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Florida Attorney General's Office News Release

AG Moody, FTC Obtain Order Halting Bogus Interest Reduction Operation

TALLAHASSEE, Fla.—At the request of Attorney General Ashley Moody, along with the Federal Trade Commission, a federal district court is temporarily banning a group of Orlando-based businesses and owners from conducting an alleged sham credit card interest rate reduction operation targeting financially distressed consumers and older adults. The court's order temporarily halts the operation, freezes its assets and appoints a temporary receiver over the business.

Attorney General Ashley Moody said, "It is reprehensible that fraudsters would exploit financially distressed individuals struggling for assistance to meet their financial obligations. These telemarketing scammers allegedly hid their identities and reaped millions of dollars at the expense of vulnerable consumers. I am proud to partner with the FTC to stop this fraud, particularly during these unprecedented times of economic strain on so many consumers and legitimate business creditors."

FTC Bureau of Consumer Protection Director Andrew Smith said, "If you're one of the many Americans now dealing with rising debt, steer clear of companies promising to reduce your credit card interest rate after you pay them. The FTC is proud to partner again with the Florida Attorney General to stamp out these bogus offers."

According to the complaint, the defendants blasted consumers with telemarketing cold calls and promised to permanently and substantially reduce consumers' credit card interest rates. After duping consumers into believing they were affiliated with the consumers' existing credit card companies or well-known credit card networks, the defendants allegedly promised to save consumers thousands of dollars in credit card interest and enable them to pay off their credit card debt three to five times faster. The defendants charged sizeable upfront fees, ranging from $995 to as much as $3,995 for their bogus services.

Many consumers who paid the defendants' significant upfront fees reportedly received no permanent debt reduction and were left with more debt and worse credit. Instead of contacting the consumers' credit card companies to negotiate permanent and substantially lower interest rates, defendants allegedly applied for new credit cards in the consumers' names with temporarily lower teaser interest rates. They then executed balance transfers from the consumers' existing cards to the new cards. These tactics not only failed to provide many consumers the substantial and permanent savings they were promised, but also often left the consumers saddled with substantial balance transfer fees on top of the upfront fees defendants charged for their service.

The defendants allegedly reaped millions of dollars through this unlawful scheme since at least

March 2014. The Florida Attorney General's Office and FTC are seeking to permanently stop the conduct and secure money for consumer refunds.

In bringing the case, the agencies charged the defendants with violating the FTC Act, the Telemarketing Sales Rule and the Florida Deceptive and Unfair Trade Practices Act. The defendants named in the complaint are GDP Network LLC, G & G Success LLC, G & N Squared LLC, Gino De Paz, Grace De Paz and Shabana Khublal.

To view the complaint, click here.