



*State of New Jersey*

OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW  
PO Box 45029  
Newark, NJ 07101

Chris Christie  
*Governor*

Kim Gaudagno  
*Lt. Governor*

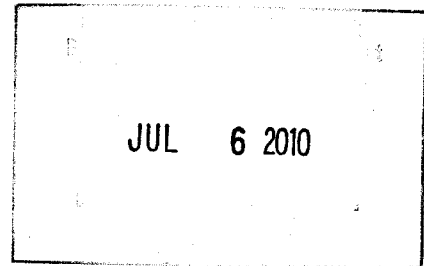
Paula T. Dow  
*Attorney General*

ROBERT M. Hanna  
*Director*

July 6, 2010

**VIA HAND DELIVERY**

Clerk, Superior Court of New Jersey  
Essex County - Chancery Division  
Wilentz Justice Complex, 8<sup>th</sup> Floor  
212 Washington Street  
Newark, NJ 07102



Re: Dow v. Credit USA Inc., et al.  
Docket No: ESX - C \_\_\_\_\_

Dear Mr. Sir/Madam:

Enclosed please find one original and two copies of the Complaint for filing in the above matter. Please stamp one copy of the Complaint "filed" and return it to the messenger.

If you have any questions, please contact me at (973) 648-4802.

Respectfully submitted,

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY

By:   
Christopher W. Gerold  
Deputy Attorney General

Enclosure

cc: Marc B. Minor, Chief (via e-mail)  
Amy Kopleton, Deputy Chief (via e-mail)  
Rudolph Bassman, Acting Chief Investigator (via e-mail)  
Anna Lascurain, Deputy Attorney General,  
Section Chief (via e-mail)  
Victoria Manning, Deputy Attorney General,  
Assistant Section Chief (via e-mail)



PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, New Jersey 07102  
Attorney for Plaintiff

By: Christopher W. Gerold  
Deputy Attorney General  
(973) 648-2893

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION  
ESSEX COUNTY  
Docket No. \_\_\_\_\_

---

PAULA T. DOW,  
Attorney General of New  
Jersey, on behalf of  
MARC B. MINOR, Chief of the  
New Jersey Bureau of  
Securities,

Plaintiff,

v.

CREDIT USA INC.,  
a Delaware Corporation;  
TERREL L. ALEXANDER,  
individually and as an officer  
of Credit USA; and  
NICOLE ALEXANDER SHIRER,  
individually and as an officer  
of Credit USA;

Defendants.

---

Civil Action

**COMPLAINT**

Paula T. Dow, Attorney General of New Jersey, with offices located at 124 Halsey Street, Newark, New Jersey, on behalf of Marc B. Minor, Chief of the New Jersey Bureau of Securities

("Bureau Chief" or "Plaintiff"), having offices at 153 Halsey Street, Newark, New Jersey, by way of Complaint against the above-named defendants says:

#### JURISDICTION AND VENUE

1. Plaintiff brings this civil action against defendants pursuant to the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the "Securities Law"), for violations of N.J.S.A. 49:3-56(a) (acting as an agent without registration), N.J.S.A. 49:3-56(h) (employing unregistered agents), and N.J.S.A. 49:3-60 (sale of unregistered securities).

2. Jurisdiction is proper over all defendants for violations of N.J.S.A. 49:3-56(a), N.J.S.A. 49:3-56(h), and N.J.S.A. 49:3-60 that are the subject of this Complaint because each alleged violation was directed by the offeror to, from, or within this State, pursuant to N.J.S.A. 49:3-51.

3. Venue is proper pursuant to R. 4:3-2(a) because it lies where the cause of action arose.

#### PARTIES

4. The Bureau Chief is the principal executive of the New Jersey Bureau of Securities ("Bureau"). The Bureau is a state regulatory agency charged with administration and enforcement of the Securities Law.

5. The Attorney General brings this action on behalf of the Bureau Chief pursuant to the Bureau Chief's duty to enforce the provisions of the Securities Law.

6. Credit USA Inc. ("Credit USA") was incorporated in Delaware on August 16, 2005. From August 2005 to May 2007, Credit USA's headquarters were located at Two Penn Center Plaza, Suite 200, Philadelphia, Pennsylvania. From June 2007 until approximately November 2009, Credit USA's headquarters were located at One Cherry Hill, Suite 400 Cherry Hill, New Jersey.

7. Terrel L. Alexander ("Alexander"), a Delaware resident, is the Chief Executive Officer and founder of Credit USA.

8. Nicole Alexander Shirer ("Nicole Alexander"), a New Jersey resident and Alexander's ex-wife, is the President of Credit USA.

#### FACTUAL ALLEGATIONS

9. Since approximately August 2005, Credit USA, through Alexander and Nicole Alexander, offered and sold unregistered Credit USA securities to, from, and within New Jersey in the form of Credit USA stock.

10. Credit USA held itself out to the public as a company that provided credit repair service and identity protection to individuals and companies.

11. Credit USA used multi-level marketing to sell its membership plans.

12. Credit USA referred to customers who purchased its membership plans as "members" ("Members"). Members paid a one time processing fee and monthly fees to Credit USA.

13. At various times between August 2005 and September 2009, Credit USA had between 3,000 and 4,000 Members enrolled in its various programs located in ten states: (1) New Jersey; (2) California; (3) Delaware; (4) Georgia; (5) Illinois; (6) Michigan; (7) New York; (8) North Carolina; (9) Pennsylvania; and (10) Wisconsin.

14. Once a person became a Credit USA Member, the Member could purchase from Credit USA the right to sell Credit USA services to other individuals. A Member who purchased the right to sell Credit USA services became an Associate ("Associate").

15. Associates had the right to attend Credit USA training seminars, sell Credit USA credit repair services and identity protection membership plans to individuals and corporations, and sell Associate memberships, which permitted those Associates to sell Credit USA membership plans to new Associates for which the selling Associate would be compensated.

### Defendants' Sale of Stock

16. Alexander and Nicole Alexander solicited and sold Credit USA stock to Associates, Members, and proposed "officers" of Credit USA.

17. Alexander was not registered with the Bureau in any capacity, nor was he exempt from registration.

18. Nicole Alexander was not registered with the Bureau in any capacity, nor was she exempt from registration.

19. Credit USA stock was sold in "lots" of 100 shares of stock.

20. The Credit USA stock was not registered in any capacity with the Bureau, nor was it exempt from registration.

21. Alexander and Nicole Alexander valued and sold Credit USA stock to investors for between \$7 and \$15 per share.

22. Alexander valued Credit USA's stock price without any reasonable correlation to its actual value.

23. Credit USA, through Alexander and Nicole Alexander, sold approximately 28,000 shares of its stock to at least 100 investors totaling over \$125,000.

24. From December 2006 to May 2008, Credit USA sold Credit USA stock, through Alexander and Nicole Alexander, to at least twenty-six New Jersey investors.

### Defendants' Sale of Stock to Regional Managers

25. Credit USA also gave Associates the opportunity to become "officers" of Credit USA. Credit USA referred to these "officers" as Vice Presidents, Regional Vice President, Regional Managers, Business Partner or some other similar title (collectively "Regional Manager").

26. To become a Credit USA Regional Manager, Associates were required to enter into a "Corporate Management Agreement" with Credit USA. The Corporate Management Agreement was a contractual agreement whereby the Regional Manager agreed to perform services intended to grow Credit USA's business, including, but limited to, hosting Credit USA seminars, meeting certain quotas for recruitment and creating new Members, marketing and promotion, and attending Credit USA training seminars. In exchange for agreeing to the above, Regional Managers would receive a percentage of Credit USA's business.

27. The "Corporate Management Agreement" also required potential Regional Managers to "make a good faith investment into the company . . . for the purpose of purchasing stock in the company, and demonstrating their financial and intellectual commitment to the success of the company and partnership venture."

28. Once potential Regional Managers completed the "Corporate Management Agreement," they were expected to "remit the total amount due of their good faith investment . . . no later than seven days from the date of commencing this contract indicating their agreement to all terms and conditions by signature."

29. Once Credit USA received a signed "Corporate Management Agreement," Alexander or Nicole Alexander on behalf of Credit USA would counter-sign the Corporate Management Agreement.

30. Following the execution of the "Corporate Management Agreement," the Regional Manager would pay Credit USA for the Credit USA stock.

31. In some instances, shortly after the Regional Manager paid for the Credit USA stock, the Regional Manager would receive an individually numbered Credit USA stock certificate, signed by Alexander or Nicole Alexander, evidencing the Regional Manager's investment in Credit USA. In other instances, the Credit USA Regional Manager never received a Credit USA stock certificate.

32. At least seventeen Credit USA Regional Managers purchased Credit USA stock, through Alexander and Nicole Alexander, and signed the "Corporate Management Agreement."



Defendants' Sale of Stock to Associates and Members

33. In addition to requiring Regional Managers to purchase shares of Credit USA stock, Alexander and Nicole Alexander, on behalf of Credit USA, solicited Credit USA Associates and Members to purchase shares of Credit USA stock.

34. Alexander e-mailed and personally solicited Credit USA Associates and Members to purchase shares of stock in Credit USA.

35. Between the summer 2006 and the summer 2007, when soliciting potential Associates and Members via e-mail and written correspondence, Credit USA would direct potential investors to contact an employee of Credit USA, C.K.B., for additional information regarding purchasing Credit USA stock.

36. When C.K.B. received a call from a potential Credit USA investor, C.K.B. asked how much Credit USA stock the potential investor was interested in buying, informed the potential investor of the price, and inquired how the potential person would like to pay for the investment. Once C.K.B. received this information, C.K.B. would contact Alexander, who would follow-up with the potential investor.

37. Alexander, on behalf of Credit USA, would then contact the potential Credit USA investor to complete sale of the Credit USA stock.

38. Once potential Credit USA investors indicated an interest in purchasing Credit USA stock, Credit USA would provide Associates and potential investors with Credit USA's "Investment Package and Agreement" and "Investors Contractual Agreement."

39. Within Credit USA's "Investment Package and Agreement" was a document listing the benefits of investing in Credit USA, which included:

- (A) "Purchase premium private stock at below market value [ranged from \$7.00 - \$15.00] per share;"
- (B) "Ability to purchase more shares before the company goes public on the stock exchange;"
- (C) "High rate of return on your investment within the first 12-24 months;"
- (D) "Receive Quarterly activity and financial report with in depth corporate analysis on company growth and vital statistics;"
- (E) "Receive voting power (1 vote per investor) on important issues at company annual stock holders meetings;"

- (F) "Receive unrestricted shares for your investment which can be sold same as cash value to any third party;"
- (G) "Receive monetary incentives based on company stock splits;"
- (H) "Receive consumer tips about Credit, Market Trend Analysis, and inside information through our quarterly E-letter;"
- (I) "Unlimited lifetime V.I.P. pass to Wealth Creation USA Seminars across the country on wealth building and credit restoration conducted by experts;" and
- (J) "Minimum investment into the company is only \$500.00."

40. Credit USA's "Investors Contractual Agreement" was an investment contract that set forth the terms of the investment. The "Investors Contractual Agreement," among other things, set forth the following:

- (A) "Investor agrees to make a monetary investment into the company. . . . ;"
- (B) "The company agrees to transfer said company stock shares in the name of the investor or chosen assignee upon satisfactory receipt of a signed contract and consideration equal to the amount of determined stock value at the time of purchase. . . . ;"

(C) The company "reserves the right to determine what the actual value of the stock is per share at the time this agreement is entered;" and

(D) "The investor agrees to pay on a per share basis and receive private equity into the company in the form of stock ownership for value purchased and value received equally. . . ."

41. Alexander signed the "Investors Contractual Agreement" on behalf of "The Company" [Credit USA].

42. Once Credit USA received the Credit USA "Investors Contractual Agreement" from the investor, Credit USA would charge the investor's debit or credit card account, or the investor would pay Credit USA separately by check. In certain instances, shortly after the Associate or Member investor paid for the Credit USA stock, the Associate or Member would receive an individually numbered Credit USA stock certificate, signed by Alexander or Nicole Alexander, evidencing of the investment in Credit USA. In other instances, the Associate or Member investor never received a Credit USA stock certificate.

**COUNT ONE**

**Failing to Register as an Agent In Violation of  
N.J.S.A. 49:3-56(a)  
(As to Defendants Alexander and Nicole Alexander)**

43. Plaintiff repeats the allegations set forth in the preceding paragraphs as if fully set forth herein.

44. Alexander and Nicole Alexander represented the issuer, Credit USA, in effecting or attempting to effect transactions in securities to, from, or within New Jersey, and thus acted as an agent, as defined by N.J.S.A. 49:3-49(b) of the Securities Law, without being registered with the Bureau.

45. Alexander and Nicole Alexander violated N.J.S.A. 49:3-56(a) which requires, among other things, that only persons registered with the Bureau may lawfully act as agents.

46. Each offer and/or sale to each investor constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

**COUNT TWO**

**Employing Unregistered Agents In Violation of  
N.J.S.A. 49:3-56(h)  
(As to Defendant Credit USA)**

47. Plaintiff repeats the allegations set forth in the preceding paragraphs as if set forth fully herein.

48. Credit USA employed the services of Alexander and Nicole Alexander who effected or attempted to effect transactions in securities to, from, or within New Jersey without being registered with the Bureau and, thus, employed Alexander and Nicole Alexander as unregistered agents, as defined in N.J.S.A. 49:3-56(h) of the Securities Law.

49. Credit USA violated N.J.S.A. 49:3-56(h), which requires, among other things, that issuers only employ those agents registered with the Bureau.

50. Each sale to each investor constitutes a separate violation of N.J.S.A. 49:3-56(h) and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

**COUNT THREE**

**Selling Unregistered Securities In Violation of  
N.J.S.A. 49:3-60**

**(As to Defendants Credit USA, Alexander and Nicole Alexander)**

51. Plaintiff repeats the allegations set forth in the preceding paragraphs as if set forth fully herein.

52. Credit USA, through Alexander and Nicole Alexander, offered and sold securities that were not registered with the Bureau.

53. The securities offered and sold by Credit USA, through Alexander and Nicole Alexander, were not federally covered securities.

54. The securities offered and sold by Credit USA, through Alexander and Nicole Alexander, were not exempt from registration.

55. The securities offered and sold by Credit USA, through Alexander and Nicole Alexander, were required to be registered pursuant to N.J.S.A. 49:3-60.

56. Each offer and sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

#### PRAYER FOR RELIEF

**WHEREFORE**, Plaintiff petitions this Court for an order:

- a. Finding that defendants Credit USA, Alexander, and Nicole Alexander engaged in the acts and practices alleged above;
- b. Finding that such acts and practices constituted violations of the Securities Law;
- c. Enjoining and permanently restraining defendants, individually and by or through any corporation, business entity, agent, employee, broker, partner, officer, director, attorney, stockholder and/or any other person who is directly or indirectly under their control or direction,

from directly or indirectly violating the Securities Law and, specifically, from:

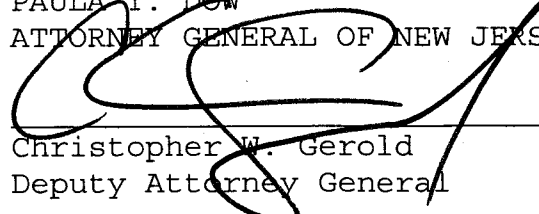
- i. engaging in the securities business to or from New Jersey in any capacity, including, but not limited to, acting as a broker-dealer, agent, investment adviser, investment adviser representative or otherwise; and
  - ii. issuing, offering the sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, and/or negotiating, in any manner to, from, or within the State of New Jersey;
- d. Directing the defendants to pay restitution to the investors;
- e. Assessing defendants a civil monetary penalty for each incident of violating the Securities Law in accordance with N.J.S.A. 49:3-70.1;
- f. Requiring defendants to disgorge all profits and/or funds gained through violations of the Securities Law; and



g. Granting such other relief as the interests of justice may require.

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY

By:

  
\_\_\_\_\_  
Christopher W. Gerold  
Deputy Attorney General

Dated:

7/6/10

RULE 4:5-1 CERTIFICATION

Pursuant to Rule 4:5-1, the undersigned certifies that the matter in controversy is not the subject of any other pending or contemplated action, except a criminal case in the Superior Court of the State of Delaware in and for Kent County against Terrel Alexander, Nicole Alexander, and William Love III.

I certify that confidential personal identifiers have been redacted from documents now submitted to the Court and will be redacted from all documents submitted in the future in accordance with R. 1:38-7(b).

I certify that the foregoing statements made by me are true. I am aware that if any of those statements are willfully false, I am subject to punishment.

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_

Christopher W. Gerold  
Deputy Attorney General

Date: 7/6/10

DESIGNATION OF TRIAL COUNSEL

Deputy Attorney General Christopher W. Gerold is hereby designated as trial counsel for this matter.

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_

Christopher W. Gerold  
Deputy Attorney General

Dated: 7/6/10