

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

CHASE BANK USA, N.A.,

Plaintiff,

vs.

HESS KENNEDY CHARTERED, LLC;  
LAURA L. HESS; EDWARD T. KENNEDY;  
LAURA HESS & ASSOCIATES, P.A.;  
HESS KENNEDY HOLDINGS, LTD.;  
HESS KENNEDY COMPANY CHARTERED  
BWI; THE CONSUMER LAW CENTER, LLC;  
THE CONSUMER LAW CENTER OF  
DELRAY BEACH, LLC; THE CONSUMER  
LAW CENTER OF BOCA RATON, INC.;  
THE CAMPOS CHARTERED LAW FIRM;  
JEFF CAMPOS, P.A.; JEFFREY S. CAMPOS;  
LEGAL DEBT CENTER, LLC;  
JOHN DOES 1-50,

Defendants.

CASE NO.:

**COMPLAINT**

Plaintiff, CHASE BANK USA, N.A. (“Chase”), for its Complaint against Defendants HESS KENNEDY CHARTERED, LLC, LAURA L. HESS, EDWARD T. KENNEDY, LAURA HESS & ASSOCIATES, P.A., HESS KENNEDY HOLDINGS, LTD., HESS KENNEDY COMPANY CHARTERED BWI, THE CONSUMER LAW CENTER, LLC, THE CONSUMER LAW CENTER OF DELRAY BEACH, LLC, THE CONSUMER LAW CENTER OF BOCA RATON, INC., THE CAMPOS CHARTERED LAW FIRM, JEFF CAMPOS, P.A., JEFFREY S. CAMPOS, LEGAL DEBT CENTER, LLC and JOHN DOES 1-50 (collectively “defendants”), alleges as follows:

## INTRODUCTION

1. More than 3,800 Chase cardmembers have failed to pay more than \$25 million dollars of legitimate debt owed to Chase under their credit card accounts due to an unlawful debt elimination scheme and other related schemes devised and operated by defendants and others acting in concert with them. Defendants' unlawful schemes are the subject of lawsuits brought earlier this month by the Attorneys General of Florida and North Carolina alleging unfair and deceptive business practices and of an on-going investigation by the Attorney General of West Virginia.

2. Under the guise of providing "legal services," "debt elimination services" and/or "debt management services" for which Chase cardmembers are charged substantial fees, defendants advise, encourage and enable these cardmembers to initiate, allegedly under the Fair Credit Billing Act ("FCBA"), 15 USC §§1666 *et seq.*, "billing error disputes" against Chase which defendants know to be without any basis in law or fact. Defendants mislead cardmembers into believing that under the FCBA they can validly challenge their entire Chase credit card account balances that have accrued over years of use and can legally withhold any and all payments until Chase investigates and resolves the purported "billing error disputes" to their satisfaction. However, as defendants know, Chase has no obligation to deem these cardmembers' account balances eliminated based upon these sham billing error disputes. Even in the case of valid billing error disputes (which these are not), Chase is obligated only to conduct a timely and reasonable investigation to determine, to its satisfaction, whether a billing error occurred.

3. In furtherance of this scheme, defendants, *inter alia*, fabricate legally insufficient form letters which they and Chase cardmembers send to Chase and cause Chase cardmembers to assert frivolous claims and counterclaims against Chase in court and in

arbitrations commenced by Chase to collect on delinquent credit card balances owed by the cardmembers. At or around the time these letters are delivered to Chase, the cardmembers who have paid defendants cease making payments on their account balances, presumably at defendants' direction. Defendants' conduct is entirely in bad faith and serves no legitimate purpose. Defendants' ulterior goals are to extract fees from cardmembers who should be paying the money to Chase to satisfy their debts and to maliciously harass Chase in an improper (albeit unsuccessful) attempt to coerce the elimination of their clients' legitimate debts.

4. By their unlawful conduct, defendants are improperly interfering with Chase's contractual relations with its cardmembers, abusing civil process, violating Delaware statutory law and unlawfully conspiring, entitling Chase to declaratory and injunctive relief, compensatory and punitive damages and the recovery of its attorneys' fees and costs.

5. Pursuant to 18 U.S.C. §1344, one who knowingly executes or attempts to execute a scheme or artifice "to defraud a financial institution" or "to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises" is punishable by a fine of not more than \$1 million or imprisonment for not more than 30 years, or both. Among other things, in some instances Chase's cardmembers pay defendants for their "services" using Chase credit cards. Defendants accept such payments knowing that they will advise the cardmembers that they do not have to make any payments to Chase because of the alleged billing error disputes which defendants know to be sham.

#### **PARTIES**

6. Plaintiff Chase is a national banking association with its main office in Newark, Delaware. Chase is also the successor to Bank One, Delaware, N.A., a national banking association, by merger on October 1, 2004.

7. Defendant HESS KENNEDY CHARTERED, LLC (“Hess Kennedy”) is a Florida limited liability company with its principal place of business at 210 N. University Drive, Suite 900, Coral Springs, Florida 33071. The managing member of Hess Kennedy is Hess Kennedy Company Chartered BWI, Walker House, 87 Mary Street, Georgetown, Grand Cayman, KY1-9001, Cayman Islands. Prior to August 31, 2007, Hess Kennedy was organized as a corporation known as “Hess Kennedy Company Chartered” and its director was Laura L. Hess. This organizational change occurred shortly after attorneys for Chase met with certain of the defendants to demand that they cease their unlawful activities.

8. Defendant LAURA L. HESS (“Hess”) is a citizen of the state of Florida with an address at 210 N. University Drive, Suite 900, Coral Springs, Florida 33071.

9. Defendant EDWARD T. KENNEDY (“Kennedy”) is a citizen of the state of Florida with an address at 210 N. University Drive, Suite 900, Coral Springs, Florida 33071. Upon information and belief, Kennedy may also use the aliases “Edward Cherry” or “Edward Kennedy Cherry.”

10. Defendant LAURA HESS & ASSOCIATES, P.A. (“LH&A”) is a Florida corporation with its principal place of business at 210 N. University Drive, Suite 900, Coral Springs, Florida 33071.

11. Defendant HESS KENNEDY HOLDINGS, LTD. (“HKH”) is a Florida limited liability company with its principal place of business at 210 N. University Drive, Suite 209, Coral Springs, Florida 33071. The managing member of HKH is Hess Kennedy Company Chartered BWI, Walker House, 87 Mary Street, Georgetown, Grand Cayman, KY1-9001, Cayman Islands. Prior to August 31, 2007, the managing members of HKH were Laura Hess, Inc., Jeff Campos, P.A., David Kleiman, P.A. and Edward Cherry. This organizational

change occurred shortly after attorneys for Chase met with certain of the defendants to demand that they cease their unlawful activities.

12. Defendant HESS KENNEDY COMPANY CHARTERED BWI (“BWI”) is a corporation with its principal place of business at Walker House, 87 Mary Street, Georgetown, Grand Cayman, KY1-9001, Cayman Islands.

13. Defendant THE CONSUMER LAW CENTER, LLC (“CLC”) is a Florida limited liability company with its principal place of business at 210 N. University Drive, Suite 209, Coral Springs, Florida 33071. The manager of CLC is The Consumer Law Center Partners, 210 North University Drive, Suite 901, Coral Springs, Florida 33071. Prior to October 4, 2007, the managing members of CLC were Laura Hess, Inc., Jeff Campos, P.A., David Kleiman, P.A., David Lipman, P.A., Lee Stein, Esq., Mavrides, Moyal & Associates, LLP, Edward Cherry and Walter Chen. This organizational change occurred shortly after attorneys for Chase met with certain of the defendants to demand that they cease their unlawful activities.

14. Defendant THE CONSUMER LAW CENTER OF DELRAY BEACH, FLORIDA, LLC (“CLCDB”) is a Florida limited liability company with its principal place of business at 14590 S. Military Trail, E2, Delray Beach, Florida 33484. The managing member of CLCDB is “Jeff Gombos,” 14590 S. Military Trail, E2, Delray Beach, Florida 33484.

15. Defendant THE CONSUMER LAW CENTER OF BOCA RATON, INC. (“CLCBR”) is a Florida corporation with its principal place of business at 160 West Camino Real, 240, Boca Raton, Florida 33432.

16. Defendant THE CAMPOS CHARTERED LAW FIRM (“CCLF”) is a Florida corporation with its principal place of business at 3200 N. University Drive, 210, Coral Springs, Florida 33065.

17. Defendant JEFF CAMPOS, P.A. (“JCPA”) is a Florida corporation with its principal place of business at 3200 North University Drive, 210, Coral Springs, Florida 33065.

18. Defendant JEFFREY S. CAMPOS (“Campos”) is citizen of the state of Florida with an address at 10224 Vestal Court, Coral Springs, Florida 33071. Campos has also signed letters on the stationary or letterhead of a purported entity called “The Consumer Protection Law Center.” Chase has found no legal entity formed or incorporated under that name.

19. Defendant LEGAL DEBT CENTER, LLC. (“LDC”) is a Florida limited liability company with its principal place of business at 210 N. University Drive, #905, Coral Springs, Florida 33071. The managing member of LDC is Edward Cherry, 210 N. University Drive, #905, Coral Springs, Florida 33071. LDC also conducts business at 210 N. University Drive, Suite 900, Coral Springs, Florida 33071.

20. Defendants JOHN DOES 1-50 are persons and entities, presently unknown, who have conspired with and/or aided and abetted the unlawful activities of defendants.

21. Upon information and belief, defendants Hess and Hess Kennedy control, orchestrate, direct and/or participate in the unlawful activities of the other defendants as described herein as well as the activities of the so-called “National Network of Consumer Attorneys” or “The Attorney Network” whose members are hand-picked by Hess and Hess Kennedy and promise to help consumers who are “drowning in debt” to “dramatically lower or eliminate your debt” by using the sham letters and other devices devised by defendants. (Exhibit

A).<sup>1</sup> Defendants may also conduct their unlawful activities under the guise of other names and aliases, including but not limited to “The Consumer Protection Law Center,” “Hess-Kennedy & Company, Inc.” and “Hess Kennedy & Company.”

22. Each of the defendants acts and has acted as an agent for or alter ego of the other defendants in carrying out the schemes described herein, and each is liable for the unlawful conduct of the other defendants.

### **JURISDICTION AND VENUE**

23. This Court has diversity jurisdiction pursuant to 28 U.S.C. §1332 because the matter in controversy exceeds \$75,000, exclusive of interest and costs, and is between citizens of different states.

24. Venue is proper in this district pursuant to 28 U.S.C. §1391(a) because a substantial part of the events, acts and omissions giving rise to the claims herein have taken place in this District.

### **FACTS**

25. In recent years, fraudulent debt elimination schemes have flourished throughout the country, spread by the Internet and other mass-marketing routes. Promoters of these schemes generally claim that, for an up-front fee, they will eliminate or substantially reduce a consumer’s debt obligations to creditors without any further material payment to the consumer’s creditors. These schemes, however, have no valid basis in either law or fact, fail to provide any of the promised relief to the consumers who fall victim to them and ultimately result in consumers who are deeper in debt with severely damaged credit scores. These schemes have become so varied and prevalent that the federal Office of the Comptroller of the Currency and

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<sup>1</sup> In the attached Exhibits, personal cardmember information has been redacted for privacy reasons.

the Federal Deposit Insurance Corporation now warn consumers about such schemes on their websites and through a formally-issued Alert to other regulators and banks. (Exhibit B).

26. Defendants are the source of one or more fictitious debt elimination schemes. In addition to the conduct alleged herein: (a) the Florida Attorney General's Office sued Laura L. Hess, Esq., Laura Hess & Associates, P.A., Hess Kennedy Chartered LLC and The Consumer Law Center, LLC on February 21, 2008 for violating state consumer protection laws in connection with their debt elimination and/or debt management schemes; (b) the North Carolina Attorney General's Office sued Hess Kennedy Chartered, LLC, The Consumer Law Center, LLC, Laura L. Hess and Edward Cherry on February 11, 2008 for engaging in unfair and deceptive practices and has obtained temporary and/or preliminary injunctions against their unlawful activities; and (c) the West Virginia Attorney General's Office is reportedly investigating Hess Kennedy for deceptive and unfair practices in debt management services. (Collectively Exhibit C). Moreover, according to its website, the Better Business Bureau of Southeast Florida received 138 complaints from consumers concerning Hess Kennedy, as a result of which it assigned the company a grade of "F," meaning that: "We strongly question the company's reliability for reasons such as that they have failed to respond to complaints, their advertising is grossly misleading, they are not in compliance with the law's licensing or registration requirements, their complaints contain especially serious allegations, or the company's industry is known for its fraudulent business practices." (Exhibit D). Other Internet websites reveal strong consumer dissatisfaction with and complaints concerning Hess Kennedy. (Exhibit E).

27. On or about February 11, 2008, The Florida Bar filed a Petition for Contempt ("Petition") against defendant Laura Hess with the Florida Supreme Court reciting that

(a) on January 27, 2005 the Florida Supreme Court publicly reprimanded Hess and placed her on probation for three years and (b) Hess had eight new complaints filed with The Florida Bar during her probationary period which resulted in a finding of probable cause of misconduct. The Petition asks the Florida Supreme Court to suspend Hess from the practice of law for 91 days. (Exhibit F). All but one of the complaints referenced in the Petition involved consumers who alleged that Hess, Hess Kennedy and/or other defendants were paid fees by the consumers but failed to deliver promised services involving the consolidation, reduction, management and/or elimination of credit card and other debts owed to creditors including Chase.

28. Hess Kennedy maintains a website, [www.hesskennedycompany.com](http://www.hesskennedycompany.com), which promotes and solicits clients for the debt elimination scheme and other related schemes described herein. The website states in pertinent part:

Hess/Kennedy Chartered is a professional association. Managing Partner of Hess/Kennedy Chartered is Laura Hess. She is admitted for practice in Florida only. For cases outside of Florida Hess/Kennedy Chartered lawyers will request assistance from and associate with one of our hand-picked affiliate attorneys located throughout the country.

(Exhibit G).

29. Consumers are asked to supply their names, addresses and other information over the Internet and are told that a Hess Kennedy representative will contact them promptly. The Hess Kennedy website contains a “drop-down menu” listing all of the 50 states, thereby permitting, and indeed inviting, consumers from every state to supply their contact information and ultimately seek Hess Kennedy’s services. Delaware is expressly included on this list of states. (*See* Exhibit G).

30. The terms of Chase’s contracts with its cardmembers are set forth in written Cardmember Agreements, under which Chase extends credit privileges to cardmembers,

and cardmembers agree to make payments to Chase on the balances owed. The Cardmember Agreements state that they are entered into in Delaware and are governed by Delaware law. (A representative Cardmember Agreement is attached as Exhibit H).

31. Defendants have interfered and continue to interfere with the contractual relations between Chase and its cardmembers and have engaged in tortious conduct by soliciting Chase cardmembers to commence and pursue frivolous and legally invalid billing error disputes challenging the enforceability of their credit card debt to Chase.

32. Defendants mislead cardmembers into believing that, without even conducting so much as a cursory review of their account agreements and credit card statements, the cardmembers can lawfully challenge their entire credit card debts owed to Chase and accrued over years of use by sending form letters to Chase which purport to commence a “billing error dispute” that will trigger Chase’s obligations under the FCBA to investigate the alleged dispute, provide documentation requested by the cardmember and refrain from taking action to collect the disputed amount. *See* 15 U.S.C. §§1666(a), (c), (d).

33. To further their scheme, defendants advise Chase’s cardmembers that by retaining defendants for a fee and sending Chase form letters supplied by defendants, or authorizing defendants themselves to send form letters to Chase, the cardmembers can eliminate or substantially reduce their entire credit card debts. Defendants’ letters -- including those either provided to cardmembers or sent by defendants on their behalf -- are directed and mailed to Chase in Delaware.

34. The form letters used by defendants do not vary in any material respect from person to person or account to account, but (excluding name, address, account number, statement date and total account balance) follow essentially identical formats. The form letters

do not reflect any individualized, fact-based claims specific to a given credit card account or credit card customer. Even the same typographical error (“I may also assert claims ob [sic] behalf of my client”) appears in each letter. The form letters challenge the customer’s entire then-existing account balance under the guise of a “billing error”. The form letters request numerous boilerplate categories of legally irrelevant documentation and threaten a laundry list of litigation against Chase if it continues its efforts to collect the balance due on the credit card account. Examples of form letters used by defendants are attached as Exhibits I, J, K and L.

35. Defendants’ form letters, on their face, do not constitute valid, proper or legally sufficient written notices of billing errors under Section 1666 of the FCBA. The letters do not allege any type of billing error, as defined in the FCBA, much less identify the reasons for the belief that such a billing error exists, or even the date and the amount of the error. In fact, the letters are extremely amorphous, general and vague. Moreover, under the FCBA a creditor’s obligation to investigate a disputed billing statement is triggered only when the consumer has sent a written notice within 60 days of the creditor’s transmission of the first statement containing the alleged error. 15 U.S.C. §1666(a). Nevertheless, defendants’ form letters challenge the cardmember’s entire account balance, regardless of the period of time over which it has accrued. Thus, the form letters on their face are not timely under the FCBA and plainly invalid. A typical form letter sent by Hess Kennedy to Chase states in pertinent part:

My client is disputing the accuracy and validity of the balance as reflected on your most recent statement, as well as disputing the accuracy and validity of all charges shown on all statements that my client may have ever received, as well as all statements that my client may receive until this dispute is resolved. To be clear, at this point in my investigation, and based upon conversations that I have had with the Comptroller of the Currency, Federal Reserve Bank, and accounting advisors, my client is disputing the entire balance and every charge reflected on the disputed account.

\* \* \*

[T]he remedy I seek is the complete elimination and/or discharge of the entire balance of the account referenced above, and the complete removal of my client's name from your records. I also request a zero balance due statement showing that no further monies are owed and no balance is due.

See Exhibit I. In addition, some form letters are unsigned or have electronic signatures that do not match up with the names at the top of the letters. Because defendants' form letters are legally deficient on their face and do not state proper, valid or timely billing errors, they do not trigger Chase's billing error obligations under the FCBA and do not alter the cardmembers' obligations to repay the balances owed on their respective credit card accounts.

36. In addition, in many instances in which Chase has commenced arbitration proceedings against cardmembers to recover on delinquent account balances, as authorized by the Cardmember Agreements, defendants have directly or indirectly interposed frivolous and invalid counterclaims and other defenses to Chase's claims for payment. The responses and counterclaims interposed in different arbitrations are materially the same and apparently reflect forms used by defendants solely to delay and obstruct the arbitration proceedings and make them more expensive for Chase. Illustrative of the types of "defenses" raised by or on behalf of the cardmembers in these arbitrations are the following:

In this case, the CLAIMANT [Chase] does not allege that it extended anything of value, nor conferred anything of value on the RESPONDENT [cardmember]. Given a fundamental understanding of Modern Money Mechanics and GAAP, CLAIMANT, created the money and credit upon its own books by bookkeeping entry as the consideration for RESPONDENT'S alleged "promise to pay." Each time RESPONDENT allegedly used the credit card account, the banks [sic] assets were expanded, not contracted. Thus, any failure to "pay as agreed" caused no damage to the Plaintiff.

Exhibit M.

As its thirteenth affirmative defense, the Respondent shows that when a credit card account is established in the name of a holder of

a credit card, no United States currency (Federal Reserve Notes) are lent or transferred to the holder of the credit card, but instead the card holder is given access to an electronic bookkeeping ledger wherein the issuing bank makes credits and debit entries in equal amounts in accordance with General Accepted Accounting Principles. Accordingly, no consideration is given and the contract fails for lack of consideration.

Exhibit N. This nonsensical gibberish -- referred to in case law as “vapor money” or “no money lent” theories -- does not assert a valid defense and is purely dilatory in nature.

37. Some Chase cardmembers represented by Hess and Hess Kennedy have commenced lawsuits against Chase (and other creditors) seeking actual and statutory damages under the FCBA based upon sham billing error disputes. (Exhibit O). In these lawsuits defendants fabricated frivolous claims under the FCBA in an attempt to coerce the elimination or reduction of debts for their clients. These lawsuits were brought in bad faith and for the purpose of maliciously harassing Chase.

38. Defendants are also apparently operating a sham debt consolidation scheme. Under this scheme a cardmember provides money to defendants, who are supposed to make payments to his or her creditors once defendants have entered into a debt consolidation plan with the creditors to reduce and pay off the amount owed by the cardmember. Upon information and belief, defendants, however, are apparently retaining the cardmember’s money without making the promised arrangements for the cardmember or paying the creditors. For example, in an arbitration which Chase commenced against one of its cardmembers, a resident of Wilmington, Delaware, to recover amounts due on her account, the cardmember filed a counterclaim alleging that she had not failed to pay Chase because she had been sending money to Hess Kennedy to pay to her creditors (including Chase), and Hess Kennedy had supposedly arranged a debt consolidation plan with said creditors. (Exhibit P). Chase, however, never

received any payments from Hess Kennedy on behalf of said cardmember. In fact, Defendants never attempted to make any arrangements with Chase on the cardmember's behalf.

39. Defendants are brazenly taking fees from unwitting Chase cardmembers in exchange for providing phony debt consolidation services and for manufacturing bogus and frivolous billing error disputes against Chase under the pretense of assisting cardmembers in asserting their rights under the FCBA, all of which knowingly interferes with the relationship between Chase and its cardmembers. One cardmember wrote to Chase in May 2007:

I would like to get the matter resolved regarding the cancelled service through Campos Chartered Law Firm in the amount of \$1500. They may also be known as Hess Kennedy Company, or even The Attorney Network. I have no trust in these companies and have mailed back my cancellation of service requests .... [T]hese companies are costing me ... time, effort and money ....

*See Exhibit A.*

40. In some instances Chase's cardmembers pay defendants for their "services" using Chase credit cards. Defendants accept such payments knowing that they will advise the cardmembers that they do not have to make any payments to Chase because the debt will be "forgiven." These charges demonstrate that defendants are operating in concert and as a single enterprise or scheme, in that Chase's records show one entity may bill the cardmembers for the scheme on the cardmembers' Chase credit card accounts, while the purported "services" are provided by a different entity.

41. Chase has been damaged by the unlawful conduct of defendants. As a result of the false advice provided to Chase's cardmembers by defendants, Chase's cardmembers have ceased making payments to Chase and have defaulted on their obligations, in breach of the Cardmember Agreements between Chase and its cardmembers. Chase has also been forced to

expend substantial sums defending frivolous claims and counterclaims and other defenses in court actions and arbitrations, paying legal fees that would not have been required but for defendants' unlawful scheme. Chase has also suffered the loss of reputation and goodwill.

42. To date, Chase has received correspondence from defendants and its cardmembers for defendants' various schemes, including the billing error scheme, affecting over 3,800 accounts. These cardmembers reside in Delaware and virtually every other state, and their aggregate credit card balances exceed \$25 million dollars. Moreover, at least 60 Chase cardmembers have interposed frivolous claims and counterclaims and other defenses against Chase in court actions and arbitrations.

43. Chase has demanded, in correspondence and in-person, that defendants cease their unlawful activities but defendants have failed and continued to refuse to do so.

### **COUNT I**

#### **(Declaratory and Preliminary and Permanent Injunctive Relief)**

44. Chase repeats and realleges each of the foregoing allegations as though fully set forth herein.

45. The debt elimination scheme operated by defendants is unlawful because the assertions which defendants make either directly to Chase or indirectly through letters provided to Chase by its cardmembers have no basis in fact or law and do not reflect bona fide violations of the FCBA. Defendants' theories provide no legal or bona fide basis for Chase's cardmembers to cease making any payments to Chase on their account balances.

46. Chase has a substantial likelihood of success on the merits of its claims against defendants.

47. Chase is suffering and will continue to suffer immediate and irreparable harm to its business as a result of defendants' unlawful actions, in that (a) Chase is

being required to expend substantial time and excessive resources addressing each of these bogus disputes and related litigations or arbitrations; (b) Chase's cardmembers have been induced to breach their Cardmember Agreements with Chase by failing to pay balances due on their accounts and (c) Chase is suffering harm to its goodwill and reputation.

48. Defendants will not be irreparably harmed if injunctive relief is granted because the conduct that Chase seeks to enjoin is unlawful.

49. An injunction enjoining defendants from continuing their unlawful conduct will benefit Chase's cardmembers and the public interest. Many if not most of the Chase cardmembers who are solicited by defendants to participate in this sham billing error dispute scheme and other related schemes are themselves victims of defendants' unlawful conduct.

50. Chase has no adequate remedy at law to stop defendants from continuing their unlawful conduct.

51. As a result of the foregoing acts of defendants, Chase is entitled to:

(a) Declarations that (i) the billing error disputes asserted by Chase's cardmembers who are represented or assisted by defendants are sham and do not assert valid billing error disputes under the terms of the FCBA or impose any duties on Chase under the FCBA, (ii) the billing error disputes asserted by Chase's cardmembers who are represented or assisted by defendants do not provide any legal or valid basis for these cardmembers to cease making payments to Chase, and (iii) the claims, counterclaims and other defenses interposed against Chase by cardmembers who are represented or assisted by defendants are frivolous and legally insufficient to prevent Chase from collecting delinquent balances due on its credit card accounts under the terms of the Cardmember Agreements;

(b) Injunctive relief preliminarily and permanently restraining defendants, their representatives, heirs, assigns, agents, successors, and related entities, and those acting in concert or participating with any of the foregoing from: (i) assisting Chase's cardmembers in asserting bogus billing error disputes against Chase or representing them in such disputes; (ii) assisting Chase's cardmembers in asserting sham or frivolous claims, counterclaims or other defenses against Chase in any court or arbitration forum or representing them in such disputes; (iii) improperly interfering in any way with any of Chase's relationships with its cardmembers under the Cardmember Agreements, including, but not limited to, interfering with Chase's right to receive payments from its cardmembers; (iv) advertising unlawful debt elimination services, and any related services, in print, on the Internet, through e-mail or through any other form of media or other communications, and from authorizing or allowing others to do so on their behalf; (v) destroying any documents or data retention devices containing information related to Chase and/or its cardmembers; and (vi) assisting, advising, aiding and abetting or otherwise indirectly participating in any of the foregoing; and

(c) Permanent injunctive relief requiring defendants to notify each cardmember whom defendants have previously advised, assisted or represented that (i) billing error disputes asserted against Chase do not state proper, valid or timely billing errors under the FCBA and do not alter the cardmembers' obligations to repay the balances owed on their respective credit card accounts under the terms of their Cardmember Agreements and (ii) claims, counterclaims and other defenses asserted against Chase by cardmembers represented or assisted by defendants are not legally sufficient and do not alter the cardmembers' obligations to repay the balances owed on their respective credit card accounts under the terms of their Cardmember Agreements.

52. Chase has been required to retain the services of attorneys to prosecute this action and thus is entitled to an award of reasonable attorneys' fees and costs incurred herein.

## COUNT II

### **(Tortious Interference with Contractual Relations)**

53. Chase repeats and realleges each of the allegations contained in paragraphs 1 through 52 of this Complaint as though fully set forth herein.

54. Pursuant to its written Cardmember Agreements, Chase extends credit privileges to cardmembers, and the cardmembers agree to make payments on the balances owed to Chase.

55. Defendants at all time had knowledge of the existence of the Cardmember Agreements which exist between Chase and its cardmembers.

56. Defendants knowingly, intentionally and improperly, without privilege or justification, have interfered with and disrupted the contractual relationships between Chase and its cardmembers by soliciting cardmembers to assert sham billing error disputes against Chase and to stop making payments to Chase on their account balances. By stopping payment on their account balances, Chase's cardmembers have breached their Cardmember Agreements as a result of, and in reliance on, defendants' unlawful actions. Defendants have further interfered with Chase's right to receive payments from its cardmembers, as defendants have taken funds from Chase's cardmembers which these cardmembers intended to be used to pay Chase, but failed to make the arrangements and payments that defendants promised they would.

57. Defendants' wrongful and intentional interference with Chase's cardmembers has diminished the payments Chase receives from its cardmembers and has required Chase to defend against frivolous litigation initiated by cardmembers and frivolous

counterclaims and other defenses asserted by cardmembers in collection actions commenced by Chase. The unlawful activities of defendants have caused a decrease in the market value of the credit card accounts affected by defendants' improper and unjustified interference.

58. As a proximate result of the foregoing intentional interference by defendants, Chase has suffered, and will continue to suffer, damages in excess of \$75,000.

59. The actions of defendants were fraudulent, malicious, reckless and/or oppressive and were undertaken to injure Chase. Accordingly, defendants are liable to Chase for punitive and exemplary damages in an amount to be proven at trial.

60. Chase has been required to retain the services of attorneys to prosecute this action and thus is entitled to an award of reasonable attorneys' fees and costs incurred herein.

61. Chase is further entitled to declaratory and injunctive relief to prevent defendants from continuing their unlawful conduct.

### **COUNT III**

#### **(Abuse of Process)**

62. Chase repeats and realleges each of the allegations contained in paragraphs 1 through 61 of this Complaint as though fully set forth herein.

63. Defendants have encouraged and enabled Chase's cardmembers to assert sham billing error disputes, claims and counterclaims and other defenses against Chase to avoid payment of account balances lawfully due Chase. Defendants' actions had and have no legitimate purpose, but rather were and are being taken for the ulterior purposes of furthering defendants' unlawful schemes and extracting fees from the cardmembers in exchange for bogus "legal" advice.

64. Defendants' bad faith conduct has spawned frivolous litigation by cardmembers and caused delay in legitimate collection actions commenced by Chase to recover delinquent account balances owed to Chase. Defendants have unreasonably and vexatiously multiplied the proceedings in these actions by their dilatory unlawful conduct.

65. As a proximate result of the foregoing abuse of process, Chase has suffered, and will continue to suffer, damages in excess of \$75,000.

66. The actions of defendants were fraudulent, malicious, reckless and/or oppressive and were undertaken to injure Chase. Accordingly, defendants are liable to Chase for punitive and exemplary damages in an amount to be proven at trial.

67. Chase has been required to retain the services of attorneys to prosecute this action and thus is entitled to an award of reasonable attorneys' fees and costs incurred herein.

68. Chase is further entitled to declaratory and injunctive relief to prevent defendants from continuing their unlawful conduct.

#### **COUNT IV**

##### **(Delaware Deceptive Trade Practices Act)**

69. Chase repeats and realleges each of the allegations contained in paragraphs 1 through 68 of this Complaint as though fully set forth herein.

70. The Delaware Deceptive Trade Practices Act ("DTPA"), 6 Del. Code §§2531 *et seq.*, was enacted to "address unfair or deceptive trade practices that interfere with the promotion and conduct of another's business." *Grand Ventures, Inc. v. Whaley*, 632 A.2d 63, 65 (Del. 1993).

71. Defendants have violated the DTPA in the course of their business, vocation or occupation by, *inter alia*:

(5) Represent[ing] that [their] ... services have ... characteristics ... , uses, [or] benefits ... that they do not have ....;

\* \* \*

(7) Represent[ing] that [their] ... services are of a particular standard, quality, or grade ....;

(8) Disparag[ing] the ... services, or business of another [Chase] by false or misleading representation of fact; [and]

(9) Advertis[ing] ... services with intent not to sell them as advertised.

6 Del. Code § 2532(a) (v), (vii)-(ix).

72. Acts by defendants which caused the violation of the DTPA took place in and/or were directed to the state of Delaware. The Chase credit card accounts in question are opened in and maintained by Chase in Delaware, where Chase has its main office, and defendants' letters are directed to Chase in Delaware.

73. Defendants' persistent pattern of conduct has grossly interfered with the promotion and conduct of Chase's business, namely the management of its consumer credit card business pursuant to its Cardmember Agreements with its cardmembers.

74. As a proximate result of the foregoing violations of the DTPA, Chase has suffered, and will continue to suffer, damages in excess of \$75,000.

75. The actions of defendants were fraudulent, malicious, reckless and/or oppressive and were undertaken to injure Chase. Accordingly, defendants are liable to Chase for punitive and exemplary damages in an amount to be proven at trial.

76. Chase has been required to retain the services of attorneys to prosecute this action and thus is entitled to an award of reasonable attorneys' fees and costs incurred herein.

77. Chase is further entitled to declaratory and injunctive relief to prevent defendants from continuing their unlawful conduct.

## COUNT V

### (Delaware Consumer Fraud Act)

78. Chase repeats and realleges each of the allegations contained in paragraphs 1 through 77 of this Complaint as though fully set forth herein.

79. The Delaware Consumer Fraud Act (“CFA”), 6 Del. Code §§2511 *et seq.*, was enacted to “protect consumers and legitimate business enterprises from unfair or deceptive merchandising practices.” 6 Del. Code §2512. It is intended to remedy “[t]he act, use or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, or the concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise, whether or not any person has in fact been misled, deceived or damaged thereby ....” 6 Del. Code §2513(a). The statute’s definition of “merchandise” includes “services.” *Id.* §2511(2).

80. In carrying out the aforesaid unlawful schemes, defendants have engaged in unfair, deceptive and fraudulent conduct directed to Chase’s cardmembers and to Chase itself.

81. Defendants’ taking of cardmembers’ money under false pretenses makes Chase a victim of the fraud and deception through its inability to collect on valid account balances due Chase.

82. Upon information and belief, defendants Hess, Kennedy and Campos actively and directly participated in and had control over the deceptive and unfair practices of the other defendants and had knowledge and awareness of the deceptive and unfair conduct. Among

other things, said defendants drafted and/or disseminated documents to Chase cardmembers which were known by them not to raise legitimate billing error disputes against Chase under the FCBA.

83. As a proximate result of the foregoing violations of the CFA, Chase has suffered, and will continue to suffer, damages in excess of \$75,000.

84. The actions of defendants were fraudulent, malicious, reckless and/or oppressive and were undertaken to injure Chase. Accordingly, defendants are liable to Chase for punitive and exemplary damages in an amount to be proven at trial.

85. Chase is entitled to an award of costs incurred herein.

86. Chase is further entitled to declaratory and injunctive relief to prevent defendants from continuing their unlawful conduct.

#### **COUNT VI**

#### **(Conspiracy)**

87. Chase repeats and realleges each of the allegations contained in paragraphs 1 through 86 of this Complaint as though fully set forth herein.

88. In connection with the unlawful activities described herein, defendants knowingly, willfully, or tacitly and recklessly conspired and agreed among themselves to engage in one or more unlawful schemes designed and intended to damage Chase. In furtherance of the conspiracy, defendants, *inter alia*, drafted and/or disseminated documents to Chase cardmembers which were known by them not to raise legitimate billing error disputes against Chase under the FCBA.

89. Hess Kennedy has taken payment from Chase's cardmembers using Chase credit cards. The charges were billed to CCLF, although Hess Kennedy was the name on the corresponding papers and provided the purported "services" related to the scheme.

Defendants take payment and provide services interchangeably and in common, further evidencing the unlawful conspiracy between and among them.

90. As a proximate result of this wrongful civil conspiracy by and among defendants, Chase has suffered, and will continue to suffer, damages in excess of \$75,000.

91. The actions of defendants were fraudulent, malicious, reckless and/or oppressive and were undertaken to injure Chase. Accordingly, defendants are liable to Chase for punitive and exemplary damages in an amount to be proven at trial.

92. Chase has been required to retain the services of attorneys to prosecute this action and thus is entitled to an award of reasonable attorneys' fees and costs incurred herein.

93. Chase is further entitled to declaratory and injunctive relief to prevent defendants from continuing their unlawful conduct.

**Prayer for Relief**

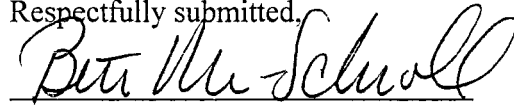
WHEREFORE, Chase prays for relief as follows:

1. For declaratory and preliminary and permanent injunctive relief against defendants, as described above;
2. For damages against defendants in an amount in excess of \$75,000;
3. For punitive damages against defendants sufficient to deter defendants from engaging in similar wrongful and outrageous conduct;
4. For an award of its reasonable attorneys' fees and costs of suit incurred herein;
5. For an award of interest on such sums at the highest rate allowed pursuant to law; and

6. For such other and further relief as the Court deems just and proper under the circumstances.

Dated: February 29, 2008  
Wilmington, Delaware

Respectfully submitted,



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