

## **NEWS RELEASE** FOR IMMEDIATE RELEASE

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### **First Circuit Court of Appeal Upholds \$256 Million Class Action Judgment**

Los Angeles, CA --- Morris Polich & Purdy LLP is pleased to announce that, on July 27, 2010, the First Circuit Court of Appeal, including now-retired Supreme Court Justice Souter, upheld a \$256 million class action judgment in an appeal argued by MPP partner David Vendler. The case involved claims brought under the Credit Repair Organizations Act (CROA)(15 U.S.C. §1679 et seq.) against John and Richard Puccio, former owners of what was one of the country's leading credit counseling entities. The plaintiff's main theory of liability was that, while the entity advertised itself as a non-profit organization with a charitable mission of helping consumers resolve their debt, it was actually run as a for-profit business, allowing its owners to collect over \$50 million from their struggling clients.

According to Vendler, "financially desperate consumers are easy marks for this sales pitch, which has been hammering away on the Internet, TV, and late-night radio for the past ten years: 'Are you in debt? We are a non-profit organization that can negotiate with your creditors to lower your interest rates and improve your credit.'"

In its opinion, the First Circuit wrote: "When Cambridge held itself out as an organization that could help consumers "rebuild," "reestablish" and "restore" their credit, it operated as a "credit repair organization." Having earlier established this same threshold, the district court had pierced the corporate veil to find the Puccios personally liable under Section 1679b(a)(3) of CROA for their misrepresentation in offering credit repair services as a non-profit entity. The First Circuit also noted with some emphasis that "personal charges from a 'gentleman's club' and for a yacht appeared on the Puccio companies' corporate credit card bills."

As noted by the First Circuit, it is rare for plaintiffs to win summary judgment, as their evidence on all points must be "conclusive." In this case, Vendler explains, the industry practices were so questionable that plaintiffs were able to meet this burden, making summary judgment totally appropriate. Vendler hopes that consumers will now be alerted to such sharp practices.

### **About MPP**

Morris Polich & Purdy LLP is a law firm that works with its clients on a national basis. We represent clients in every state, as well as many U.S. possessions. We also have a wealth of international affiliations.

Our dedication to clients, combined with extensive experience, both in the trial and appellate courts, are the qualities that distinguish us from other law firms. Our attorneys are known for their vast experience and success. We provide superior legal services in a manner consistent with our clients' best interests and goals. We are committed to expertise in all our areas of practice, knowing our clients' businesses and providing client service at the highest level.