit card issuers could verify a legitimate debt under the FDCPA.

40. The welcome packet also deceives consumers about the ongoing monthly charges that consumers must pay to remain enrolled in the program. Defendants tell consumers that these charges are for “credit monitoring” services that are provided by a “third party” called Capital Compliance Solutions. Invoices sent to consumers from Capital Compliance Solutions also claim that it is an “independent company” that has no relationship with ACRO Services. In fact, “Capital Compliance Solutions” is just another name under which ACRO Services does business, and consumers’ payments to Capital Compliance Solutions are deposited into bank accounts for ACRO Services.

41. As with the contract, the welcome packet typically includes buried statements that say the opposite of what Defendants promised on the phone—or even within the same packet. For example, one welcome packet states on page five that Defendants do not pay off consumers’ debts or negotiate with creditors on their behalf. Yet on the same page, Defendants say the opposite: that they send letters to creditors on behalf of consumers and that if certain deadlines are missed, Defendants may not be able to remove consumers’ “unvalidated debt.” These confusing, contradictory, and buried statements do nothing to overcome the clear impression Defendants have created that they will eliminate or substantially reduce consumers’ credit card debts.



Misrepresentations in Follow-up Communications

42. After enrolling in Defendants' program, many consumers have tried contacting Defendants with questions and concerns about their credit card debts, especially as credit card companies began contacting consumers about missed payments.

43. For those consumers able to reach Defendants by phone or email, Defendants have continued to make deceptive statements about the program and what to expect. Defendants have reassured consumers that they would take care of everything regarding their credit card debt and creditors' phone calls to consumers. Defendants also have repeated instructions to consumers to not speak with the creditors and forward all of their communications to Defendants, falsely assuring them that this will increase their chances of having their debt eliminated or reduced.

44. In one instance, a consumer contacted Defendants after receiving several calls from his credit card company about missed payments. Defendants' representative responded by telling the consumer that his credit cards have yet to go into default and that Defendants cannot start working on his debts till the cards are thirty days past due. The representative further instructed the consumer not to answer the credit card company's calls or discuss his finances with the company.

45. Defendants' repeated misrepresentations during subsequent calls and emails with consumers, in addition to their repeated misrepresentations in the contracts and welcome packets, cause many consumers to continue being deceived for many months. Defendants have a vested interest in this continued deception, as it means that many consumers continue paying the

monthly fee to Defendants and also do not immediately try to cancel their services and get a refund of the large upfront fee.

*Defendants Do Not Eliminate or Reduce Consumers' Credit Card Debt*

46. Contrary to Defendants' assertions, consumers who enroll in Defendants' debt elimination program rarely, if ever, have their debt eliminated or even reduced by Defendants. Instead, most consumers who follow Defendants' instructions to stop paying their credit cards suffer serious financial harm—including a decreased credit score, increased credit card debt due to the additional interest and fees (including Defendants' upfront fee), and lawsuits from creditors.

47. In some instances, Defendants have strung consumers along by providing them with form letters to fill out and send to their credit card companies to dispute the debts they owe, even though there was no valid basis for disputing the debt. Unsurprisingly, this ruse fails to provide the debt relief that Defendants promised these consumers, while also making these consumers believe Defendants were taking real steps to reduce their debt.

48. In some instances, Defendants agreed to provide refunds to consumers if their debts were not eliminated, but Defendants failed to honor consumers' refund requests.

49. Many consumers, after enrolling in Defendants' program, also report that Defendants stopped returning their calls and emails altogether. Indeed, one consumer found that Defendants stopped answering his calls after his credit card company sent him a subpoena regarding his unpaid card.

50. Defendants have caused many consumers to end up in a worse financial position than before they enrolled in Defendants' program, and many of these consumers are still working to pay down the credit card debts that Defendants promised to eliminate or reduce.

*The Individual Defendants Have Directed and Profited from the Fraudulent Scheme*

51. The Individual Defendants—Sean Austin, John Preston Thompson, and John Steven Huffman—run the debt relief scheme. For the last several years, they have overseen and participated in the deceptive practices described above through the Corporate Defendants.

52. The Individual Defendants control the Corporate Defendants through their roles as owners or managing agents. Thompson and Huffman are co-owners of Music City Ventures, Nashville Tennessee Ventures, First Call Processing, and Thacker & Associates; Austin is the sole owner of ACRO Services and a member of Reliance Solutions.

53. Austin and Thompson have personally registered several website domains for the Corporate Defendants that contain deceptive claims about debt elimination and debt validation. For some websites, the domain names themselves are deceptive (e.g., [americandebteliminators.com](http://americandebteliminators.com), [invalidatedebts.com](http://invalidatedebts.com), [usadebtbusters.com](http://usadebtbusters.com), and [repairyourcreditcards.com](http://repairyourcreditcards.com)).

54. Additionally, Thompson and Austin are listed as the subscribers for one of the main phone numbers used in connection with ACRO Services. This number has appeared in several welcome packets sent to consumers as the contact number for the company.

55. All three Individual Defendants have opened and maintained multiple commercial bank accounts to receive, redistribute, and withdraw funds from the consumer payments generated by the debt relief scheme. Huffman and Thompson are listed as account signers for

bank accounts in the name of Music City Ventures, Nashville Tennessee Ventures, and First Call Processing. Austin is an account signer for at least two bank accounts in the name of ACRO Services and at least one account in the name of Reliance Solutions.

56. Since at least 2019, at the same time that the debt relief scheme has been ongoing, these Corporate Defendants' bank accounts received millions of dollars from consumers through the credit card processing system and through personal checks and money orders. Thompson, Huffman, and Austin have regularly received significant payments from these bank accounts to their own personal bank accounts as well as to other bank accounts they own or control.

57. Beyond managing and profiting from the corporate accounts, the Individual Defendants have played key roles in obtaining consumers' payments under the debt relief scheme. They have personally applied for and managed merchant accounts<sup>1</sup> used by the Corporate Defendants to receive consumers' card payments. Specifically, Thompson and Huffman opened a merchant account for Music City Ventures. Thompson, Huffman, and Austin also opened and/or managed merchant accounts for First Call Processing, Thacker & Associates, and Nashville Tennessee Ventures.

58. In managing these merchant accounts, the Individual Defendants have personally discussed and been a part of conversations about the high levels of chargebacks<sup>2</sup> and fraud alerts

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<sup>1</sup> A "merchant account" is a type of account that allows a business to receive payments from consumers via credit card or debit card. When a consumer makes a purchase and pays by card, that transaction is processed through the business's merchant account and the proceeds are deposited into the business's bank account

<sup>2</sup> A consumer who requests a "chargeback" with their credit card company is asking for a particular charge to be reversed. When a consumer files a chargeback request with their credit card company, the merchant that charged the consumer's credit card is notified of the chargeback and the reason why the cardholder is seeking a reversal—such as alleged fraud, a stolen credit card, or failure to receive the promised goods or services. In the credit card payment processing industry, chargebacks are closely monitored as an indicator of potential fraud. The major credit card networks (i.e., Visa, Mastercard, American Express, Discover) all have fraud monitoring programs that examine the number of chargebacks on each merchant account as well as the ratio of chargebacks to overall

these accounts have experienced over the years. Indeed, during the summer of 2021, the Individual Defendants all participated in a call with one of the payment facilitators that helps process payments through their merchant accounts. The payment facilitator explained how the merchant account for First Call Processing had experienced such high chargeback rates in a short amount of time—with one account having a chargeback ratio over 50%—that the account was now terminated for any future processing. The payment facilitator told the Individual Defendants that it had hardly ever seen a merchant account terminated so quickly, and that consumers must have been reporting fraud and other egregious conduct for the account to be terminated this way.

59. Around the same time in 2021, the payment processor for several of Defendants' merchant accounts placed First Call Processing on the Mastercard Alert To Control High-risk Merchants (“MATCH”) list, a database run by Mastercard that identifies merchants (and their principal owners) whose accounts have been terminated and the reasons for termination. Placement on the MATCH list makes it difficult for merchants to obtain services from other payment processors, as banks and payment processors often have policies that forbid them from opening accounts for merchants that appear on the MATCH list. The payment processor also instructed the payment facilitator to ensure that all accounts related to First Call Processing were terminated at this time, including accounts for Thacker & Associates and Nashville Tennessee Ventures.

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transactions on each account. Merchant accounts that have a chargeback ratio higher than 0.9 or 1% (i.e., 0.9 or 1 chargeback for each 100 transactions) are generally considered to be at high risk for fraudulent activity and must be closely monitored by the banks and payment processors that sponsor the accounts. If a merchant account continues to have high levels of chargebacks for an extended period of time, the merchant account may be subject to fines and penalties or even termination.

60. This was not the first time that Individual Defendants, as owners and/or managers of the various merchant accounts, had been made aware of high chargeback and fraud alerts for these accounts. In December 2019, Music City Ventures was placed on the MATCH list due to merchant fraud, just as First Call Processing was later placed on the MATCH list in 2021. In March 2020, one merchant account under the name “ACROSERVICES” was placed on Visa’s Fraud Monitoring Program with “fraud to sales amount ratios” (reflecting the amount of claimed fraud as a percentage of total sales) routinely above 10%. In February 2021, American Express directed the closure of two merchant accounts associated with Thacker & Associates, noting that 11% of sales since September 2020 had been claimed to be fraudulent. And in March 2021, Synchrony Bank sent its Vice President of the Special Investigations Team to the business address for ACRO Services (located at 503 Ligon Drive, Nashville, Tennessee 37204) because a large number of Synchrony cardholders had requested chargebacks or disputed charges from ACRO Services. Shortly after, the Individual Defendants contacted their payment facilitator about this incident.

61. In the face of these high chargeback rates and account closures, the Individual Defendants continued to operate their debt relief scheme. They even created new business entities in an attempt to disguise their ongoing activity and continue processing credit card payments with new merchant accounts.

62. The Individual Defendants have also been sued before for their harmful business practices. In 2019, at least one consumer sued all three of them related to the debt relief scheme.

63. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the Commission.

### VIOLATIONS OF THE FTC ACT

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

65. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

### COUNT I

#### **Misrepresentations Regarding Debt Relief Services**

66. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of debt relief services, Defendants represent, directly or indirectly, expressly or by implication, that:

- a) Defendants will eliminate or substantially reduce consumers’ credit card debts after 12 to 18 months;
- b) The upfront fee that Defendants charge to consumers’ credit cards is part of the overall debt that Defendants will eliminate, and therefore consumers will not actually have to pay this fee;
- c) Consumers’ credit scores will improve or return to normal after 12 to 18 months; and
- d) Defendants are affiliated with banks, credit card associations, or credit reporting agencies.

67. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 66, such representations were false or misleading at the time Defendants made them.

68. Therefore, Defendants' representations as set forth in Paragraph 66 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

## COUNT II

### **Deceptive Omissions Regarding Debt Relief Services**

69. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of debt relief services, Defendants represent, directly or indirectly, expressly or by implication, that Defendants will eliminate or substantially reduce consumers' credit card debts after 12 to 18 months, and that consumers should stop making payments to their credit card companies during this time.

70. In numerous instances, Defendants fail to disclose, or fail to disclose adequately, to consumers material terms and conditions of their services, including that:

- a) By failing to make timely payments on their credit cards, the amount of money that consumers owe on their credit cards may increase due to the accrual of fees and interest;
- b) By failing to make timely payments on their credit cards, consumers may be subject to collections or sued by creditors or debt collectors; and
- c) By failing to make timely payments on their credit cards, consumers' creditworthiness will likely be adversely affected.



71. In light of the representations described in Paragraph 69, Defendants' failure to disclose, or disclose adequately, the material information as set forth in Paragraph 70, constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **VIOLATIONS OF THE TELEMARKETING SALES RULE**

72. In 1994, Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101–6108. The FTC adopted the original TSR in 1995, extensively amended it in 2003, and amended certain sections thereafter. 16 C.F.R. Part 310.

73. Under the TSR, a “telemarketer” means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a consumer or donor. 16 C.F.R. § 310.2(ff). A “seller” means any person who, in connection with a telemarketing transaction, provides, offers to provide, or arranges for others to provide goods or services to the customer in exchange for consideration. 16 C.F.R. § 310.2(dd). “Telemarketing” means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call. 16 C.F.R. § 310.2(gg).

74. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2(dd), (ff), and (gg).

75. Under the TSR, a “debt relief service” means any program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors or debt collectors,

including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector. 16 C.F.R. § 310.2(o).

76. Defendants are sellers or telemarketers of “debt relief service[s]” as defined by the TSR, 16 C.F.R. § 310.2(o).

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

78. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, a seller’s or telemarketer’s affiliation with, or endorsement or sponsorship by, any person or government entity. 16 C.F.R. § 310.3(a)(2)(vii).

79. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, any material aspect of any debt relief service, including, but not limited to: (a) the amount of money or the percentage of the debt amount that a customer may save by using the service; (b) the amount of time necessary to achieve the represented results; and (c) the effect of the service on a customer’s creditworthiness. 16 C.F.R. § 310.3(a)(2)(x).

80. The TSR prohibits sellers and telemarketers from failing to disclose truthfully, in a clear and conspicuous manner, before a consumer consents to pay for the goods or services offered, certain material information in the sale of any debt relief service, including, but not limited to: (a) the amount of time necessary to achieve the represented results; and (b) to the extent that any aspect of the debt relief service relies upon or results in the customer’s failure to make timely payments to creditors or debt collectors, that the use of the debt relief service will likely adversely affect the customer’s creditworthiness, may result in the customer being subject

to collections or sued by creditors or debt collectors, and may increase the amount of money the customer owes due to the accrual of fees and interest. 16 C.F.R. § 310.3(a)(1)(viii)(A), (C).

81. The TSR prohibits sellers or telemarketers from requesting or receiving payment of any fees or consideration for any debt relief service until and unless:

- a) the seller or telemarketer has renegotiated, settled, reduced, or otherwise altered the terms of at least one debt pursuant to a settlement agreement, debt management plan, or other such valid contractual agreement executed by the customer;
- b) the customer has made at least one payment pursuant to that settlement agreement, debt management plan, or other valid contractual agreement between the customer and the creditor or debt collector; and
- c) to the extent that debts enrolled in a service are renegotiated, settled, reduced, or otherwise altered individually, the fee or consideration either:
  - i) bears the same proportional relationship to the total fee for renegotiating, settling, reducing, or altering the terms of the entire debt balance as the individual debt amount bears to the entire debt amount. The individual debt amount and the entire debt amount are those owed at the time the debt was enrolled in the service; or
  - ii) is a percentage of the amount saved as a result of the renegotiation, settlement, reduction, or alteration. The percentage charged cannot change from one individual debt to another. The amount saved is the difference between the amount owed at the time the debt was enrolled

in the services and the amount actually paid to satisfy the debt. 16  
C.F.R. § 310.4(a)(5)(i).

82. The TSR also prohibits a person from providing substantial assistance or support to any seller or telemarketer when that person “knows or consciously avoids knowing” that the seller or telemarketer is engaged in any act or practice that violates § 310.3(a) or § 310.4 of the TSR.

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

### **COUNT III**

#### **Misrepresentations of Material Aspects of Debt Relief Services**

84. In numerous instances in connection with the telemarketing of debt relief services, Defendants misrepresent, directly or indirectly, expressly or by implication, material aspects of their debt relief services, including, but not limited to, that:

- a) Defendants will eliminate or substantially reduce consumers’ credit card debts after 12 to 18 months;
- b) The upfront fee that Defendants charge to consumers’ credit cards is part of the overall debt that Defendants will eliminate, and therefore consumers will not actually have to pay this fee; and
- c) Consumers’ credit scores will improve or return to normal after 12 to 18 months.

85. Therefore, Defendants' acts or practices as set forth in Paragraph 84 are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(2)(x).

#### **COUNT IV**

##### **Misrepresentations of Affiliation**

86. In numerous instances, in connection with the telemarketing of debt relief services, Defendants misrepresent their affiliation with, or endorsement or sponsorship by, banks, credit card associations, or credit reporting agencies.

87. Therefore, Defendants' acts or practices as set forth in Paragraph 86 are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(2)(vii).

#### **COUNT V**

##### **Failure to Disclose Regarding Debt Relief Services**

88. In numerous instances, in connection with the telemarketing of debt relief services, Defendants fail to disclose, in a clear and conspicuous manner, that their debt relief services—which direct consumers to stop making timely payments to their credit card companies—will likely adversely affect the consumer's creditworthiness, may result in the consumer being subject to collections or sued by creditors or debt collectors, and may increase the amount of money the consumer owes due to the accrual of fees and interest.

89. Therefore, Defendants' acts or practices as set forth in Paragraph 88 are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(1)(viii)(C).

## COUNT VI

### **Requesting and Receiving Advance Fees for Debt Relief Services**

90. In numerous instances in connection with the telemarketing of debt relief services, Defendants request or receive payment of fees or consideration for debt relief services before: (a) they renegotiate, settle, reduce, or otherwise alter the terms of at least one debt pursuant to a settlement agreement, debt management plan, or other such valid contractual agreement executed by the consumer; and (b) the consumer made at least one payment pursuant to that agreement.

91. Therefore, Defendants' acts or practices as set forth in Paragraph 9090 are abusive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.4(a)(5)(i).

### CONSUMER INJURY

92. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and TSR. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

### PRAYER FOR RELIEF

Wherefore, Plaintiff requests that the Court:

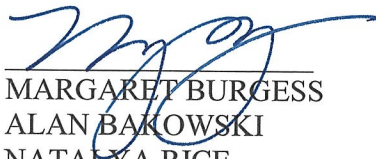
A. Enter a permanent injunction to prevent future violations of the FTC Act and TSR by Defendants;

B. Grant preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to: temporary and preliminary injunctions, an order freezing assets, the appointment of a receiver, immediate access to Defendants' business premises and documents, an accounting of assets, and expedited discovery;

- C. Award monetary and other relief within the Court's power to grant; and
- D. Award any additional relief as the Court determines to be just and proper.

Respectfully submitted,

Dated: 11/7/2022



MARGARET BURGESS  
ALAN BAKOWSKI  
NATALYA RICE  
Federal Trade Commission  
233 Peachtree Street, NE, Ste. 1000  
Atlanta, GA 30303  
Telephone: 202-250-4693 (Burgess)  
Telephone: 404-656-1363 (Bakowski)  
Telephone: 202-445-8587 (Rice)  
Email: mburgess1@ftc.gov, abakowski@ftc.gov,  
nrice@ftc.gov

Attorneys for Plaintiff  
FEDERAL TRADE COMMISSION