

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
 Orson Swindle
 Thomas B. Leary
 Pamela Jones Harbour
 Jon Leibowitz

<p style="text-align: center;">In the Matter of</p> <p>APPLIED CARD SYSTEMS, INC., Delaware Corporation and</p> <p>APPLIED CARD SYSTEMS OF PENNSYLVANIA, INC., Pennsylvania Corporation.</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>DOCKET NO. C-4125</p>
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COMPLAINT

The Federal Trade Commission, having reason to believe that Applied Card Systems, Inc. and Applied Card Systems of Pennsylvania, Inc. (collectively “Respondents”) have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Applied Card Systems, Inc. (“ACS”) is a Delaware corporation with an office and its principal place of business located at 4700 Exchange Court, Boca Raton, Florida 33431. ACS transacts or has transacted business throughout the United States.

2. Respondent Applied Card Systems of Pennsylvania, Inc. (“ACSPA”) is a Pennsylvania corporation with an office and place of business located at 50 Applied Card Way, Glenn Mills, Pennsylvania 19342. ACSPA transacts or has transacted business throughout the United States.

3. Respondents operate business enterprises that provide services to credit card companies, including, but not limited to the collection of delinquent debts from consumers throughout the United States. Respondents’ main customer is their affiliate, Cross Country Bank, a Delaware-chartered bank. For purposes of this Complaint, “delinquent debt” means any obligation or alleged obligation of a consumer to pay money that is contractually past due,

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. The term "Consumer" means any natural person obligated or allegedly obligated to pay any debt.

4. The acts and practices of Respondents alleged in this Complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

5. Respondents process and collect moneys due on credit card accounts from the time the credit card is issued to the Consumer through the collection of delinquent accounts.

6. When collecting delinquent debts, Respondents use an automated dialing system to initiate telephone calls to Consumers. As part of this process, Respondents call third parties seeking to speak with a Consumer and/or to acquire location information concerning a Consumer. For purposes of this Complaint the term "Third Party" means any person or entity that is not a Consumer including, but not limited to, any parent of a non-minor Consumer, or any child, relative, neighbor, co-worker or employer of a Consumer. The term "location information" means a Consumer's place of abode and his or her telephone number at such place, or his or her place of employment.

7. On many occasions, when Respondents call the residences of Third Parties, those Third Parties have previously informed Respondents that either they do not know the Consumer or that the Consumer does not reside with them.

8. On many other occasions, when Respondents have contacted Third Party businesses, Respondents have been informed by the Third Party business that either the Consumer is no longer an employee, that the Consumer's employer prohibits the receipt of personal calls, or that the Consumer cannot be reached at the telephone number contacted.

9. In many instances, Respondents continued to call these Third Parties after the Third Parties have requested, orally and/or in writing, that Respondents stop such calls to a specific telephone number.

10. In many instances, in connection with the collection of delinquent debts, Respondents communicated with Third Parties for the purpose of speaking with a Consumer and/or to acquire location information about a Consumer without a reasonable belief that:

- A. An earlier response of the Third Party was erroneous or incomplete; or
- B. The Third Party now has correct or complete location information about the Consumer.

11. In many other instances, in connection with the collection of delinquent debts, Respondents have engaged in conduct the natural consequence of which is to annoy, abuse, or harass the Third Parties, including, but not limited to:

- A. Using obscene or profane language or language the natural consequence of which is to abuse the hearer; or
- B. Causing a telephone to ring or engaging any Third Party in telephone conversation with intent to annoy, abuse, or harass any Third Party at the called number.

12. The acts and practices of Respondents as alleged in this Complaint constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a).

13. Respondents' violations of Section 5 of the FTC Act, as set forth above, are continuing and will continue absent the relief herein requested.

THEREFORE, the Federal Trade Commission this sixth day of October, 2004, has issued this Complaint against Respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: