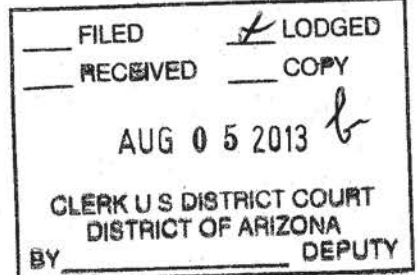


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Attorneys for Plaintiff
Federal Trade Commission



**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Federal Trade Commission,

Plaintiff,

vs.

Money Now Funding, LLC, an Arizona limited liability
company, a/k/a Money Now Funded, a/k/a
Cash4Businesses, a/k/a CashFourBusinesses;

Rose Marketing, LLC, an Arizona limited liability
company;

DePaola Marketing, LLC, an Arizona limited liability
company;

Affiliate Marketing Group, LLC, an Arizona limited
liability company;

Legal Doxs, LLC, an Arizona limited liability company,
a/k/a First Business, LLC;

US Doc Assist, LLC, an Arizona limited liability
company, a/k/a First Business, LLC;

Affinity Technologies, LLC, an Arizona limited
liability company;

Marketing Expert Solutions, LLC, an Arizona limited
liability company;

Filed Under Seal

Case No. _____
CV-13-01583-PHX-ROS

**COMPLAINT FOR
PERMANENT
INJUNCTION
AND OTHER
EQUITABLE RELIEF**

SEALED

1 **Lukeroy K. Rose**, a/k/a Luke Rose, individually, as
2 manager/member of Defendants Affinity Technologies,
3 LLC and Rose Marketing, LLC, and as the *de facto*
4 principal of Defendants Money Now Funding, LLC,
5 DePaola Marketing, LLC, and Affiliate Marketing
6 Group, LLC;

7 **Cordell Bess**, a/k/a Blaine Thompson, also d/b/a JJB
8 Marketing, individually and as *de facto* officer of
9 Defendants Money Now Funding, LLC and Rose
10 Marketing, LLC;

11 **Solana DePaola**, individually and as *de facto* officer of
12 Defendant Money Now Funding, LLC and as
13 manager/member of Defendant DePaola Marketing,
14 LLC;

15 **Jennifer Beckman**, individually and as
16 manager/member of Defendant Marketing Expert
17 Solutions, LLC;

18 **William D. Claspell**, a/k/a Bill Claspell, an individual;

19 **Richard Frost**, a/k/a Richard Strickland, an individual;

20 **Dino Mitchell**, a/k/a Dino Jones, an individual;

21 **Clinton Rackley**, a/k/a Clinton Fosse, an individual;

22 **Lance Himes**, a/k/a Lance R. Himes, a/k/a Raymond L.
23 Himes, a/k/a Lance Haist, individually and as *de facto*
24 principal of Defendants Legal Doxs, LLC and US Doc
25 Assist, LLC;

26 **Leary Darling**, individually, as a member and *de facto*
27 officer of Defendant US Doc Assist, LLC, and as a *de*
28 *facto* officer of Defendant Legal Doxs, LLC;

Donna F. Duckett, an individual, also d/b/a D&D
Marketing Solutions;

Della Frost, an individual, also d/b/a ZoomDocs, also
d/b/a Zoom Docs LLC;

Christopher Grimes, an individual, also d/b/a Elite
Marketing Strategies;

Alannah M. Harre, an individual, also d/b/a National
Marketing Group;

Ronald W. Hobbs, a/k/a Ron Hobbs, an individual, also
d/b/a Ron Hobbs & Associates, also d/b/a Sales
Academy USA, LLC;

Janine Lilly, an individual, also d/b/a Doc Assistant;

1 **Michael McIntyre**, an individual, also d/b/a McIntyre
Marketing;

2 **Benny Montgomery**, an individual, also d/b/a
3 Montgomery Marketing;

4 **Virginia Rios**, an individual, also d/b/a V&R Marketing
Solutions; and

5 **Kendrick Thomas**, an individual, also d/b/a KT
6 Advertising,

7 Defendants.

8
9 Plaintiff, the Federal Trade Commission (“FTC” or “the Commission”), for its
10 Complaint alleges:

11 1. The FTC brings this action under Sections 13(b) and 19 of the Federal
12 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing
13 and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C.
14 §§ 6101-6108, as amended, to obtain temporary, preliminary, and permanent injunctive
15 relief, rescission or reformation of contracts, restitution, the refund of monies paid,
16 disgorgement of ill-gotten monies, appointment of a receiver, and other equitable relief
17 for Defendants’ violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the
18 FTC’s Trade Regulation rules entitled “Disclosure Requirements and Prohibitions
19 Concerning Business Opportunities” (“Business Opportunity Rule” or “Rule”), 16 C.F.R.
20 Part 437, as amended, and “Telemarketing Sales Rule” (“TSR”), 16 C.F.R. Part 310. The
21 amended Business Opportunity Rule became effective on March 1, 2012, and has since
22 that date remained in full force and effect.

23 **JURISDICTION AND VENUE**

24 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331,
25 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).

26 3. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and (c), and 15
27 U.S.C. § 53(b).

SUMMARY OF THE CASE

1
2 4. Defendants in this case operate a telemarketing scheme offering consumers
3 business opportunities under a variety of names. One principal variation of the scheme is
4 the “Money Now Funding” business opportunity, which Defendants sell by telling
5 consumers they will earn income by referring small businesses seeking loans to Money
6 Now Funding. Despite Defendants’ assurances that consumers will easily generate
7 hundreds or thousands of dollars per month in income, consumers typically lose their
8 investment because the program is a total fraud, with losses ranging from a few hundred
9 dollars to tens of thousands of dollars per consumer. Defendants are not actually in the
10 business of making or brokering loans to small businesses, and consumers, therefore,
11 never earn any of the promised commissions on the sale of such loans. Many victims
12 affected by this scam are seniors with limited income and savings.

13 5. Defendants’ scheme requires the cooperation of numerous parties. Each
14 corporate Defendant and individual Defendant plays an integral role in the scheme. The
15 Defendants fall into three categories: (1) Telemarketing Defendants, who call consumers
16 and persuade them to buy the business opportunity by making false representations; (2)
17 Initial Payment Defendants, who obtain consumers’ authorizations for their initial
18 payment for the business opportunity and provide a limited liability company and a
19 website; and (3) Factoring Defendants, who establish and use multiple merchant accounts
20 under the names of various shell entities to process consumers’ credit card payments for
21 business leads and other services. The three groups of Defendants operate as a common
22 enterprise, perpetrating a single scheme.

23 6. Defendants’ deceptive sales pitches violate the FTC Act, and their failure to
24 make mandatory disclosures to consumers violates the FTC’s Business Opportunity Rule.
25 In addition, the Defendants’ aggressive telemarketing campaigns violate the
26 Telemarketing Sales Rule’s restrictions against harassing consumers and calling
27 individuals who have listed their phone numbers on the Do Not Call registry. Defendants’
28

1 telemarketers have continued to call consumers who requested that Defendants stop
2 calling them and have made threatening or obscene statements to consumers.

3 **PLAINTIFF**

4 7. The FTC is an independent agency of the United States Government
5 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15
6 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting
7 commerce. The FTC also enforces the Business Opportunity Rule, 16 C.F.R. Part 437, as
8 amended, which requires specific disclosures and prohibits certain misrepresentations in
9 connection with the sale of a business opportunity. The FTC is also charged with
10 enforcement of the Telemarketing Act, 15 U.S.C. §§ 6101-6108. Pursuant to the
11 Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310,
12 which prohibits deceptive or abusive telemarketing acts or practices.

13 8. The FTC is authorized to initiate federal district court proceedings, by its
14 own designated attorneys, to enjoin violations of the FTC Act, the Business Opportunity
15 Rule, and the TSR, and to secure such equitable relief as may be appropriate in each case,
16 including rescission or reformation of contracts, restitution, the refund of monies paid,
17 and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(B), 57b, 6102(c),
18 and 6105(b), and 16 C.F.R. Part 437, as amended.

19 **DEFENDANTS**

20 ***“Telemarketing Defendants” - Corporate***

21 9. Defendant **Money Now Funding, LLC** (“MNF”), a/k/a Money Now
22 Funded, a/k/a Cash4Businesses, a/k/a CashFourBusinesses, is an Arizona limited liability
23 company. MNF was incorporated on July 20, 2012. Its domestic address listed with the
24 Arizona Corporation Commission is 3507 N. Central Ave., Suite 403, Phoenix, Arizona,
25 which is also the listed address of its statutory agent, Defendant US Doc Assist, LLC.
26 MNF is ostensibly managed by its sole member, an elderly woman named Corinne
27 Stucchi with an address in Lake Worth, Florida. However, Ms. Stucchi is an unwitting
28 straw owner; Defendant Lukeroy K. Rose (“Rose”), or persons acting at his direction,

1 used Ms. Stucchi's name and address without her knowledge or consent in order to
2 disguise Defendant Rose's true ownership and control of Defendant MNF. MNF's true
3 principal places of business were at 4220 N. 19th Avenue, Phoenix, Arizona and 300 W.
4 Osborn Rd., Phoenix, Arizona, until March 6, 2013, when agents of the U.S. Postal
5 Inspection Service executed search warrants and raided both locations. MNF transacts or
6 has transacted business in this district and throughout the United States. During all or part
7 of the times material to this Complaint, acting alone or in concert with others, MNF has
8 advertised, marketed, distributed, or sold the business opportunities at issue in this
9 Complaint to consumers throughout the United States.

10 10. Defendant **Rose Marketing, LLC** ("Rose Marketing") is an Arizona
11 limited liability company owned by Defendant Rose with its mailing address at 310 S.
12 4th Street, Unit 1901, Phoenix, Arizona, a high-rise residential condominium complex.
13 Rose Marketing was incorporated on January 11, 2010. On or about March 11, 2013,
14 legal mail sent to that address by the Arizona Corporation Commission was returned as
15 undeliverable. Rose Marketing transacts or has transacted business in this district and
16 throughout the United States. During all or part of the times material to this Complaint,
17 acting alone or in concert with others, Rose Marketing has advertised, marketed,
18 distributed, or sold the business opportunities at issue in this Complaint to consumers
19 throughout the United States.

20 11. Defendant **DePaola Marketing, LLC** ("DePaola Marketing") is an
21 Arizona limited liability company with a mailing address of 8330 N. 19th Avenue,
22 Phoenix, Arizona, an apartment building. DePaola Marketing was incorporated on May
23 2, 2012. Its sole member is Defendant Solana DePaola, the girlfriend of Defendant Rose.
24 DePaola Marketing transacts or has transacted business in this district and throughout the
25 United States. During all or part of the times material to this Complaint, acting alone or in
26 concert with others, DePaola Marketing has advertised, marketed, distributed, or sold the
27 business opportunities at issue in this Complaint to consumers throughout the United
28 States.

1 controlled, had the authority to control, or participated in the acts and practices set forth
2 in this Complaint. Rose, in connection with the matters alleged herein, transacts or has
3 transacted business in this district and throughout the United States.

4 15. Defendant **Solana DePaola** (“DePaola”) is an Arizona resident. She is the
5 girlfriend of Defendant Rose and the sole member of DePaola Marketing, which Rose has
6 used as an alternate name for Rose Marketing. She is a *de facto* officer of MNF. During
7 all or part of the times material to this Complaint, acting alone or in concert with others,
8 DePaola has formulated, directed, controlled, had the authority to control, or participated
9 in the acts and practices set forth in this Complaint. DePaola, in connection with the
10 matters alleged herein, transacts or has transacted business in this district and throughout
11 the United States.

12 16. Defendant **Cordell Bess**, a/k/a Blaine Thompson, also d/b/a JJB Marketing
13 (“Bess”), is an Arizona resident. He is the general manager of MNF and Rose Marketing.
14 During all or part of the times material to this Complaint, acting alone or in concert with
15 others, Bess has formulated, directed, controlled, had the authority to control, or
16 participated in the acts and practices set forth in this Complaint. Bess, in connection with
17 the matters alleged herein, transacts or has transacted business in this district and
18 throughout the United States.

19 17. Defendant **Jennifer Beckman** (“Beckman”) is an Arizona resident. She is
20 or was an employee of Rose Marketing who has made deceptive telemarketing calls to
21 consumers. Beckman is also the sole member and manager of Marketing Expert
22 Solutions and, as part of the business opportunity schemes at issue in this Complaint, has
23 accepted checks from consumers made payable to that business. During all or part of the
24 times material to this Complaint, acting alone or in concert with others, Beckman has
25 participated in the deceptive acts and practices set forth in this Complaint. Beckman, in
26 connection with the matters alleged herein, transacts or has transacted business in this
27 district and throughout the United States.

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1 18. Defendant **William D. Claspell**, a/k/a Bill Claspell (“Claspell”), is an
2 Arizona resident. He is or was an employee of Rose Marketing who has made deceptive
3 telemarketing calls to consumers. During all or part of the times material to this
4 Complaint, acting alone or in concert with others, Claspell has participated in the
5 deceptive acts and practices set forth in this Complaint. Claspell, in connection with the
6 matters alleged herein, transacts or has transacted business in this district and throughout
7 the United States.

8 19. Defendant **Richard Frost**, a/k/a Richard Strickland (“R. Frost”), is an
9 Arizona resident. He is or was an employee of Rose Marketing who has made deceptive
10 telemarketing calls to consumers. During all or part of the times material to this
11 Complaint, acting alone or in concert with others, R. Frost has participated in the
12 deceptive acts and practices set forth in this Complaint. R. Frost, in connection with the
13 matters alleged herein, transacts or has transacted business in this district and throughout
14 the United States.

15 20. Defendant **Dino Mitchell**, a/k/a Dino Jones (“Mitchell”), is an Arizona
16 resident. He is or was an employee of Rose Marketing who has made deceptive
17 telemarketing calls to consumers. During all or part of the times material to this
18 Complaint, acting alone or in concert with others, Mitchell has participated in the
19 deceptive acts and practices set forth in this Complaint. Mitchell, in connection with the
20 matters alleged herein, transacts or has transacted business in this district and throughout
21 the United States.

22 21. Defendant **Clinton Rackley**, a/k/a Clinton Fosse (“Rackley”), is an
23 Arizona resident. He is or was an employee of Rose Marketing who has made deceptive
24 telemarketing calls to consumers. During all or part of the times material to this
25 Complaint, acting alone or in concert with others, Rackley has participated in the
26 deceptive acts and practices set forth in this Complaint. Rackley, in connection with the
27 matters alleged herein, transacts or has transacted business in this district and throughout
28 the United States.

1 formulated, directed, controlled, had the authority to control, or participated in the acts
2 and practices set forth in this Complaint. Darling, in connection with the matters alleged
3 herein, transacts or has transacted business in this district and throughout the United
4 States.

5 ***“Factoring Defendant” - Corporate***

6 26. Defendant **Affinity Technologies, LLC** (“Affinity Technologies”) is an
7 Arizona limited liability company owned by Defendant Rose with its principal place of
8 business listed as 4220 N. 19th Ave., Phoenix, Arizona. Affinity Technologies was
9 incorporated on February 27, 2012. Affinity Technologies is one of many shell
10 businesses that Defendants have used to process consumer credit-card payments for the
11 business opportunities at issue in this Complaint. Affinity Technologies transacts or has
12 transacted business in this district and throughout the United States. During all or part of
13 the times material to this Complaint, acting alone or in concert with others, Affinity
14 Technologies has advertised, marketed, distributed, or sold the business opportunities at
15 issue in this Complaint to consumers throughout the United States.

16 ***“Factoring Defendants” - Individual***

17 27. Each of the individual Factoring Defendants identified in paragraphs 28
18 through 37 is an Arizona resident and a current or former employee of Rose Marketing.
19 Each is the principal of a shell business that is neither an Arizona limited liability
20 company nor a corporation, but is merely a fictitious name. Each opened a merchant
21 account at Merrick Bank, headquartered in South Jordan, Utah, in the name of the shell
22 business and used that merchant account to process consumer credit-card payments for
23 the business opportunities at issue in this Complaint. During all or part of the times
24 material to this Complaint, acting alone or in concert with others, each participated in the
25 acts and practices set forth in this Complaint. In connection with the matters alleged
26 herein, each transacts or has transacted business in this district and throughout the United
27 States.

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1 instances, shared common ownership, managers, employees, and office locations.
2 Because these corporate Defendants have operated as a common enterprise, each of them
3 is jointly and severally liable for the acts and practices alleged below. Individual
4 Defendants Rose, DePaola, Bess, Himes, and Darling have formulated, directed,
5 controlled, had the authority to control, or participated in the acts and practices of the
6 corporate Defendants that constitute the common enterprise.

7 **COMMERCE**

8 39. At all times material to this Complaint, Defendants have maintained a
9 substantial course of trade in the offering for sale and sale of business opportunities, in or
10 affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C.
11 § 44.

12 **DEFENDANTS’ BUSINESS PRACTICES**

13 40. Since at least 2011, and continuing thereafter, Defendants have marketed
14 and sold home-based business opportunities to consumers throughout the United States
15 and Canada. Consumers are told they will act as Defendants’ “agents” and will refer to
16 Defendants small businesses in their area that may be interested in Defendants’ alleged
17 services, primarily providing cash advances to small businesses. Defendants represent
18 that consumers will receive commission-based income and residual income from the
19 business opportunity.

20 41. As discussed below, Defendants failed to give consumers the disclosures
21 required by the FTC’s Business Opportunity Rule.

22 42. As discussed below, Defendants’ telemarketers call many consumers whose
23 numbers are listed on the Do Not Call Registry, and persist in calling repeatedly even
24 when consumers explain that they are not interested in the business opportunity. The
25 telemarketers are also frequently rude and use threatening or obscene language when
26 consumers tell them to stop calling.

27 43. Defendants have operated their business opportunity scam under a variety
28 of names, nimbly changing company names, products, office locations, and even

1 alliances with their confederates, in an effort to avoid detection while they have tricked
2 consumers into paying money for bogus products or services. A recent version of the
3 scam, in which Defendants used the name "Money Now Funding," is described below. In
4 later versions of the scam, Defendants have used the name Cash4Businesses.

5 *The Money Now Funding Scheme*

6 44. The Money Now Funding scam has been executed in three related parts, by
7 three different but related groups within the common enterprise. (a) The initial pitch,
8 inviting consumers to begin a new business, is handled by the Telemarketing Defendants.
9 (b) A subsequent call to obtain the consumer's authorization for a credit-card payment is
10 handled by the Initial Payment Defendants. (c) After Telemarketing Defendants make
11 further telemarketing calls to consumers to convince them to pay for purportedly
12 necessary services, the consumers' credit card payments are processed through merchant
13 accounts set up by Factoring Defendants.

14 45. Defendants typically contact consumers initially through telemarketing
15 sales calls made at a call center operated by Rose Marketing and DePaola Marketing.

16 46. During the initial sales calls, the telemarketers generally explain that they
17 work for MNF, a group of lenders that make loans to small or medium-sized businesses.
18 They claim that they are seeking independent contractors or "agents," such as the
19 consumer, who will identify businesses that are interested in applying for a loan or cash
20 advance. They say the consumer will earn money by referring those businesses and
21 submitting their names and email addresses to MNF.

22 47. On the phone, the telemarketers represent that many small businesses are in
23 need of cash to develop their business, and that MNF is a leader in the merchant cash
24 advance industry. The telemarketers assure consumers that Defendants will provide all
25 the help and training necessary for the consumer to find referrals and to ensure that the
26 consumer's business makes money. The telemarketers also tell consumers that the
27 consumers will not need to do any selling because Defendants' expert salesmen will
28

1 contact each business that consumers refer and handle everything necessary to close the
2 sale of MNF's services to the business.

3 48. In numerous instances, the telemarketers claim that consumers who sign up
4 as agents will earn money in three ways. First, they represent that consumers will receive
5 \$25 each time they refer a business that fills out a qualified application. Second, each
6 time a consumer refers a business that takes out a loan or cash advance, the consumer
7 will receive 4% of the amount of the cash advance. Third, consumers will receive a \$100
8 sign-up bonus just for becoming an agent.

9 49. The telemarketers have represented that the "average" cash advance
10 provided to their customers is \$20,000, which would generate \$800 for the consumer who
11 referred that customer. The telemarketers frequently represent that the consumer will earn
12 income in the range of \$1,500 to \$3,000 per month from this business opportunity.

13 50. The telemarketers have also made general representations, either expressly
14 or by implication, about the earnings potential of the business opportunity in their
15 telephone calls to consumers. In numerous instances, the telemarketers have made the
16 following misrepresentations:

- 17 – Consumers will begin to earn income within weeks;
- 18 – Consumers will earn thousands of dollars in income per month;
- 19 – Consumers will earn back the cost of their initial investment within weeks.

20 51. Defendants also make earnings claims on their website,
21 moneynowfunding.com. On the website, Defendants invite consumers to become a MNF
22 agent and "Earn Thousands Monthly." The website has an income calculator in which
23 consumers enter the number of businesses they want to refer each month and calculate
24 their potential monthly income based on an average cash advance of \$20,000. If a
25 consumer wants to refer 10 businesses, his potential monthly income is \$8,000. The
26 website also promises a \$100 sign-up bonus.

27 52. In numerous instances, the telemarketers also tell consumers that each agent
28 is assigned to an exclusive geographic area; the telemarketer claims that there happens to

1 be an opening currently in the consumer's area, but the consumer must act quickly or the
2 opportunity may be given to someone else.

3 53. Contrary to the representations Defendants make to consumers, the typical
4 consumer does not earn any income whatsoever from this business opportunity – despite
5 investing hundreds, thousands, or tens of thousands of dollars.

6 54. If the consumer is interested in the business opportunity, the telemarketer
7 offers to sell the consumer a complete business package ranging in price from \$299 to
8 \$499. Each package consists of: (1) the creation of a limited liability company for the
9 consumer's new business; (2) creation of the consumer's own website at which small
10 business owners can learn about the lending program and submit an online application for
11 a loan; and (3) training and coaching assistance to ensure that the consumer's new
12 business is successful.

13 55. Although the telemarketers state or imply that the more expensive packages
14 provide more services than the less expensive packages, in reality there is no significant
15 difference between the packages. The only difference is how much the salesperson can
16 talk the consumer into paying.

17 56. When the consumer agrees to sign up, the telemarketer takes the
18 consumer's contact and payment information and tells the consumer to expect a
19 subsequent phone call to get the consumer's new business started.

20 57. Next, an employee of either Legal Doxs or US Doc Assist telephones the
21 consumer and sends an email in order to collect payment from the consumer. In
22 numerous instances, the email contains a form that is already filled out with the
23 consumer's personal and payment information, reflecting the price of the "package" that
24 the consumer agreed to purchase. Typically the invoice is from, and payment is made to,
25 either Legal Doxs or US Doc Assist. The caller walks the consumer through the payment
26 process over the phone.

27 58. Consumers generally pay this initial charge by credit card and the charge
28 appears on their statements in the name of either "US Doc Assist" or "Legal Doxs."

1 Initial Payment Defendants, who receive the full amount of the consumers' initial
2 payments, later kick back an agreed-upon portion of those payments to Rose.

3 59. Both Telemarketing Defendants and Initial Payment Defendants tell
4 consumers that they must create a limited liability company ("LLC") in order to
5 participate in the business opportunity, even if consumers already have a corporation or
6 LLC. Consumers are led to believe that their required payment of up to \$499 is the total
7 cost of purchasing the business opportunity, and that they will not need anything more
8 than the LLC, website, and coaching that Defendants provide in order to be successful.

9 60. The next stage in the scheme is the sale of "leads," or in some instances
10 advertising, to the consumer. Typically within several days of the telemarketer's initial
11 call to a consumer and receipt of the consumer's initial payment, the consumer again
12 receives a call from a MNF telemarketer, known in the telemarketing industry as a
13 "reloader." The reloaders tell consumers that it will be very difficult for them to operate
14 their new business successfully unless they pay for business "leads" or other services.

15 61. The reloaders represent that the leads are lists of businesses that are seeking
16 cash advances. In numerous instances, reloaders represent that the leads have been
17 obtained from well-known banks and lenders, such as American Express or Wells Fargo,
18 and consist of businesses that recently applied to these financial institutions for loans but
19 did not meet the lenders' stringent standards. These alleged leads are described as "high
20 quality" or "pre-approved."

21 62. The cost of these "leads" or advertising packages varies from a few
22 thousand dollars to tens of thousands of dollars, depending on how much credit the
23 consumer has available on his or her credit cards.

24 63. The reloaders represent that consumers who purchase these leads or
25 advertising are likely to earn substantial income. The reloaders further represent that
26 consumers will quickly recoup the money they spend on purchasing the leads or
27 advertising within months.

28

1 64. For consumers who purchase leads, reloaders represent that MNF will
2 contact and market its services to each of the leads consumers purchase, and thereby
3 generate new customers or accounts for the consumer's business. The reloaders represent
4 that Defendants' salespeople are experts and highly skilled and will have no trouble
5 converting many of these leads into successful applications for Defendants' cash
6 advances. Defendants misrepresent that they will convert a certain number or percentage
7 of sales leads into customers or accounts.

8 65. Consumers are led to believe that each lead will include, at a minimum, the
9 name of the business seeking a cash advance and the name, title, address, and telephone
10 number of that business's owner or manager.

11 66. Instead, many of the "leads" have no apparent connection to any business
12 and are nothing but random names and email addresses. For example, one "lead"
13 purchased by a consumer consisted solely of the name "Not Listed Steve Huskey" with
14 an email address of "dmcx007@gmail.com." Rather than being business contact
15 information that could be converted into a sale, as promised, the "leads" appear to be lists
16 that senders of spam might use. Some leads are duplicates, or duplicates of leads sold to
17 other consumers.

18 67. Consumers typically pay \$1.00 for each lead, although some have paid
19 \$5.00, \$9.33, or \$10.00 per lead. The unit pricing and the alleged number of leads sold
20 appear to be arbitrary, as consumers may receive no leads at all, or a different number of
21 so-called leads than what the consumer agreed to purchase. The total charge to the
22 consumer is often greater than \$10,000, and some consumers have ended up paying tens
23 of thousands of dollars for leads.

24 68. In order to buy the leads, consumers are required to sign credit card
25 authorization forms that falsely state that the consumer has already received the leads and
26 is satisfied with them.

27 69. These forms also indicate that the consumer is buying the leads or
28 advertising packages not from Money Now Funding or Cash4Businesses, but from any

1 one of the shell businesses used by the Factoring Defendants or some other shell
2 business.

3 70. To minimize the risk that banks or regulators will detect their scheme or be
4 able to put them out of business by shutting down a single merchant account, Defendants
5 use a variety of merchant accounts in the names of the Factoring Defendants' shell
6 businesses to accept and process consumer credit card payments for leads or other
7 services. Without access to merchant accounts, Defendants would not be able to accept
8 credit card payments from consumers and therefore, in most cases, would not be able to
9 obtain consumers' money. Thus, the merchant accounts and their owners, the Factoring
10 Defendants, are an integral part of the overall scheme.

11 71. In numerous instances, Defendants employ stall tactics to delay consumers
12 from disputing the charges to their credit card accounts after consumers fail to make any
13 money and fail to receive even the promised \$100 sign-up bonus. These stall tactics
14 include, but are not limited to: stringing out various so-called training sessions; making
15 repeated excuses; refusing to return telephone calls; attempting to sell the consumer
16 additional purported business aids; and even offering to help the consumer recover the
17 lost money from MNF or the consumer's credit card company.

18 72. Consumers who purchase Defendants' business opportunity do not make
19 money by referring businesses for loans to Defendants.

20 73. Defendants do not engage in the business of making loans to businesses.

21 74. Working together as a common enterprise, Defendants have victimized
22 thousands of consumers and caused an estimated loss to consumers of over \$6,000,000.

23 75. When consumer complaints mount, Defendants generally move to a new
24 location and start the scam over, operating under new business names.

25 76. In or about December 2012, Money Now Funding changed its name to
26 Cash4Businesses and offered consumers the opportunity to earn commissions by
27 becoming a Cash4Businesses agent and referring small businesses in need of cash
28 advances. Consumers made an initial payment of several hundred dollars for a website

1 and an LLC. Consumers later paid thousands of dollars for packages that purportedly
2 included a variety of services such as training, reputation management, a search engine
3 optimization campaign, and a variety of advertising services. Just as with MNF,
4 consumers lost their investment, did not receive the promised services, and did not make
5 the income they were told to expect.

6 77. In or about December 2012, Legal Dox and US Doc Assist began operating
7 under the name First Business, LLC, offering consumers the same services of creating
8 websites and registering LLCs for supposed “business opportunities.”

9 *The Disclosure and Earnings Claim Statements*

10 78. Defendants have failed to provide a written disclosure document to
11 consumers prior to the consumers’ purchase of Defendants’ business opportunity, as
12 required by the Business Opportunity Rule. Defendants have failed to disclose in writing
13 their name, business address, and telephone number; the name of the salesperson offering
14 the opportunity; whether Defendants, any affiliate or prior business of any Defendant, or
15 any of their key personnel have been the subject of any civil or criminal action for
16 misrepresentation, fraud, securities law violations, or unfair or deceptive practices;
17 material terms and conditions of any refund or cancellation policy; and the contact
18 information for at least ten people who have purchased the business opportunity from
19 Defendants. Defendants have failed to provide this information to consumers at any time
20 and in any format, including as a single written document in the form and using the
21 language required by the Business Opportunity Rule.

22 79. Although Defendants and their representatives have made claims to
23 consumers about their likely earnings, they have failed to provide consumers with an
24 Earnings Claim Statement as required by the Business Opportunity Rule.

25 80. Defendants have engaged in the foregoing business practices since at least
26 2011.

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Defendants' Abusive Telemarketing Practices

81. Defendants also have caused hundreds of consumers to receive deceptive and abusive telemarketing solicitations in blatant violation of the TSR, including the National Do Not Call Registry, and the FTC Act.

82. Since at least March 2012, telemarketers claiming to represent MNF have initiated outbound telephone calls to telephone numbers on the National Do Not Call Registry. When consumers have advised Defendants that they do not wish to be called and requested that Defendants stop calling them, Defendants have deliberately persisted in telephoning consumers, sometimes multiple times per day. Defendants have also responded with rude, obscene, and threatening statements to consumers who ask not to be called.

83. In numerous instances, in connection with telemarketing, Defendants, acting directly or through one or more intermediaries, have called telephone numbers in various area codes without first paying the annual fee for access to the telephone numbers within area codes that are included in the National Do Not Call Registry.

VIOLATIONS OF THE FTC ACT

84. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

85. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

Count I

86. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of Defendants’ business opportunity and related services, Defendants have represented, directly or indirectly, expressly or by implication, that purchasers of Defendants’ business opportunity will earn substantial income.

87. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 86 of this Complaint, purchasers of Defendants’ business opportunity and related services do not earn substantial income.

1 91. Therefore, Defendants' representations as set forth in Paragraph 89 of this
2 Complaint are false or misleading and constitute deceptive acts or practices in violation
3 of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

4 **VIOLATIONS OF THE BUSINESS OPPORTUNITY RULE**

5 92. Defendants are "sellers" who have sold or offered to sell a "business
6 opportunity" as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(c) and (q).
7 Under the Business Opportunity Rule, a "seller" is a person who offers for sale or sells a
8 business opportunity. 16 C.F.R. § 437.1(q). Under the Rule, a "business opportunity"
9 means a "commercial arrangement" in which a "seller solicits a prospective purchaser to
10 enter into a new business;" the "prospective purchaser makes a required payment;" and
11 the "seller, expressly or by implication, orally or in writing, represents that the seller or
12 one or more designated persons will . . . (ii) Provide outlets, accounts, or customers,
13 including but not limited to Internet outlets, accounts, or customers, for the purchaser's
14 goods or services." 16 C.F.R. § 437.1(c). Under the Rule, providing "outlets, accounts, or
15 customers" includes "furnishing the prospective purchaser with existing or potential . . .
16 outlets, accounts, or customers; requiring, recommending, or suggesting one or more
17 locators or lead generating companies; providing a list of locators or lead generating
18 companies; collecting a fee on behalf of one or more locators or lead generating
19 companies; . . . or otherwise assisting the prospective purchaser in obtaining his or her
20 own . . . outlets, accounts, or customers." 16 C.F.R. § 437.1(m).

21 93. Among other things, the Business Opportunity Rule requires sellers to
22 provide prospective purchasers with a disclosure document in the form and using the
23 language set forth in the Business Opportunity Rule and its Appendix A, and any
24 required attachments. In the disclosure document, the seller must disclose to prospective
25 purchasers five categories of information, including basic identifying information about
26 the seller, any earnings claims the seller makes, the seller's litigation history, any
27 cancellation and refund policy the seller offers, and contact information of prior
28 purchasers. 16 C.F.R. § 437.3(a)(1)-(5). Furthermore, this information must be disclosed

1 at least seven (7) days before the prospective purchaser signs a contract or makes a
2 payment. 16 C.F.R. § 437.2. The pre-sale disclosure of this information enables a
3 prospective purchaser to contact prior purchasers and take other steps to assess the
4 potential risks involved in the purchase of the business opportunity.

5 94. Defendants have made earnings claims in connection with the sale of their
6 business opportunity, as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(f).
7 Under the Business Opportunity Rule, an “earnings claim” means “any oral, written, or
8 visual representation to a prospective purchaser that conveys, expressly or by implication,
9 a specific level or range of actual or potential sales, or gross or net income or profits.” 16
10 C.F.R. § 437.1(f).

11 95. The Business Opportunity Rule prohibits sellers from making earnings
12 claims unless the seller: (1) has a reasonable basis for the claim at the time it is made; (2)
13 has in its possession written materials to substantiate the claim at the time it is made; (3)
14 furnishes an Earnings Claim Statement to prospective purchasers in conjunction with the
15 disclosure document, containing, among other things, information regarding the time
16 frame captured by the earnings claim, the characteristics of the purchasers, and the
17 number and percentage of all persons who purchased the business opportunity within the
18 time frame who achieved at least the stated level of earnings; and (4) makes written
19 substantiation of the earnings claim available to any prospective purchaser who requests
20 it. 16 C.F.R. § 437.4(a).

21 96. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a
22 violation of the Business Opportunity Rule constitutes an unfair or deceptive act or
23 practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C.
24 § 45(a).

25 **Count III**

26 97. In numerous instances, in connection with the offer for sale, sale, or
27 promotion of a business opportunity, Defendants have failed to furnish prospective
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1 purchasers with a disclosure document and any required attachments, within the time
2 period prescribed by the Business Opportunity Rule.

3 98. Defendants' acts and practices, as described in the preceding paragraph,
4 violate the Business Opportunity Rule, 16 C.F.R. §§ 437.2 and 437.3(a), and Section 5(a)
5 of the FTC Act, 15 U.S.C. § 45(a).

6 **Count IV**

7 99. In numerous instances, Defendants have made earnings claims to
8 prospective purchasers in connection with the offering for sale, sale, or promotion of a
9 business opportunity while, among other things, (1) lacking a reasonable basis for the
10 earnings claim at the time it was made; (2) lacking written substantiation for the earnings
11 claim at the time it was made; or (3) failing to provide an Earnings Claim Statement to
12 the prospective purchaser, as required by the Business Opportunity Rule.

13 100. Defendants' acts and practices, as described in the preceding paragraph,
14 violate the Business Opportunity Rule, 16 C.F.R. § 437.4(a) and Section 5(a) of the FTC
15 Act, 15 U.S.C. § 45(a).

16 **VIOLATIONS OF THE TSR**

17 101. Congress directed the FTC to prescribe rules prohibiting abusive and
18 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C.
19 §§ 6101-6108. The FTC adopted the original Telemarketing Sales Rule in 1995,
20 extensively amended it in 2003, and amended certain provisions thereafter. 16 C.F.R.
21 Part 310.

22 102. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c),
23 and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR
24 constitutes an unfair or deceptive practice in or affecting commerce, in violation of
25 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

26 103. Defendants are "telemarketer[s]" engaged in "telemarketing" as those terms
27 are defined in the TSR, 16 C.F.R. §§ 310.2(cc) and (dd).

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1 104. Among other things, the TSR, as amended in 2003, established a “do-not-
2 call” registry, maintained by the Commission (the “National Do Not Call Registry,” or
3 “Registry”), of consumers who do not wish to receive certain types of telemarketing
4 calls. Consumers can register their telephone numbers on the Registry without charge
5 either through a toll-free telephone number or over the Internet at *www.donotcall.gov*.

6 105. Since October 17, 2003, sellers and telemarketers have been prohibited
7 from calling numbers on the Registry. 16 C.F.R. § 310.4(b)(1)(iii)(B).

8 106. The TSR also prohibits sellers and telemarketers from initiating an
9 outbound telephone call to any person when that person previously has stated that he or
10 she does not wish to receive an outbound telephone call made by or on behalf of the
11 seller whose goods or services are being offered. 16 C.F.R. § 310.4(b)(1)(iii)(A).

12 107. The TSR also prohibits sellers and telemarketers from engaging in threats,
13 intimidation, or the use of profane or obscene language. 16 C.F.R. § 310.4(a)(1).

14 108. The TSR also prohibits sellers and telemarketers from causing a telephone
15 to ring, or engaging a person in conversation, repeatedly or continuously with intent to
16 annoy, abuse, or harass any person at the called number. 16 C.F.R. § 310.4(b)(1)(i).

17 109. Since October 17, 2003, sellers and telemarketers have been generally
18 prohibited from calling any telephone number within a given area code unless the seller
19 first has paid the annual fee for access to the telephone numbers within that area code that
20 are included in the National Do Not Call Registry. 16 C.F.R. § 310.8(a) and (b).

21 110. The TSR exempts cases falling within the Business Opportunity Rule, 16
22 C.F.R. § 437, from most provisions of the TSR, but this exemption does not apply to the
23 requirements of §§ 310.4(a)(1) and (b). 16 C.F.R. § 310.6(b)(2).

24 **Count V**

25 111. In numerous instances, in connection with telemarketing, Defendants have
26 engaged in initiating an outbound telephone call to a person’s telephone number on the
27 National Do Not Call Registry, in violation of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B).
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1 **Count VI**

2 112. In numerous instances, in connection with telemarketing, Defendants have
3 engaged in initiating an outbound telephone call to a person who previously has stated
4 that he or she does not wish to receive an outbound telephone call made by or on behalf
5 of the seller whose goods or services are being offered, in violation of the TSR, 16 C.F.R.
6 § 310.4(b)(1)(iii)(A).

7 **Count VII**

8 113. In numerous instances, in connection with telemarketing, Defendants have
9 caused the telephone to ring or engaged persons in telephone conversation repeatedly or
10 continuously, with intent to annoy, abuse, or harass the person at the called number, in
11 violation of the TSR, 16 C.F.R. § 310.4(b)(1)(i).

12 **Count VIII**

13 114. In numerous instances, in connection with telemarketing, Defendants have
14 engaged in threats, intimidation, or the use of profane or obscene language, in violation
15 of the TSR, 16 C.F.R. § 310.4(a)(1).

16 **Count IX**

17 115. In numerous instances, in connection with telemarketing, Defendants have
18 initiated, or caused a telemarketer to initiate, outbound telephone calls to a telephone
19 number within a given area code on behalf of a seller who has not, either directly or
20 through another person, paid the required annual fee for access to the telephone numbers
21 within that area code that are included in the National Do Not Call Registry, in violation
22 of the TSR, 16 C.F.R. § 310.8.

23 **CONSUMER INJURY**

24 116. Consumers have suffered and will continue to suffer substantial monetary
25 loss as a result of Defendants' violations of Section 5(a) of the FTC Act and the Business
26 Opportunity Rule. In addition, Defendants have been unjustly enriched as a result of their
27 unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely
28 to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

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2 117. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to
3 grant injunctive and such other relief as the Court may deem appropriate to halt and
4 redress violations of any provision of law enforced by the FTC. The Court, in the
5 exercise of its equitable jurisdiction, may award ancillary relief, including rescission or
6 reformation of contracts, restitution, the refund of monies paid, and the disgorgement of
7 ill-gotten monies, to prevent and remedy any violation of any provision of law enforced
8 by the FTC.

9 118. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant
10 such relief as the Court finds necessary to redress injury to consumers resulting from
11 Defendants' violations of the Business Opportunity Rule, including the rescission or
12 reformation of contracts and the refund of money.

PRAYER FOR RELIEF

13
14 Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC
15 Act, 15 U.S.C. §§ 53(b) and 57b, and the Business Opportunity Rule, the Telemarketing
16 Sales Rule, and the Court's own equitable powers, requests that the Court:

17 A. Award Plaintiff such preliminary injunctive and ancillary relief as may be
18 necessary to avert the likelihood of consumer injury during the pendency of this action
19 and to preserve the possibility of effective final relief, including but not limited to,
20 temporary and preliminary injunctions, an order freezing assets, immediate access, and
21 the appointment of a receiver;

22 B. Enter a permanent injunction to prevent future violations of the Business
23 Opportunity Rule, the TSR, and the FTC Act by Defendants;

24 C. Award such relief as the Court finds necessary to redress injury to
25 consumers resulting from Defendants' violations of the Business Opportunity Rule, the
26 TSR, and the FTC Act, including but not limited to, rescission or reformation of
27 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten
28 monies; and

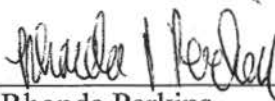
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D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Jonathan E. Nuechterlein
General Counsel

Dated: 8/5/2013



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