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UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

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U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO, FLORIDA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

HARDCO HOLDING GROUP LLC, a Florida
limited liability company,

S & H FINANCIAL GROUP INC., a Florida
corporation,

DARYL M. HALL, individually and as an officer
of Hardco Holding Group LLC and S & H
Financial Group Inc., and

DEQUAN M. SICARD, individually and as an
officer of Hardco Holding Group LLC and S & H
Financial Group Inc.,

Defendants.

Case No. U: 17-CV-1257-ORL-37-TBS

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

(FILED UNDER SEAL)

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

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), and Section 814 of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692l, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FDCPA, 15 U.S.C. §§

1692-1692p, in connection with Defendants' deceptive and abusive debt collection practices, including attempts to harass consumers into paying debts that they do not actually owe.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), and 1692*l*.
3. 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

4. The FTC is an independent agency of the United States Government created by statute. 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 FDCPA, 15 U.S.C. §§ 1692-1692p, which prohibits abusive, deceptive, and unfair debt collection practices and imposes duties upon debt collectors.
5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the FDCPA and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), and 1692*l*(a).

DEFENDANTS

6. Defendant Hardco Holding Group LLC ("Hardco Holding") is a Florida limited liability company with its principal place of business at 6220 S. Orange Blossom Trail, Suite 193, Orlando, Florida. Hardco Holding has also used mailing addresses of 750 S. Orange

Blossom Trail, Suite 186, Orlando, Florida and 15661 Sheridan Street, Suite 3, Davie, Florida. Hardco Holding is the registrant for the telecommunications services used by the Defendants. Hardco Holding transacts or has transacted business in this district and throughout the United States.

7. Defendant S & H Financial Group Inc. (“S&H”) is a Florida corporation with its principal place of business at 6220 S. Orange Blossom Trail, Suite 193, Orlando, Florida. Hardco Holding has also used mailing addresses of 750 S. Orange Blossom Trail, Suite 186, Orlando, Florida, 618 Short Pine Circle, Orlando, Florida, and 15661 Sheridan Street, Suite 3, Davie, Florida. Merchant accounts Defendants use to process payments from consumers are held in the name of S&H. S&H transacts or has transacted business in this district and throughout the United States.
8. Defendant Daryl M. Hall is the managing member of Hardco Holding and the president of S&H. He is or has been an authorized signatory to the bank accounts of Hardco Holding and S&H. He is listed as the contact person for Defendants’ telecommunications services. At all times material 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. Defendant Hall 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.
9. Defendant Dequan M. Sicard is the vice-president of S&H. He is or has been an authorized signatory to the bank accounts of S&H. At all times material 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.

Defendant Sicard 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.

10. Defendants Hardco Holding and S&H (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the unlawful acts and practices and other violations of law alleged below. Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, managers, business functions, employees, and office locations, and that commingled funds. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Daryl M. Hall and Dequan M. Sicard have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

11. At all times material 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’ DECEPTIVE AND ABUSIVE COLLECTION PRACTICES

12. Since at least June 2015, and continuing thereafter, Defendants, often doing business using the name Alliance Law Group, have engaged in a scheme to defraud consumers through the collection of payments for debts that consumers do not actually owe or that Defendants do not have authority to collect. Defendants contact consumers via telephone

calls and make a series of misrepresentations and threats to convince consumers to pay the purported debts. Payments made by consumers are processed through merchant accounts controlled by Defendants before being deposited into Defendants' bank accounts.

13. Defendants' scheme to collect on debts that consumers do not actually owe is predicated on convincing consumers that a lawsuit has been, or will soon be filed against them and will result in dire consequences unless consumers pay Defendants promptly. In furtherance of the scheme, Defendants often use a two-step collection process to lend credence to the misrepresentations that the consumer owes them a debt and that legal action against a consumer has begun or is imminent.
14. In the first step, Defendants' collectors generally call consumers or third parties and represent that a lawsuit has been or will soon be filed against the consumer, often regarding a purported outstanding debt owed by the consumer. In numerous instances, the collectors state that the consumer must call another number for more information, then provide a callback number and a "case number" for the consumer to reference when calling. In some instances, the collectors describe the court action as a civil lawsuit, while in other instances, the action is described as a criminal case.
15. In numerous instances, in placing these initial calls to consumers, Defendants' collectors do not identify that the call is being placed by or on behalf of Defendants, that the call is coming from a debt collector who is attempting to collect a debt from the consumer, or that any information obtained from the consumer will be used for that purpose.

16. The second step of Defendants' collection process generally occurs when consumers call the telephone numbers that Defendants' collectors provide in the initial call and are connected with collectors whose job is to secure consumers' payments for Defendants.
17. In numerous instances, Defendants' collectors who answer consumers' calls falsely represent that they are attorneys or working for attorneys, and that Defendants are a law firm. For example, in numerous instances, Defendants' collectors have told consumers that they were calling from the "Alliance Law Group," "Bryar & Associates," "Cohen & Associates," or "Freedom Law Firm." In some instances, Defendants' collectors identify themselves using the name and addresses of legitimate small businesses unrelated to Defendants.
18. In numerous instances on these calls, Defendants' collectors inform consumers that they are delinquent on a payday loan or other debt and that legal action has been taken or will be taken shortly against the consumer. In numerous instances, Defendants' collectors advise consumers that they can settle the action by making a payment over the telephone via the consumer's credit or debit card.
19. In some instances, Defendants' collectors possess, or claim to possess, the consumers' private information, such as Social Security Numbers, bank account numbers, or names and contact information of relatives, convincing consumers that the calls are legitimate collection efforts and that consumers must pay the purportedly delinquent debts.
20. In numerous instances, to coerce consumers into paying the purported debts, Defendants' collectors threaten consumers with arrest if they fail to pay the alleged debt immediately. For example, Defendants have told consumers that they have committed felonies, defrauded

a financial institution, could go to prison, or that the Sheriff or police will come to their house and arrest them.

21. In fact, in numerous instances when Defendants threaten consumers with legal action, no legal action has been taken, Defendants do not intend to take any such legal action, nor do Defendants have authority to take any such legal action. Defendants also cannot have consumers arrested for non-payment of a private debt. Further, neither Defendants nor their representatives are attorneys or are working for attorneys, and Defendants are not a law firm.
22. Moreover, in numerous instances, consumers do not owe the purported debt or Defendants are not authorized to collect on the debt. In fact, in many instances when consumers contact the purported creditors, they discover either that they never had any debts with those creditors or that their debts had already been paid.
23. In numerous instances, Defendants also have communicated with third parties. In numerous such instances, Defendants: (1) already possessed location information for the consumer, including the consumer's place of abode, telephone number, or place of employment; (2) disclosed the consumer's purported debt to the third party; or (3) represented to the third party that Defendants will commence legal action—including arrest—against the putative debtor if the debt is not paid.
24. In numerous instances, in communications with consumers, Defendants' collectors fail to disclose that they are debt collectors.
25. In numerous instances, Defendants fail to provide consumers, within five days after the initial communication with consumers, a written notice containing (1) the amount of the debt; (2) the name of the creditor to whom the debt is owed; (3) a statement that unless the

consumer disputes the debt, the debt will be assumed valid; and (4) a statement that if the consumer disputes the debt in writing, Defendants will obtain verification of the debt.

26. Many consumers pay the alleged debts that Defendants purport to be collecting because they are afraid of the threatened repercussions of failing to pay, because they believe Defendants are legitimate and are collecting real delinquent debt, or because they want to stop the harassment. Generally, consumers make these payments using a credit card, debit card, or electronic transfer from their bank account.

27. Since at least June 2015, Defendants have collected over \$690,000 from consumers through their unlawful debt collection scheme.

VIOLATIONS OF THE FTC ACT

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

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

COUNT I

False or Unsubstantiated Representations That Consumers Owe Debts

30. In numerous instances, in connection with the collection of alleged debts, Defendants have represented, directly or indirectly, expressly or by implication, that:

- (a) The consumer is delinquent on a payday loan or other debt that Defendants have the authority to collect; or
- (b) The consumer has a legal obligation to pay Defendants.

31. The representations set forth in Paragraph 30 are false or misleading or were not substantiated at the time the representations were made.
32. Therefore, the making of the representations as set forth in Paragraph 30 of this Complaint constitutes a 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 II
False or Misleading Representations Regarding Legal Action

33. In numerous instances, in connection with the collection of alleged debts, Defendants have represented, directly or indirectly, expressly or by implication, that:
- (a) Defendants are attorneys or affiliated with attorneys;
 - (b) Defendants are a law firm;
 - (c) The consumer will be arrested or imprisoned for failing to pay Defendants; and
 - (d) Defendants have taken, intend to take, or have authority to take formal legal action against a consumer who fails to pay, such as filing suit.
34. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 33 of this Complaint:
- (a) Defendants are not attorneys or affiliated with attorneys;
 - (b) Defendants are not a law firm;
 - (c) The consumer will not be arrested or imprisoned for failing to pay Defendants;
and
 - (d) Defendants have not taken, do not intend to take, or do not have authority to take formal legal action against a consumer who fails to pay, such as filing suit.

35. Therefore, Defendants' representations as set forth in Paragraph 33 of this Complaint are false or misleading and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FDCPA

36. In 1977, Congress passed the FDCPA, 15 U.S.C. §§ 1692-1692p, which became effective on March 20, 1978, and has been in force since that date. Under Section 814 of the FDCPA, 15 U.S.C. § 1692l, a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Further, the FTC is authorized to use all of its functions and powers under the FTC Act to enforce compliance with the FDCPA.
37. Defendants are "debt collectors" as defined by Section 803(6) of the FDCPA, 15 U.S.C. § 1692a(6).
38. A "consumer," as defined in Section 803(3) of the FDCPA, 15 U.S.C. § 1692a(3), "means any natural person obligated or allegedly obligated to pay any debt."
39. A "debt," as defined in Section 803(5) of the FDCPA, 15 U.S.C. § 1692a(5), "means any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment."
40. The term "location information," as defined in Section 803(7) of the FDCPA, 15 U.S.C. § 1692a(7), means "a consumer's place of abode and his telephone number at such place, or his place of employment."

COUNT III
Unlawful Third-Party Communications

41. In numerous instances, in connection with the collection of debts, Defendants have communicated with persons other than the consumer, the consumer's attorney, a consumer reporting agency if otherwise permitted by law, the creditor, the attorney of the creditor, the attorney of the debt collector, the consumer's spouse, parent (if the consumer is a minor), guardian, executor, or administrator for purposes other than acquiring location information about a consumer, without having obtained directly the prior consent of the consumer or the express permission of a court of competent jurisdiction, and when not reasonably necessary to effectuate a post-judgment judicial remedy, in violation of Section 805(b) of the FDCPA, 15 U.S.C. § 1692c(b).

COUNT IV
Calls Without Meaningful Disclosure of Identity

42. In numerous instances, in connection with the collection of debts, Defendants engage in conduct the natural consequence of which is to harass, oppress, or abuse the caller, in violation of Section 806 of the FDCPA, 15 U.S.C. § 1692d, including, but not limited to, by placing telephone calls without meaningful disclosure of the caller's identity, in violation of Section 806(6) of the FDCPA, 15 U.S.C. § 1692d(6).

COUNT V
False or Misleading Representations

43. In numerous instances, in connection with the collection of debts, Defendants have used false, deceptive, or misleading representations or means, in violation of Section 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to:

- (a) Falsely representing the character, amount, or legal status of any debt, in violation of Section 807(2)(A) of the FDCPA, 15 U.S.C. § 1692e(2)(A);
- (b) Falsely representing or implying that any individual representative is an attorney or that any communication is from an attorney, in violation of Section 807(3) of the FDCPA, 15 U.S.C. § 1692e(3);
- (c) Falsely representing or implying that nonpayment of a debt will result in the arrest or imprisonment of a person, when such action is not lawful or when the Defendants have no intention of taking such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4);
- (d) Threatening to take action that is not lawful or the Defendants do not intend to take, such as filing a lawsuit, in violation of Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5);
- (e) Using false representations or deceptive means to collect or attempt to collect a debt or to obtain information concerning a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10);
- (f) Failing to disclose (1) in the initial oral communication with consumers that Defendants are debt collectors attempting to collect a debt and that any information obtained by Defendants from consumers will be used for the purpose of attempting to collect a debt and (2) in subsequent communications with consumers that Defendants are debt collectors, in violation of Section 807(11) of the FDCPA, 15 U.S.C. § 1692e(11); and

- (g) Using a business, company, or organization name other than the true name of Defendants' business, company, or organization, in violation of Section 807(14) of the FDCPA, 15 U.S.C. § 1692e(14).

COUNT VI
Failure to Provide a Validation Notice

44. In numerous instances, in connection with the collection of debts, Defendants have failed to send consumers, within five days after the initial communication with consumers, a written notice containing (1) the amount of the debt; (2) the name of the creditor to whom the debt is owed; (3) a statement that unless the consumer, within thirty days after receipt of the notice, disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by Defendants; (4) a statement that if the consumer notifies Defendants in writing within the thirty-day period that the debt, or any portion thereof, is disputed, Defendants will obtain verification of the debt or a copy of a judgment against the consumer and a copy of such verification or judgment will be mailed to the consumer by Defendants; and (5) a statement that, upon the consumer's written request within the thirty-day period, Defendants will provide the consumer with the name and address of the original creditor, if different from the current creditor, in violation of Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a).

CONSUMER INJURY

45. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the FDCPA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by

this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

46. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), empower this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such 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, immediate access to business premises, and appointment of a receiver;

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

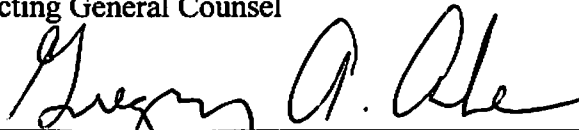
C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the FDCPA, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. 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.

Dated: July 10, 2017

Respectfully submitted,

DAVID C. SHONKA
Acting General Counsel



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