FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Scammers Who Used Robocalls to Target Cash-Strapped Consumers Banned from Selling Debt Relief Services and Telemarketing

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FOR RELEASE

TAGS: credit cards | Do Not Call | robocalls | Bureau of Consumer Protection | Southeast Region | Consumer Protection | Telemarketing | Debt | Debt Relief

The operators of a Florida-based company that allegedly defrauded financially-distressed and often older-adult consumers with deceptive robocalls claiming they could save them money by reducing the interest rates on their credit cards has settled Federal Trade Commission charges that their conduct was both deceptive and illegal.

The proposed court order resolving the FTC's allegations bans the defendants from selling debt relief services and from all telemarketing, based on their violations of the FTC Act and the Commission's Telemarketing Sales Rule.

"Companies that cold-call consumers with big promises to lower consumers' credit card interest rates and purportedly save them thousands of dollars are likely scams," said Andrew Smith, Director of the FTC's Bureau of Consumer Protection. "Consumers should be very skeptical when they receive these types of unsolicited offers."

According to the FTC's complaint against 11 entities and Raymond Gonzalez, Carlos S. Guerrero, and Joshua Hernandez, jointly doing business first as CSG Solutions and then as Second Choice Horizon, the defendants ran a maze of interrelated operations targeting financially distressed consumers—often seniors—with offers of bogus credit card interest rate reduction services. In the calls, the defendants deceptively told consumers that for a fee they could lower their credit card interest rates to zero percent permanently for the life of the debt.

The complaint alleged that consumers did not get a permanent reduction to zero percent on their credit card interest rates, nor did they typically save thousands of dollars on their debt. Instead, the defendants obtained promotional or "teaser" zero percent interest rates that only lasted for a limited time, after which the interest rate increased significantly. The FTC also alleged the defendants failed to tell consumers that they would have to pay substantial additional bank or transaction fees.

The complaint further alleged that the defendants caused illegal telemarketing calls, including robocalls, to go out to numerous consumers, including many whose phone numbers were on the National Do Not Call Registry. Under the guise of confirming consumers' identities, the defendants allegedly tricked them into providing their personal financial information, including their Social Security and credit card numbers. Finally, in many instances, the FTC alleged consumers who did not buy the services later discovered the defendants had applied for one or more credit cards without their knowledge or consent.

The proposed order settling the Commission charges permanently bans the defendants from, among other things: 1) any involvement in the sale of debt-relief products or services; 2) all telemarketing; 3) applying for any product or service on behalf of a consumer without their knowledge and consent or if the defendants know or have reason to believe any of the information on the application is false or misleading; 4) obtaining a cash advance on a consumer's credit card or submitting billing information for payment without prior approval, and 5) using or benefitting from any consumer information collected through the scheme.

Finally, the order imposes a judgment of $13,881,865 against the defendants, which will be partially suspended based on their inability to pay. The amount each defendant pays will be based on the assets they are required to liquidate.

The Commission vote approving the stipulated final order was 4-0-1, with Commissioner Rebecca Kelly Slaughter not participating. The FTC filed the proposed order in the U.S. District Court for the Middle District of Florida, Orlando Division. The FTC acknowledges the assistance of the Better Business Bureau Serving Central Florida and the Florida Department of Agriculture and Consumer Services in this matter.

NOTE: Stipulated final orders or injunctions, etc. have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about consumer topics and file a consumer complaint online or by calling 1-877-FTC-HELP (382-4357). Like the FTC on Facebook, follow us on Twitter, read our blogs, and subscribe to press releases for the latest FTC news and resources.

PRESS RELEASE REFERENCE:
FTC, Law Enforcement Partners Announce New Crackdown on Illegal Robocalls

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