



# Federal Trade Commission

Protecting America's

Consumers 10/13/2011

## FTC Charges Credit Repair Operators With Misleading Credit Bureaus and Charging Consumers Illegal Up-Front Fees

The Federal Trade Commission has charged the operators of a credit repair company with making false statements to credit bureaus about information in consumers' credit reports, and illegally collecting fees from consumers before performing any services. The action is part of the FTC's continuing crackdown on scams that prey on financially distressed consumers.

According to the FTC's [complaint](#) RMCN Credit Services Inc. and the married couple who own it, Doug and Julie Parker, advertised a six-month program to improve consumers' credit reports. The FTC alleges that the defendants made false statements to credit bureaus disputing the accuracy of negative information in consumers' credit reports. In letters to credit bureaus, which RMCN did not show to consumers, the firm typically disputed all negative information in credit reports, regardless of the information's accuracy. RMCN continued to send these deceptive dispute letters to credit bureaus, even after receiving detailed billing histories verifying the accuracy of the information, or signed contracts from creditors proving the validity of the accounts.

The complaint alleges that RMCN misrepresented to consumers that federal law allows the company to dispute accurate credit report information, and that credit bureaus must remove information from credit reports unless they can prove it is accurate. In the company's words, credit bureaus must "prove it or remove it." RMCN charged a retainer fee of up to \$2,000 before providing any service, and falsely told consumers that Texas law allows credit repair organizations that are registered and bonded to charge an advance fee.

The defendants are charged with violating the Credit Repair Organizations Act by making untrue or misleading statements to credit bureaus about consumers' credit worthiness, and by charging fees for credit repair services before they were fully performed.

The Commission vote to refer the complaint to the Department of Justice for filing was 5-0. The Department of Justice filed the complaint on behalf of the Commission in the U.S. District Court for the Eastern District of Texas, Sherman Division. The complaint was filed on October 12, 2011.

Information for consumers is available regarding [credit repair](#) and [repairing your own credit](#) on the FTC's website.

**NOTE:** The Commission refers a complaint to the DOJ for filing when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law. The case will be decided by the court.

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 2,000 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](#). "Like" the FTC on [Facebook](#) and "follow" us on [Twitter](#).

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(RMCN.final)

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#### Related Items:

#### [United States of America, Plaintiff, v. RMCN Credit Services, Inc., Doug Parker, and Julie Parker](#)

(United States District Court for the Eastern District of Texas, Sherman Division)

Case No. 4:11-cv-00650

FTC File No. 082-3253