11/17/2014 3:12:46 PM
Amalia Rodriguez-Mendoza
District Clerk
Travis County
D-1-GN-14-004814

Cause No. D-1-GN-14-004814

STATE OF TEXAS,	§	**IN THE DISTRICT COURT OF**
	§	
Plaintiff,	§	
	§	
v.	§	
	§	**TRAVIS COUNTY, TEXAS**
	§	
	§	
ONE TECHNOLOGIES, LP, d/b/a SCORESENSE, d/b/a ONE TECHNOLOGIES, INC., and d/b/a MYCREDITHEALTH, ONE TECHNOLOGIES MANAGEMENT, LLC, and ONE TECHNOLOGIES CAPITAL, LLP,	§	201st **JUDICIAL DISTRICT**
	§	
	§	
	§	
	§	
	§	
	§	
Defendants.	§	

PLAINTIFF'S ORIGINAL PETITION AND APPLICATION FOR TEMPORARY AND PERMANENT INJUNCTIONS

COMES NOW THE STATE OF TEXAS, hereinafter referred to as Plaintiff, acting by and through Attorney General of Texas, GREG ABBOTT, complaining of ONE TECHNOLOGIES, LP, d/b/a Scoresense, d/b/a One Technologies, Inc., and d/b/a Mycredithealth, ONE TECHNOLOGIES MANAGEMENT, LLC, and ONE TECHNOLOGIES CAPITAL, LLP are Defendants (hereinafter "Defendants" or "One Technologies") and for cause of action would respectfully show as follows:

DISCOVERY CONTROL PLAN

1. The discovery in this case is intended to be conducted under Level 2 pursuant to Texas Rule of Civil Procedure 190.2(b)(3).

2. This case is not subject to the restrictions of expedited discovery under the Texas Rules of Civil Procedure 169 because the relief sought by the State includes non-monetary

injunctive relief, and the State's claims for monetary relief including penalties, consumer redress, and attorney's fees and costs are in excess of $100,000 and could exceed $1,000,000.

NATURE OF THIS SUIT

3. . The Attorney General, acting within the scope of his official duties under the authority granted to him under the Constitution and the laws of the State of Texas, brings this lawsuit in the name of the State of Texas through his Consumer Protection Division against Defendants for violations of the Texas Deceptive Trade Practices – Consumer Protection Act, Texas Business and Commerce Code, sections 17.41 to 17.63 (hereinafter "DTPA"). The DTPA grants authority to the Attorney General to seek injunctive relief and civil penalties for violations of its provisions. Tex. Bus. & Com. Code Ann. § 17.47.

DEFENDANT

4. Defendant One Technologies, LP is a Delaware limited partnership with its principal place of business at 8144 Walnut Hill Lane, Suite 600, Dallas, Texas 75231. One Technologies is a closely held company controlled by three owners. One Technologies does or has done business in Texas and throughout the United States. **Defendant One Technologies may be served with process, through its registered agent, Corporation Service Company d/b/a CSC – Lawyers Inc. at 211 East 7th Street, Ste. 620, Austin, TX 78701.**

5. Defendant One Technologies Management, LLC is a Texas limited liability company with its principal place of business at 8144 Walnut Hill Lane, Suite 600, Dallas, Texas 75231. One Technologies Management, LLC is the general partner of Defendant One Technologies, LP. One Technologies Management, LLC does or has done business in Texas and throughout the United States. **Defendant One Technologies may be served with process, through its registered agent, Corporation Service Company d/b/a CSC – Lawyers Inc. at**

211 East 7th Street, Ste. 620, Austin, TX 78701.

6. Defendant One Technologies Capital, LLP is a Texas limited liability partnership with its principal place of business at 8144 Walnut Hill Lane, Suite 600, Dallas, Texas 75231. One Technologies Capital, LLP is the limited partner of Defendant One Technologies, LP. One Technologies Capital, LLP does or has done business in Texas and throughout the United States. **Defendant One Technologies may be served with process, through its registered agent, Corporation Service Company d/b/a CSC – Lawyers Inc. at 211 East 7th Street, Ste. 620, Austin, TX 78701.**

JURISDICTION

7. This enforcement action is brought by Attorney General Greg Abbott, through his Consumer Protection Division, in the name of the STATE OF TEXAS and in the public interest pursuant to the authority granted by section 17.47 of the Texas Deceptive Trade Practices-Consumer Protection Act, Tex. Bus. & Com. Code Ann. §17.41 et seq. (DTPA) upon the ground that Defendants have engaged in false, deceptive and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, sections17.46(a) and (b) of the DTPA. In enforcement suits filed pursuant to section 17.47 of the DTPA, the Attorney General is further authorized to seek civil penalties, redress for consumers, and injunctive relief.

VENUE

8. Venue of this suit lies in Travis County, Texas, pursuant to section 17.47(b) of the DTPA because Defendants have done business in the county of suit.

PUBLIC INTEREST

9. Because Plaintiff, STATE OF TEXAS has reason to believe that Defendants have

engaged in, and will continue to engage in, the unlawful practices set forth below, Plaintiff, STATE OF TEXAS has reason to believe Defendants have caused and will cause adverse effects to legitimate business enterprises which lawfully conduct trade and commerce in this State and further, will cause damage to the State of Texas and to persons from whom moneys or properties are unlawfully acquired by Defendants. Therefore, the Consumer Protection Division of the office of the Attorney General of the State of Texas believes and is of the opinion that these proceedings are in the public interest.

TRADE AND COMMERCE

10. Defendants have, at all times described below, engaged in conduct which constitutes "trade" and "commerce," as those terms are defined by section 17.45(6) of the DTPA.

ACTS OF AGENTS

11. Whenever in this petition it is alleged that Defendants did any act, it is meant that the Defendants performed or participated in the act, or that the officers, agents or employees of Defendants performed or participated in the act on behalf of, and under the authority of, Defendants.

NOTICE BEFORE SUIT

12. Defendants were provided notice of its violation of the Texas Deceptive Trade Practices – Consumer Protection Act at least seven (7) days before the filing of this suit both in discussions and as part of a Civil Investigative Demand it issued to Defendants.

APPLICABLE LAW

13. The DTPA prohibits "false, misleading, or deceptive acts or practices in the conduct of any trade or commerce . . . ." DTPA § 17.46 (a).

14. The DTPA also prohibits:

A. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have. *Id.* at (b)(5).

B. Advertising goods or services with the intent not to sell them as advertised. *Id.* at (b)(9).

C. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law. *Id.* at (b)(12).

D. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed. *Id.* at (b)(24).

NATURE OF DEFENDANTS' OPERATIONS

15. One Technologies uses internet advertising to offer consumers free access to their credit scores or reports and has done so since 2009. Throughout those years to the present, however, One Technologies has failed and continues to fail to clearly and conspicuously disclose that consumers are actually signing up for a 7-day trial of a credit monitoring service called ScoreSense. If the consumer does not call to cancel the service within seven days, One Technologies charges the consumer $29.95 a month indefinitely. Even those who have called to cancel have had difficulty doing so. Further, consumers who have complained to One Technologies of unauthorized charges have often been denied full or partial refunds.

PUBLIC INTEREST

16. Plaintiff, STATE OF TEXAS, has reason to believe that Defendants are engaging

in, have engaged in, or are about to engage in, the unlawful acts or practices set forth below, that Defendants have, by means of these unlawful acts and practices, caused damage to and/or acquired money or property from persons, and that Defendants adversely affected the lawful conduct of trade and commerce, thereby directly or indirectly affecting the people of this State. Therefore, the Consumer Protection Division of the Office of the Attorney General of the State of Texas believes, and is of the opinion, that these proceedings are in the public interest.

FACTUAL ALLEGATIONS

17. One Technologies' scheme involves its internet-based service that Defendants call ScoreSense, which is a credit monitoring service."[1] Consumers primarily come into contact with One Technologies through sponsored advertising and affiliate advertising that contain Defendants' false assurances.

18. To lure consumers onto one of its websites,[2] One Technologies promises consumers "free" access to credit scores. In addition to email advertising, One Technologies purchases keywords from Google and Bing so that certain user searches will display one of the One Technologies sponsored ads. A consumer who wants to know his or her credit score while considering whether to purchase a home, for example, may search for "free credit scores" using the Google search engine. Such a search often results with an advertisement substantially similar

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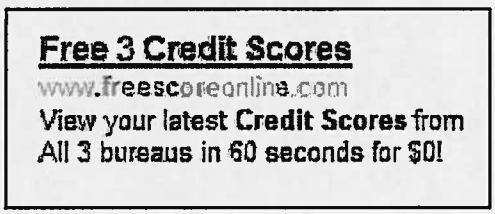
[1] From approximately 2008 to the end of 2009, the service was called MyCreditHealth. In early 2010, One Technologies launched an updated version of MyCreditHealth and named it ScoreSense. For purposes of this petition, the term "ScoreSense" includes MyCreditHealth.

[2] freescoreonline.com, freescore360.com, checkmycreditnow.com, freeonlinescore.com, creditreports.com, freescreditcheck.com, freescoreusa.com, mycredithealth.com, ScoreSense.com, spendonlife.com, 2012TransUnionExperianandEquifaxScores.com , 3-BureauCreditScores.com, 3-BureauMonitoring.com, 3-Free-Credit-Scores.com, 3-in-1creditscore.com, Amazing-CreditScores.com, CreditCheck2013.com, CreditReview2013.com, Credit-Review-Team.com, CreditScore-Check.com, Credit-Scores.net, Credit-Summary.com, FastAccessToYourCreditScore.com, FastReview.us, FraudMonitoringOffer.com, FreeScoreCheck360.com, MyFree3B.com, MyFree3Bcheck.com, Online-CreditScores.com, Professional-CreditScores.com, ScoreCheck.net, Scores-2012.com, Scores2013.com, ScoresDirect.net, Think-Credit-Scores.com, TimeForACreditCheckUp.com, TrackerTripleScores.com, ViewYourCreditScoreFast.com, Your-Credit-Check.com, YourCreditScoreIsWaitingForYou.com, YourFree3B.com, YourFree3Bcheck.com, YourFree3Bscore.com, YourFreeScore360.com, Your-Score-Check.com, YourScoreCheck.com.

to the one below pertaining to www.freescoreonline.com, a website One Technologies owns and operates:

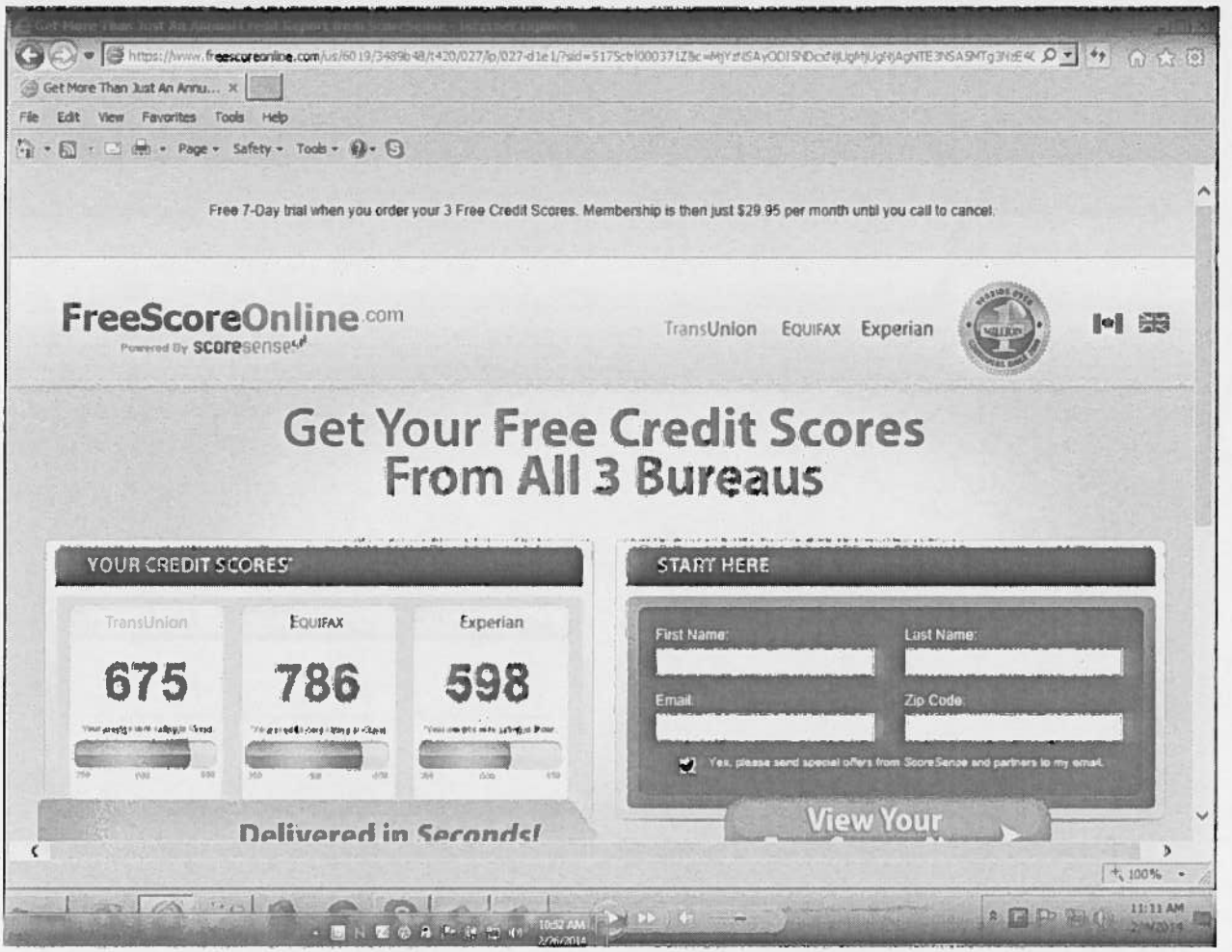


19. In addition to advertising using Google sponsored ads, One Technologies also pays third-party affiliates to drive Internet traffic to its websites. For example, One Technologies advertises on Realtor.com with banner advertisements in between home listings with the representation, "Check all 3 of Your Credit Scores For Free." Also, One Technologies pays for third parties to send email advertisements with approved email subject lines such as "Your Credit Report May Have Been Changed."

20. After clicking on a One Technologies advertisement, the embedded hyperlink routes the consumer to one of Defendants' landing pages. From at least 2009 to the beginning of 2012, on some of Defendants' websites, One Technologies failed to disclose anywhere on the landing page that consumers would be charged $29.95 per month if they did not cancel their ScoreSense trial within seven days. In fact, the representations on the landing page indicate that the consumer would only be charged $1 for the credit scores. The screenshot below depicts a version of a One Technologies landing page that a consumer would have seen in early 2012:

21. Sometime during the latter part of 2012, One Technologies changed their landing pages. The altered landing page contains representations that boldly and prominently reiterate the initial advertisement: "Get Your **Free Credit Scores** From **All 3** Bureaus." The screenshot below[3] taken from the One Technologies-owned freescoreonline.com is substantially similar to the altered version that all consumers would likely see upon arriving at a One Technologies site peddling "free" scores:

[3] When viewed from a mobile device, the disclosure at the top of the page is small enough to make it virtually unreadable unless the consumer actively zooms in on the disclosure. However, the "Get Your Free Credit Scores" text remains readable on mobile devices without the consumer having to take any additional actions.



22. As depicted above, One Technologies continues to prominently offer "Free Credit Scores" to those visiting the page. However, on the landing page, One Technologies sheds the initial promise of free credit scores and instead makes a disclosure in small type at the top of the screen. According to this disclosure, for consumers to get their credit scores, they must enroll in a 7-day trial that will result in $29.95 a month if not cancelled within the 7-day period. This disclosure directly contradicts the promise that One Technologies provides consumers with free credit scores.

23. Although there is an inconspicuous disclosure found in small print at the top of the page, consumers are already primed to receive credit scores for free and with no strings

attached. Further, One Technologies has designed their website to distract consumers from any price disclosures. In small black text on a grey background on the top of the page and amidst large colorful buttons and balloon text, One Technologies uses approximately 6 x 7 pixels for each lowercase letter in the price disclosure. However, for the lowercase letters found in the words "Free Credit Scores," One Technologies uses approximately 23 x 24 pixels and a colored font. The moment consumers scroll down to input their address, the information related to the 7-day trial is no longer visible, making the disclosure even more difficult to discover.

24. The sign-up process itself requires the consumer to navigate an additional three webpages beyond the landing page. After the landing page, however, the $29.95 term only reappears at the end of the sign-up process off to the right side of the page in small, white font on a gray background. However, on this same page and immediately above the field where consumers are asked to input their credit card numbers, is the statement, "Tell us which card you would like to use for your $1.00 processing fee." This statement implies that the credit card is needed only for the $1 processing fee.

25. Thus, throughout the sign-up process, unless a consumer manages to pull his or her eyes away from the circus of colors, letters, and promises of free scores, the opportunity to discover the $29.95 monthly charge is all but lost. This is classic bait and switch.

26. Consumers complain that they are unaware of a charge or negative option when signing up to view the credit scores that One Technologies represents as free. Consumers also complain that One Technologies' procedure to cancel the ScoreSense service is difficult and burdensome.

27. Consumers have complained that ScoreSense has been tied to fake Craigslist postings for apartment rentals and that the advertisement asks them to provide a current credit

score to be considered as an apartment tenant. Conveniently, One Technologies' ScoreSense program is hyper-linked in the advertisement. When consumers finish signing up with ScoreSense and have a credit score handy, they discover that no such posting was made by the apartment owner.

28. Between May 2010 and May 2013, approximately 34,121 of One Technologies' customers called One Technologies to cancel their ScoreSense membership because they thought that getting their credit scores was a free service and were unaware that they would be charged. The above number ***only represents Texas customers*** who believed that viewing their credit scores was free.

29. One Technologies' business practices have prompted approximately 110 consumer complaints with the Office of the Texas Attorney General and close to 1000 complaints with the Better Business Bureau.

30. Of the 34,121 Texas customers that thought Defendants' service was free, 27,332 called to cancel the ScoreSense period ***after*** the trial period. Thus, approximately 80% of the 34,121Texas customers that thought One Technologies offered a free service did not discover that a charge was involved until One Technologies actually charged them for the ScoreSense service.

FALSE, MISLEADING, OR DECEPTIVE ACTS

31. Defendants, in the course and conduct of trade and commerce, have directly and indirectly engaged in false, misleading and deceptive acts and practices declared to be unlawful by DTPA sections 17.46(a) and 17.46(b), as follows:

A. Representing that services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have. *Id.* at (b)(5).

B. Advertising goods or services with the intent not to sell them as advertised. *Id.* at (b)(9).

C. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law. *Id.* at (b)(12).

D. Failing to disclose information concerning services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed. *Id.* at (b)(24).

INJURY TO CONSUMERS

32. Defendants have, by means of these unlawful acts and practices, obtained money or property from consumers who are entitled to restitution, or in the alternative, have caused actual damages to identifiable persons who are entitled to compensation.

33. Because Defendants have engaged in the unlawful acts and practices described above, Defendants have violated the law as alleged in this petition. Unless restrained by this Honorable Court, Defendants will continue to violate the laws of the State of Texas and cause injury to the general public.

APPLICATION FOR TEMPORARY INJUNCTION AND PERMANENT INJUNCTION

34. WHEREFORE, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that after due notice and hearing a TEMPORARY INJUNCTION be

issued; and upon final hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, Defendants' officers, agents, successors, assigns, servants, employees, subcontractors, corporations and any other persons in active concert or participation with Defendants who receive actual notice of the injunction, from engaging in the following acts or practices:

A. Misrepresenting that a product or service is offered on a "free," "trial," or "no obligation" basis, or words of similar import, denoting or implying the absence of any obligation on the part of the recipient of the offer to affirmatively act in order to avoid charges if, in fact, a charge will be assessed pursuant to the offer if the consumer does not take affirmative action to cancel;

B. Failing to clearly and conspicuously disclose, before consumers are asked to pay money, submit consideration, or submit billing information: all fees and costs; all material conditions, restrictions, or limitations applicable to the purchase, receipt, or use of the product or service that is the subject of the offer, including any promotion associated with free products or services available on a trial basis.

C. Misrepresenting that goods or services sold or distributed by Defendants have characteristics or benefits which they do not have, including but not limited to misrepresenting that any goods or services are free or are for $0;

D. Transferring, concealing, destroying, mutilating, altering, falsifying, or removing from the jurisdiction of this Court any books, records, documents, invoices, receipts, or other written materials relating to the business of Defendants currently or hereafter in Defendants' possession, custody or control except in response to further orders or subpoenas in this cause;

E. Destroying, altering, mutilating or otherwise disposing of or changing any records related to any Defendant or entity in which any Defendant has an ownership interest;

35. In addition, Plaintiff, STATE OF TEXAS respectfully prays that this Court will:

A. Adjudge against Defendants civil penalties in favor of Plaintiff in an amount up to $20,000 per violation, pursuant to section 17.47(c)(1) of the Texas Business and Commerce Code;

B. Order Defendants to pay Plaintiff STATE OF TEXAS's attorney fees and costs of court pursuant to Texas Government Code section 4002.006(c);

C. Grant all other relief to which the Plaintiff State of Texas may show itself entitled.

Respectfully submitted,

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Attorney General of Texas

DANIEL T. HODGE
First Assistant Attorney General of Texas

JOHN B. SCOTT
Deputy Assistant Attorney General for Civil Litigation

TOMMY PRUD'HOMME
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