



## **Judge orders AmeriDebt executive's assets frozen**

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By Kevin J. Shay / Staff Writer

A federal judge has ordered that the assets of Andris Pukke, a former executive of bankrupt Gaithersburg nonprofit credit counseling agency AmeriDebt, be frozen.

Wednesday's order came after revelations that Pukke spent lavishly on hotels, restaurants and other personal items -- using money the Federal Trade Commission says his company bilked from consumers.

The judge's order was a victory for the FTC, which feared that Pukke would move millions of dollars to offshore accounts.

U.S. District Judge Peter J. Messitte of Greenbelt ordered that assets of any company, partnership, trust or other entity owned or controlled by Pukke or DebtWorks Inc., the Germantown for-profit private company Pukke formed to process AmeriDebt customer accounts, could not be transferred. Certain exceptions were made, such as allowing Pukke funds to pay for "reasonable and necessary living expenses" and legal fees.

The judge also appointed a receiver to track down and preserve the funds.

Neither Pukke nor his attorneys could be reached for comment. In a recent filing, his lawyers John B. Williams and Kerrie L. Hook of Washington, D.C., said the court lacked jurisdiction to order assets frozen because it can only do so in a "proper case" that involved "routine issues of fraud."

"In this case, the issues can hardly be considered 'routine.' ... The FTC has advanced absolutely nothing in the way of empirical or statistical evidence to support its conclusory allegation that consumers were misled," Williams and Hook wrote.

FTC attorneys said in a filing that in the past year or so, Pukke directed DebtWorks to transfer more than \$2 million to an account in Latvia for his father, as well as \$250,000 to his wife and \$200,000 to his girlfriend, neither of whom ever worked for DebtWorks.

In addition, DebtWorks paid for various charges made by Pukke's girlfriend, including \$2,165 for a three-night stay at a hotel in Santa Monica, Calif., in December and \$1,688 for a charge in a clothing store that same month, according to the FTC.

Those transactions were "past transfers, at a time when Mr. Pukke was in much better financial condition," Pukke's attorneys said in a filing last week. "Mr. Pukke now has limited assets, and all of his available income goes to the IRS, Mr. Pukke's wife pursuant to court orders in a pending divorce case, and personal living expenses, which are not extravagant."

Moreover, the FTC "cannot establish that Andris Pukke or DebtWorks had control over AmeriDebt during the relevant times," the attorneys said. "While Mr. Pukke was involved at some point with AmeriDebt, he did not control both corporations at the same time and was thus unable to employ them in a unified scheme to deceive consumers."

Pukke also used DebtWorks funds for personal expenses, including \$178,990 to an interior decorator for Pukke's personal residence and \$2,552 for a restaurant bill at Le Passage in Illinois, FTC attorneys said.

Pukke and his wife received income from DebtWorks of more than \$70 million between 1998 and 2003, according to the FTC. As of February, DebtWorks had only \$1,500 in its bank accounts, and Pukke estimated his assets to be worth \$3.4 million, according to the FTC.

At one time, AmeriDebt was one of the nation's largest credit counseling agencies. But after numerous consumer complaints over accounts not being paid and high fees, federal and state officials accused Pukke and the company in 2003 of bilking consumers, and AmeriDebt filed for bankruptcy last year.

AmeriDebt recently had all its clients transferred to Houston nonprofit agency Money Management International and agreed to shut down its credit counseling operations in a settlement with the FTC. The agency still faces a \$15 million claim for potential back taxes by the IRS, which questions whether AmeriDebt was a nonprofit entity.

Mark D. Taylor, the trustee appointed by the bankruptcy court in September to oversee AmeriDebt's operations, agreed in a filing last week that the asset freeze was "necessary to prevent the further erosion of estate assets."

AmeriDebt, which formed in 1996, had about 50 employees several years ago and is now down to four, Taylor said.

A law passed in Maryland in 2003 limits enrollment fees charged by credit counseling agencies to \$50 and monthly fees to \$40.