

DISTRICT OF NEVADA
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U.S. DISTRICT COURT

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10 UNITED STATES DISTRICT COURT
11 DISTRICT OF NEVADA

12 **FEDERAL TRADE COMMISSION,**

13 Plaintiff

14 v.

15 **INTEGRATED CAPITAL INC., d/b/a**
16 **NATIONAL STUDENT FINANCIAL AID, and**
17 **SHEILA CUCCIA,**

18 Defendants.

CIVIL ACTION

CV-N-03-0412-DWH-RAM

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

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

20 1. The Commission brings this action under Section 13(b) of the Federal Trade
21 Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure preliminary and permanent
22 injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for
23 Defendants' deceptive acts or practices in connection with the selling of academic services in
24 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

2

Sales Presentation

11. Students and their parents or legal guardians who attended the interview were subjected to a sales presentation for Defendants' services. The presentations, which consisted of a group presentation followed by one-on-one personal interview, took place at local hotels or banquet rooms.

12. The group presentation typically began with an NSFA representative discussing of the importance of a college education. Defendants emphasized the difficulty and complexity of the college financial aid and admissions process. Defendants assured consumers, however, that NSFA would guide consumers through the admissions and financial aid process. Defendants informed consumers that because of the knowledge, expertise and experience of NSFA's highly trained staff and the services NSFA provides, Defendants could help consumers obtain more financial aid than consumers could get on their own. Defendants assured consumers that NSFA's services would save consumers money and maximize consumers' financial opportunities.

13. Defendants told consumers that NSFA would prepare a personalized career profile for their student and then find colleges that offer majors in their chosen fields with the best financial aid packages. Defendants stated that NSFA would professionally analyze consumers' financial situations, prepare a personalized financial aid report, and design customized strategies to reduce or eliminate the expected family contribution, which would maximize the amount of gift aid consumers would likely receive. Defendants offered to guide consumers in completing the Free Application for Federal Student Aid (FAFSA) and review resulting Student Aid Reports and college financial aid award letters for accuracy and appropriateness. Consumers were told that NSFA would provide a personal counselor to guide consumers through the entire financial aid and admissions process and market the student to recommended colleges.

14. After the group presentation, consumers (parent or legal guardian and student) proceeded to a personal interview with one of NSFA's enrollment counselors. The interview lasted approximately 10 to 15 minutes. The interview began with a few questions and answers but quickly turned into a sales closing for NSFA's services. The counselors made general

1 promises about how NSFA's services would ensure that the student got a large amount of
2 financial aid.

3 15. Defendants offered three payment options: one time payment of \$795; \$200
4 down and \$100 per month for 8 months (for a total of \$1000); or \$0 down and \$30 per week for
5 40 weeks (for a total of \$1,200).

6 16. The enrollment counselors required consumers to make a purchasing decision on
7 the spot and did not allow consumers to take materials home to think things over. The
8 counselors typically informed consumers that NSFA would not be coming back to the area for
9 many months and that the interview was the only opportunity to participate in the program.

10 17. Consumers were presented with a Student Enrollment Fee for Services Agreement
11 ("service agreement") that detailed the services NSFA purportedly would provide. The service
12 agreement stated that NSFA would provide a college planning calendar, a career assessment
13 identifying the student's optimum career path, assistance with college admissions tests, college
14 selection, a college visit guide, a college admissions guide, and customized financial aid planning
15 including strategies to increase aid eligibility.

16 18. The career profile report that Defendants sent to a consumer typically contained
17 only a broad, general discussion of the consumer's child's interests. The needs analysis or
18 financial aid report that Defendants sent to a consumer typically presented the same financial
19 information originally submitted by the consumer. Defendants' recommended strategies to
20 maximize financial aid eligibility were typically broad, general strategies not tailored to the
21 consumer's specific financial situation.

22 19. Although Defendants represented that NSFA would guide consumers through the
23 financial aid process, in numerous instances Defendants provided little in the way of actual
24 services. In other instances, consumers had to contact NSFA repeatedly in order to get
25 Defendants to perform any services. Further, the services consisted merely of general advice. In
26 a few instances, Defendants did fill out the financial aid forms but did so incorrectly or after
27 deadline dates had passed.

1 **Guarantee and Refunds**

2 20. Defendants' service agreements have contained two different refund policies. The
3 current service agreement, used since approximately October of 1999, promises a "**100%**
4 **MONEY BACK PERFORMANCE GUARANTEE.**" The terms and conditions of the
5 guarantee are printed below this headline. They include a condition that all of the forms
6 provided by NFSFA must be filled out and returned by the client withing 45 days and that the
7 consumer must specify in writing the services not performed by NSFA.

8 21. Defendants' previous service agreement, used from approximately October of
9 1997 until October of 1999, contained a guarantee that under various terms and conditions
10 promised:

11 "We guarantee our recommendations will illustrate: (a) a minimum of \$2,500 in
12 Financial Aid including grants, scholarships, tuition discounts, and loan interest
13 paid by the government for attendance to a State College; or \$3,000 for attendance
14 to a Private College (b) or a reduction in your Estimated Family Contribution for
the above amount or (c) a combination of the above, or we will refund the
difference up to the total amount paid less \$99 postage, handling and
administration fee."

15 22. Consumers dissatisfied with NFSFA's services experienced great difficulty in
16 obtaining refunds. Defendants often replied to refunds requests with a form letter stating that
17 "NSFA provided all college planning services and materials in accordance with the agreement."
18 Defendants also did not grant refunds even where they failed to perform any services for the
19 consumer or did not provide important materials until after important student aid deadlines.
20 Many consumers who obtained refunds from NSFA did so only after complaining to a Better
21 Business Bureau or a state governmental agency.

22 **DEFENDANTS' VIOLATIONS OF THE FTC ACT**

23 **COUNT I**

24 23. Defendants represent, expressly or by implication, that students are selected based
25 upon their qualifications to participate in Defendants' college financial aid and admissions
26 program.

