

MONEY MYTHS SERIES

“0% Business Funding” and Credit Card Stacking: What the FTC Found

“0% business funding” is usually credit card stacking: new cards in your name, a 10% fee, personal liability. What FTC cases found and what to do instead.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/credit-card-stacking/

Part of our [money myths series](#), where we look at who gets paid when you follow money advice from social media.

The pitch: get \$50,000 to \$250,000 in “0% business funding” for your new business or real estate deals, no revenue or tax returns needed. **The verdict:** in the cases the FTC has brought, the “funding” was a stack of credit cards opened in the customer’s own name, the fee was often 10% of the limits or thousands of dollars up front, and the customer stayed personally on the hook when the 0% period ended.

10%

of total card limits, the fee one stacking company charged, per the FTC (2024)

\$37 million

taken from more than 5,000 consumers in three years, the FTC alleged (2024)

200 points

credit score drops, 800s to 600s, alleged in the FTC complaint (2024)

59%

of small business borrowers signed a personal guarantee (Federal Reserve survey, 2026)

22.15%

average card rate on accounts charged interest (Federal Reserve, Q2 2026)

Who gets paid. The funding company and, often, the coach who sent you there. In its case against Seek Capital, the FTC alleged the company charged 10% of the total credit on the cards it got for you, plus fees, and an early termination fee of up to \$995 before any application went in. In the Seed Consulting case, the FTC alleged a fee of \$3,000 to \$4,000, and its complaint says the customers came from real estate and online business coaching programs whose advanced packages ran about \$20,000 to \$45,000. The new cards were how many students paid for the coaching. The banks get paid too, at about 22% once the promotional rate ends.

What is credit card stacking?

Credit card stacking is applying for many credit cards at once, usually with 0% introductory rates, so the combined limits look like a business loan. A first-amended FTC complaint describes one program's "0% interest business funding" as consisting entirely of instructing participants to apply for multiple business credit cards ([FTC v. Growth Cave](#), 2025). That program charged \$6,800 up front, the FTC alleged.

The companies apply for you. Seed Consulting's own "highlights" sheet, quoted in the FTC's complaint, promised six to eight lines at 0% for 12 to 18 months, then rates between 8% and 15%. The complaint says the rates after the promotion often exceeded 15% ([FTC v. Seed Consulting complaint](#), 2021). Seed targeted at least \$50,000 in 0% lines across a half dozen or more cards per customer and obtained more than \$230 million in card lines for 3,840 consumers referred by one coaching company.

Is 0% business funding a loan?

No. It's revolving credit card debt. The FTC alleged that Seek Capital advertised business loans and lines of credit but applied for credit cards in the owners' names, and the overwhelming majority were personal cards ([FTC v. Seek Capital complaint](#), 2024). The court later granted summary judgment on the FTC's misleading financing claims, and Seek admitted it had secured cards without a zero percent APR ([summary judgment order](#), 2025).

One client in that case got 12 cards, and none had the promised 0% for 24 months. Another said she could have easily obtained the same cards herself for free. The FTC's release says the cards were ones the owners could have applied for on their own ([FTC](#), 2024).

Growth Cave, "Buffalo Bridge" (2026)

 **\$50M**

Seek Capital (2024 complaint)

 **\$37M**

Seed Consulting fees from two referral sources (2021)

 **\$10M**

FTC business funding and credit card stacking cases

Case	Money taken, per FTC	Outcome
FTC v. Growth Cave (C.D. Cal.)	Nearly \$50 million	Settlement, Jan. 2026: \$48,597,538 in judgments, partly suspended; permanent bans
FTC v. Seek Capital (C.D. Cal.)	More than \$37 million over three years	Summary judgment for FTC on misleading 0% claims, Sept. 2025; \$48,280,328 judgment, suspended after \$250,000
FTC v. Seed Consulting (D. Nev.)	More than \$10 million in fees from Nudge and Zurixx referrals	Settlement, 2021: \$2.1 million judgment; about \$2 million refunded

Refunds rarely match the losses. In the Seed case, the FTC mailed 8,843 checks of \$232.12 each (FTC, 2021). In the Seek case the judgment was \$48,280,328, and the order required \$250,000 because the defendants couldn't pay the rest.

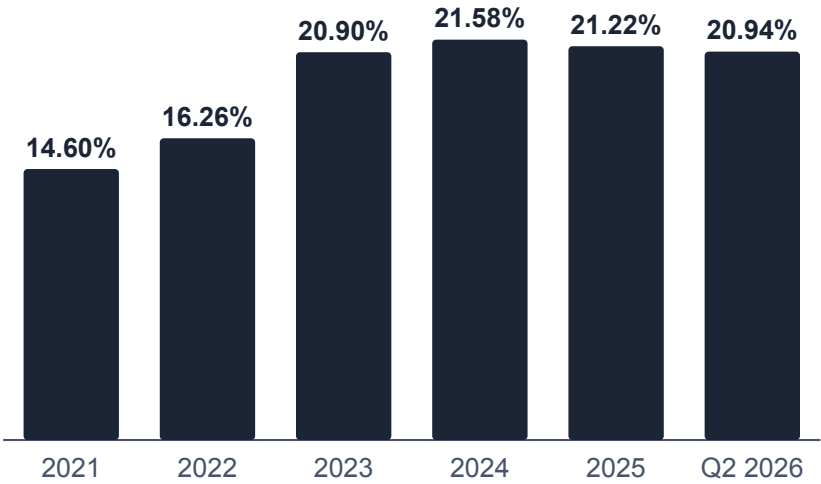
Are you personally liable for business credit cards?

Usually, yes. Chase says many business cards, including its Ink cards, require joint and several liability, and if the business can't pay, the issuer will require you to personally repay the amount owed (Chase). The Federal Reserve's 2026 small business survey found 59% of firms with debt had signed a personal guarantee. With a brand-new business, the card issuer is underwriting you, so your personal credit and income carry the cards.

Business cards also give up consumer protections. Regulation Z, the federal Truth in Lending rule that carries the CARD Act's card protections, exempts credit extended primarily for a business purpose (12 C.F.R. § 1026.3). Even on a consumer card, a promotional rate can rise when a stated period of six months or longer ends (12 C.F.R. § 1026.55).

What happens when the 0% rate ends?

You owe the balance at the card's regular rate, which averaged 22.15% on accounts charged interest in the second quarter of 2026, according to the Federal Reserve. Rates have climbed since 2021.



Credit card interest rates, Federal Reserve G.19, released Sept. 8, 2026

Period	Average APR, all accounts	Accounts assessed interest
2021	14.60%	16.45%
2022	16.26%	17.91%
2023	20.90%	22.15%
2024	21.58%	22.89%
2025	21.22%	22.32%
Q2 2026	20.94%	22.15%

Moving the balance to another 0% card isn't free. The CFPB says a card company may charge a balance transfer fee even on a zero percent offer ([CFPB](#)). For more on that cycle, see [debt elimination and endless balance transfers](#).

What does stacking do to your credit score?

It can knock it down hard. FICO says one extra inquiry usually costs less than five points, but that opening several accounts in a short time represents greater risk, and that the rate-shopping grouping that protects mortgage and auto shoppers doesn't apply to card applications. Amounts owed make up 30% of a FICO Score, so maxing out new cards hurts again ([myFICO](#)).

The FTC's complaints describe what that looks like. Seek's card applications allegedly dropped some customers' scores about 200 points, from the 800s to the 600s, and one woman's score fell 160 points and hadn't recovered a year later. In the Seed case, customers charged tens of thousands of dollars to the new cards within days, and their scores fell, the complaint says ([Seed complaint](#)).

Is it legal to inflate your income on the applications?

No, and you're the applicant. The FTC alleged Seed often inflated consumers' annual incomes by around \$100,000 on card applications ([FTC, 2021](#)). Card issuers noticed. Several issuers had a policy of denying applications they identified as coming from Seek, and one bank sent the CEO a letter asking Seek to stop its "credit card stacking scheme" ([summary judgment order](#)). California's Credit Services Act bars a company that gets credit for consumers from making or advising untrue statements to a lender about a consumer's creditworthiness or credit capacity (Civ. Code § 1789.13(e)).

What does California law say about paid funding services?

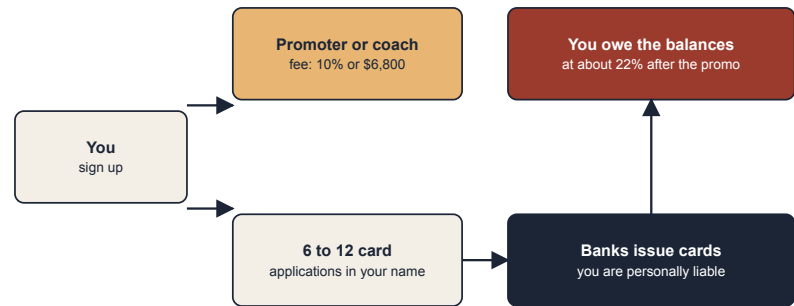
When the cards are personal cards, California's Credit Services Act likely applies. It covers anyone who, for payment, obtains a loan or other extension of credit for a consumer, for credit used primarily for personal, family, or household purposes (Civ. Code § 1789.12). A covered company can't take your money before it fully performs

(§ 1789.13(a)), can't advertise without registering with the state Department of Justice (§ 1789.13(j)), must give you five working days to cancel (§ 1789.16), and owes you at least what you paid plus attorney fees if it breaks the law (§ 1789.21).

Whether a particular program falls under the Act depends on its facts, especially whether the cards are personal or business cards. If you paid for one of these programs, the cancellation and refund rules are worth checking with a lawyer before the deadline passes.

What does stacking cost? A worked example

Take a hypothetical new business owner who gets \$100,000 in card limits through a stacking company charging 10% of the limits, the structure the FTC alleged in the Seek case. That's a \$10,000 fee for cards she could have applied for herself. If she still owes \$80,000 when the 0% periods end, a year of interest at 22.15% is about \$17,720.



Stacking fee, 10% of \$100,000 in limits

\$10,000

First year of interest after 0% ends, on \$80,000

\$17,720

Fee if you apply for the same cards yourself

\$0

Hypothetical cost of \$100,000 in stacked cards

Item	Amount	Basis
Card limits approved	\$100,000	Hypothetical
Broker fee at 10% of limits	\$10,000	Fee structure alleged in FTC v. Seek Capital
Balance still owed when the promo ends	\$80,000	Hypothetical
One year of interest at 22.15%	about \$17,720	Fed G.19 rate on accounts assessed interest, Q2 2026
Applying for the same cards yourself	\$0	FTC: the cards were ones owners could have applied for on their own

That's \$27,720 in the first year after the promotion, with the \$80,000 principal still due and her name on every card.

When are 0% cards a good idea?

When you apply yourself, for a purchase you can pay off before the promotion ends. A 0% card can bridge a short gap for a business with steady revenue. Most small firms use cards in some form: the Federal Reserve's survey found 62% regularly use a credit card, most of them a business card. The problem is paying a third party a percentage to open cards you could get for free, and treating revolving credit as startup capital.

Stacking program compared with doing it yourself

Question	Paid stacking program	Applying yourself or a real business loan
What you get	Several credit cards in your name	The same cards, or a term loan with a fixed payment
Up-front cost	10% of limits, or \$3,000 to \$6,800 in fees, per FTC cases	No broker fee for card applications
Who is liable	You, personally	You on cards; a loan may also need a guarantee
Rate after the promotion	Often over 15%, average about 22%	Known at signing for a fixed-rate loan
Accuracy of applications	Income inflated in some FTC cases	Your own true numbers

What should you do instead?

- ✓ Apply for a card yourself if you want one. Read the promotional period and the rate after it.
- ✓ Price a real business loan or line of credit with a fixed payment, and compare it to the card rate.
- ✓ Never let anyone submit an application with income you don't earn.
- ✓ If a coach steers you to a funding company to pay for the coaching, walk away.
- ✓ If you already paid, check your cancellation rights, dispute the charge if it's recent, and report it at [ReportFraud.ftc.gov](https://www.ftc.gov/ReportFraud).

Thinking about forming an entity for the business? See [opening an LLC bank account in California](#) and [the California LLC \\$800 tax](#).

Frequently asked questions

Is credit card stacking illegal?

Opening several cards yourself isn't illegal. The FTC has gone after companies that charge fees to stack cards for people while misrepresenting the product as 0% loans, inflating incomes, or charging before doing the work. Lying about your income on an application is a problem for the applicant too.

Does 0% business funding hurt my credit?

It can. Several hard inquiries and high balances on new cards both pull scores down, and the FTC alleged drops of about 200 points in one case.

Am I personally liable for business credit cards opened for my LLC?

Usually. Many business cards require the owner to be jointly and severally liable, so the issuer can collect from you if the business can't pay.

How much do credit stacking companies charge?

In FTC cases, fees ran 10% of total card limits plus other fees, \$3,000 to \$4,000 per customer, or \$6,800 up front.

Can I get my money back from a funding company?

Possibly. If California's Credit Services Act applies, you have five working days to cancel and can recover at least what you paid if the company broke the law. Recent card charges can also be disputed.

Related reading: [renting tradelines](#) and [infinite banking](#). Planning for a business you're building? [Who signs payroll on Friday](#) covers succession. [Talk to Ridley Law](#).

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