

STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

FILE NO.:

FILED
JUL 17 2013
CLERK OF SUPERIOR COURT
WAKE COUNTY, NC

STATE OF NORTH CAROLINA, *ex rel.*)
 ROY COOPER, Attorney General,)
)
 Plaintiff,)
)
 v.)
)
 M & M BUSINESS CONCEPTS, LLC,)
 and MONTERRIO DIESHAUN ADAMS,)
)
 Defendants.)

COMPLAINT

INTRODUCTION

1. This is an action for preliminary and permanent injunctive relief to restrain the defendants from engaging in the provision of illegal credit repair services in violation of North Carolina’s Credit Repair Services Act, N.C. Gen. Stat. § 66-220, *et seq*; from engaging in unfair and deceptive practices in violation of the Unfair and Deceptive Practices Act, N.C. Gen. Stat. § 75-1.1; to obtain the disgorgement of all illegal proceeds; to obtain civil penalties; and other relief. Defendants’ purported credit repair service, in fact, consists of nothing more than the submission of fraudulent and legally ineffective police reports to credit reporting agencies, falsely contending that defendants’ consumer customers have been the victims of identity theft.

PARTIES

2. Plaintiff State of North Carolina is acting through its Attorney General, Roy Cooper, pursuant to authority granted by Chapters 75 and 114 of the General Statutes.

3. Defendant M & M Business Concepts, LLC (“M & M”), is a North Carolina limited liability company, which was incorporated with the North Carolina Secretary of State on December 7, 2010. The business address of defendant M & M is 3737 Glenwood Avenue, Suite 100, Raleigh, North Carolina.

4. Defendant Monterrio Dieshaun Adams is a resident and citizen of Durham County, North Carolina. Defendant Adams is the sole member and organizer of defendant M & M. Defendant Adams managed, operated, and directed the activities of defendant M & M, and is primarily responsible for the illegal activities of defendant M & M.

FACTUAL ALLEGATIONS

5. Beginning sometime in 2010, the defendants began advertising and offering “credit repair” or “credit enhancement” services to consumers seeking assistance in improving their credit histories and increasing their credit scores. Upon information and belief, the defendants have advertised primarily on the Internet through websites such as Craigslist, and by word of mouth.

6. When contacted by consumers in response to their advertisements and solicitations, the defendants represent that they will assist consumers in improving their credit histories and credit scores by contacting, on the consumer’s behalf, one or more of the three primary consumer reporting agencies – namely, Equifax, Experian and TransUnion – to dispute erroneous or outdated information on the consumer’s credit report.

7. Consumers who respond to the defendants’ advertisements or who seek the

defendants' services – and those consumers who seek credit repair services generally – often suffer from unfavorable credit histories due to: (a) financial hardships such as unemployment, illness, or divorce; (b) inaccurate credit histories, caused by creditors' errors in posting and reporting payments, or by consumer reporting agencies' errors in compiling consumers' credit histories; or (c) limited credit histories, if the consumer is relatively young or has not established a significant credit history. As a result, these consumers are seeking to improve their credit histories to increase their credit scores, so they may obtain credit cards or loans, or obtain credit cards or loans at lower interest rates and in larger amounts.

8. The defendants charge consumers substantial fees for their credit repair services, ranging from a low of \$150.00 to a high of \$2000.00, with the typical charge ranging between \$500.00 to \$700.00. In many instances, the defendants collect their fees for credit repair services in advance, prior to rendering any services for consumers, which is in violation of the Credit Repair Services Act, which prohibits the charging of any fees for credit repair services “prior to the full and complete performance of the services that the credit repair business has agreed to perform for or on behalf of the consumer.” N.C. Gen. Stat. § 66-223(1).

9. Upon information and belief, the defendants have failed to comply with the bond requirement of the Credit Repair Services Act, N.C. Gen. Stat. § 66-222, which requires that a credit repair business obtain a surety bond or establish a trust account with a bank or savings institution located in the State, in the amount of \$10,000, in favor of the State of North Carolina. The purpose of this bond requirement is to allow any person damaged by the credit repair business to bring an action against the bond or trust account to recover damages suffered.

10. When the defendants contract with consumers to provide credit repair services, the defendants fail to provide consumers with certain written disclosures that are required by the

Credit Repair Services Act, N.C. Gen. Stat. § 66-224, including but not limited to the following:

(a) written notice that the defendants have obtained a surety bond or trust account and providing the name and address of the surety company or bank or savings institution where the trust account is located; (b) the name and address of the defendants' agent in North Carolina authorized to receive service of process; and (c) a separate written notice of cancellation attached to the credit repair contract, informing the consumer that he or she may cancel the contract without penalty at any time prior to midnight of the third business day after the date the contract is signed, and that, if the consumer cancels, any payment made by the consumer will be returned within ten days following the defendants' receipt of the notice of cancellation.

11. In many instances, after the consumer contracts with the defendants for credit repair services, as part of their purported "credit repair services," the defendants have created false police reports by using a form template located on one or more computers belonging to the defendants. In these manufactured police reports, the defendants make it appear that the consumer has contacted his or her local police department and reported that he or she is a victim of identity theft. The defendants have then transmitted these false police reports to Equifax in support of the defendants' contentions that the consumer customer is a victim of identity theft, and therefore, that certain disputed account(s) on the consumer's credit report do not belong to the consumer and should be altered or removed. Thus, the defendants have knowingly and intentionally submitted false police reports to Equifax in a fraudulent attempt to increase their customers' credit scores.

12. On information and belief, while the defendants' fraudulent activities may, in some instances, cause some consumers' credit scores to increase for a brief period while the disputed accounts are reviewed by consumers' creditors, many consumers' credit scores will

return to their original level after consumers' creditors verify that the original information reported by the creditor is correct, and that the accounts do, in fact, belong to the consumers.

13. Submitted with this Complaint are the affidavits of Richard C. Bargfrede, a detective with the Raleigh Police Department; David Parker, a Credit Reporting Manager with the North Carolina State Employees' Credit Union; and Michael Ramaikas, an Investigator with the North Carolina Department of Justice. These affidavits are attached as Exhibits A through C to the State's Motion For A Temporary Restraining Order and A Preliminary Injunction, which is being filed contemporaneously with the State's Complaint, and is incorporated herein by reference.

FIRST CLAIM FOR RELIEF:
VIOLATION OF NORTH CAROLINA CREDIT REPAIR SERVICES ACT;
N.C. GEN. STAT. §§ 66-220, et seq.

14. The State realleges and incorporates herein the allegations of paragraphs 1 through 13 above.

15. The defendants are operating a "credit repair business" as that term is defined in the Credit Repair Services Act, N.C. Gen. Stat. § 66-221(1). The defendants represent that they can provide services or advice or assistance to consumers with respect to improving, repairing or correcting consumers' credit records or credit histories. The defendants are therefore subject to regulation by the Credit Repair Services Act, N.C. Gen. Stat. § 66-220, *et seq.*

16. The defendants' credit repair activities violate the Credit Repair Services Act. The defendants' violations include, but are not limited to, the following:

- a. Failing to obtain a surety bond or to establish a trust account, in the amount of \$10,000 in favor of the State of North Carolina, in violation of N.C. Gen. Stat. § 66-222;

- b. Charging or receiving fees prior to the full and complete performance of the promised credit repair services, in violation of N.C. Gen. Stat. § 66-223(1);
- c. Representing that the defendants can directly or indirectly arrange for the removal of derogatory credit information from consumers' credit reports or otherwise improve consumers' credit reports or credit standing, when, in many instances, where any such removal or improvement is obtained, such removal or improvement is obtained through the defendants' fraudulent activity, and any removal or improvement is typically of limited duration, in violation of N.C. Gen. Stat. § 66-223(3);
- d. Failing to provide consumers with the contractual written disclosures required by N.C. Gen. Stat. § 66-224, including but not limited to:
 - (i) Written notice that the defendants have obtained a surety bond or trust account and providing the name and address of the surety company or bank or savings institution;
 - (ii) The name and address of the defendants' agent in North Carolina authorized to receive service of process; and
 - (iii) A separate written notice of cancellation attached to the credit repair contract, informing consumers that they may cancel the contract without penalty at any time prior to midnight of the third business day after the date the contract is signed, and that if a consumer cancels, any payment made by the consumer will be returned within ten days following the defendants' receipt of the notice of cancellation;

- e. Engaging in fraud in the performance of their credit repair services, including the preparation of false police reports and the submission of such reports to consumer reporting agencies, in attempts to fraudulently improve consumers' credit histories and increase consumers' credit scores, in violation of N.C. Gen. Stat. § 66-223(5).

17. Pursuant to N.C. Gen. Stat. § 66-225, the State is entitled to injunctive relief to restrain the defendants from further violations of the law and to the recovery and disgorgement of all sums unlawfully collected by the defendants.

SECOND CLAIM FOR RELIEF:
VIOLATION OF NORTH CAROLINA UNFAIR AND DECEPTIVE PRACTICES LAW;
N.C. GEN. STAT. § 75-1.1

18. The State realleges and incorporates herein the allegations of paragraphs 1 through 17 above.

19. In connection with the advertising, marketing, promotion, offering for sale and sale of their credit repair services, the defendants have engaged in violations of North Carolina's Credit Repair Services Act, N.C. Gen. Stat. § 66-220, *et seq.*, as alleged above, which, pursuant to N.C. Gen. Stat. § 66-225(f), constitute violations of N.C. Gen. Stat. § 75-1.1.

20. The defendants' unfair or deceptive acts and practices in connection with their credit repair services include, but are not limited to, the following:

- a. Engaging in illegal credit repair activities prohibited by North Carolina law and in clear violation of the public policy of this State;
- b. Making deceptive representations in soliciting consumers into the defendants' credit repair program, and engaging in unfair and deceptive acts in rendering such services, including but not limited to the following:

- (i) Representing that the purchase of defendants' services will result in improvement in consumers' credit histories and credit scores, when, in some instances, consumers' credit histories and scores do not improve, and, in many instances, where consumers' credit histories and scores do increase, such improvement is only temporary and consumers' credit histories and scores ultimately return to their original level; and
- (ii) Preparing false police reports and submitting such false reports to consumer reporting agencies in fraudulently attempting to obtain the removal of legitimate accounts from consumers' credit histories, and thereby improve their credit standing.

PRAYER FOR RELIEF

WHEREFORE, the plaintiff State of North Carolina prays the Court for the following relief:

- A. That, pursuant to N.C. Gen. Stat. §§ 66-225(c) and 75-14, the defendants be temporarily restrained and preliminarily and permanently enjoined from advertising, soliciting, entering into contracts for the purpose of, or engaging in the provision of credit repair services or any consumer credit-related services in the State of North Carolina;
- B. That, pursuant to N.C. Gen. Stat. § 75-14, the defendants be temporarily restrained and preliminarily and permanently enjoined from engaging in unfair or deceptive practices in the offering or conduct of credit repair services and any other consumer credit-related services in this State;

- C. That the defendants, as part of temporary and preliminary injunctive relief, be required to cease collection of any advance fees from consumers for credit repair services or any related services;
- D. That, pursuant to N.C. Gen. Stat. § 75-15.1, the defendants be ordered to disgorge all moneys paid to the defendants by consumers for credit repair services and any related services;
- E. That the defendants' agreements with consumers for credit repair services and any related services, be cancelled pursuant to N.C. Gen. Stat. §§ 75-1.1 and 75-15.1;
- F. That the defendants be ordered to pay appropriate civil penalties in favor of the State of North Carolina of not more than \$5,000 per violation of the Credit Repair Services Act or Unfair and Deceptive Practices Act;
- G. That the State be awarded costs of this action and reasonable attorneys fees; and
- H. That the Court award such other and further relief as may be just and proper.

This the 12th day of August, 2011.

STATE OF NORTH CAROLINA, *ex rel.* ROY COOPER,
ATTORNEY GENERAL



M. Lynne Weaver
N.C. Bar No. 19397
Assistant Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, NC 27602
Tel: 919-716-6000
Fax: 919-716-6050
E-mail: lweaver@ncdoj.gov

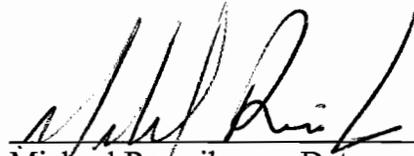
STATE OF NORTH CAROLINA

COUNTY OF WAKE

VERIFICATION

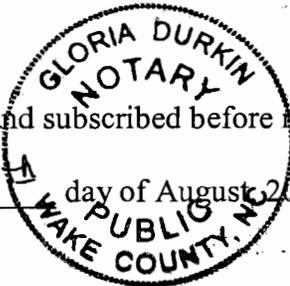
Michael Ramaikas, being first duly sworn, deposes and says:

That he is an Investigator employed by the North Carolina Department of Justice, and that he is authorized to make this Verification; that he assisted in the Department of Justice's investigation of the named defendants; that he has read the foregoing Complaint, and that upon his information and belief, the matters and things alleged therein are true.



Michael Ramaikas Date 8/11/11
Investigator

Sworn and subscribed before me
the 11th day of August, 2011.





Notary Public

My Commission Expires: 4-21-2012