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DAVID C. SHONKA
Acting General Counsel

DEANYA T. KUECKELHAN
Regional Director

JASON C. MOON, Tex. Bar No. 24001188
ANNE D. LEJEUNE, Tex. Bar No. 24054286
THOMAS B. CARTER, Tex. Bar No. 03932300
EMILY B. ROBINSON, Tex. Bar No. 24046737
Federal Trade Commission
1999 Bryan Street, Suite 2150
Dallas, Texas 75201
(214) 979-9378; jmoon@ftc.gov (Moon)
(214) 979-9371; alejeune@ftc.gov (LeJeune)
(214) 979-9372; tcarter@ftc.gov (Carter)
(214) 979-9386; erobinson@ftc.gov (Robinson)
(214) 953-3079 (fax)

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

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

FEDERAL TRADE COMMISSION

Plaintiff

v.

**Ambrosia Web Design LLC, an Arizona
limited liability company, also d/b/a AWD;**

**Concord Financial Advisors LLC, an
Arizona limited liability company;**

**CAM Services Direct LLC, an Arizona
limited liability company;**

**AFB LLC, an Arizona limited liability
company;**

Case No. CV 2:12-2248-PHX-FJM

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

1 **Western GPS LLC, an Arizona limited**
2 **liability company;**

3 **Chris Ambrosia, individually and as a**
4 **manager of Ambrosia Web Design LLC and**
5 **CAM Services Direct LLC;**

6 **and**

7 **LeRoy Castine, a/k/a Lee Castine,**
8 **individually and as a manager of Ambrosia**
9 **Web Design LLC, Concord Financial**
10 **Advisors LLC, AFB LLC, and Western**
11 **GPS LLC;**

12 **Defendants**

13 Plaintiff, the Federal Trade Commission (“FTC”), for its Amended Complaint
14 alleges:

15 1. The FTC brings this action under Sections 13(b) and 19 of the Federal
16 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing
17 and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C.
18 §§ 6101-6108, to obtain temporary, preliminary, and permanent injunctive relief,
19 rescission or reformation of contracts, restitution, the refund of monies paid,
20 disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or
21 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation
22 of the FTC’s Trade Regulation Rule entitled Telemarketing Sales Rule (“TSR”),
23 16 C.F.R. Part 310.

24 **JURISDICTION AND VENUE**

25 2. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331,
26 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).

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

PLAINTIFF

1
2 4. The FTC is an independent agency of the United States Government
3 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act,
4 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting
5 commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C. § 6101-6108.
6 Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR,
7 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or
8 practices.

9 5. The FTC is authorized to initiate federal district court proceedings, by its
10 own attorneys, to enjoin violations of the FTC Act and the TSR and to secure such
11 equitable relief as may be appropriate in each case, including rescission or reformation of
12 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten
13 monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A)-(B), 57b, 6102(c) and 6105(b).

DEFENDANTS

14
15 6. Defendant Ambrosia Web Design LLC, also doing business as AWD, is an
16 Arizona limited liability company with its principal place of business at 123 E. Baseline
17 Road, Suite D-208, Tempe, Arizona 85283. Ambrosia Web Design LLC transacts or has
18 transacted business in this district and throughout the United States.

19 7. Defendant Concord Financial Advisors LLC is an Arizona limited liability
20 company with its principal place of business at 123 E. Baseline Road, Suite D-208,
21 Tempe, Arizona 85283. Concord Financial Advisors LLC transacts or has transacted
22 business in this district and throughout the United States.

23 8. Defendant CAM Services Direct LLC is an Arizona limited liability
24 company with its principal place of business at 123 E. Baseline Road, Suite D-208,
25 Tempe, Arizona 85283. CAM Services Direct LLC transacts or has transacted business
26 in this district and throughout the United States.

27 9. Defendant AFB LLC is an Arizona limited liability company with its
28 principal place of business at 123 E. Baseline Road, Suite D-208, Tempe, Arizona 85283.

1 AFB LLC transacts or has transacted business in this district and throughout the United
2 States.

3 10. Defendant Western GPS LLC is an Arizona limited liability company with
4 its principal place of business at 123 E. Baseline Road, Suite D-208, Tempe, Arizona
5 85283. Western GPS LLC transacts or has transacted business in this district and
6 throughout the United States.

7 11. Defendant Chris Ambrosia is the managing member of Ambrosia Web
8 Design LLC and CAM Services Direct LLC. At all times material to this Complaint,
9 acting alone or in concert with others, he has formulated, directed, controlled, had the
10 authority to control, or participated in the acts and practices set forth in this Complaint.
11 Defendant Chris Ambrosia resides in this district and, in connection with the matters
12 alleged here, transacts or has transacted business in this district and throughout the United
13 States.

14 12. Defendant LeRoy Castine, also known as Lee Castine, is a managing
15 member of Concord Financial Advisors LLC, AFB LLC, and Western GPS LLC, and a
16 manager of Ambrosia Web Design LLC. At all times material to this Complaint, acting
17 alone or in concert with others, he has formulated, directed, controlled, had the authority
18 to control, or participated in the acts and practices set forth in this Complaint. Defendant
19 LeRoy Castine resides in this district and, in connection with the matters alleged here,
20 transacts or has transacted business in this district and throughout the United States.

21 13. Defendants Ambrosia Web Design LLC, Concord Financial Advisors LLC,
22 CAM Services Direct LLC, AFB LLC, and Western GPS LLC (collectively, "Corporate
23 Defendants") have operated as a common enterprise while engaging in the deceptive and
24 abusive acts and practices alleged below. Corporate Defendants have conducted the
25 business practices described below through an interrelated network of companies that
26 have common ownership, managers, business functions, representatives, customer service
27 telephone numbers, and office locations, and have corresponded with third parties on
28 each other's behalf. Because these Corporate Defendants have operated as a common

1 enterprise, each of them is jointly and severally liable for the acts and practices alleged
2 below. Defendants Chris Ambrosia and LeRoy Castine have formulated, directed,
3 controlled, had the authority to control, or participated in the acts and practices of the
4 Corporate Defendants that constitute the common enterprise.

5 **COMMERCE**

6 14. At all times material to this Complaint, Defendants have maintained a
7 substantial course of trade in or affecting commerce, as “commerce” is defined in Section
8 4 of the FTC Act, 15 U.S.C. § 44.

9 **DEFENDANTS’ BUSINESS ACTIVITIES**

10 **A. Defendants’ Telemarketing Activities**

11 15. From August 2011 to October 2012, when this Court entered a temporary
12 restraining order against them, Defendants engaged in a plan, program, or campaign to
13 induce the purchase of Defendants’ credit card interest rate reduction services through
14 telephone calls to consumers throughout the United States. Defendants sold or offered
15 for sale their credit card interest rate reduction services by making telemarketing calls to
16 consumers directly or through other telemarketers.

17 16. During these telemarketing calls with consumers, Defendants claimed they
18 had the ability to substantially reduce consumers’ credit card interest rates. Defendants
19 claimed that they could obtain very low interest rates for consumers, even as low as zero
20 percent, and that the reduced interest rate would save consumers a substantial amount of
21 money in interest payments. Defendants promised consumers that they would save a
22 specific amount in interest payments, typically \$2500 or more. At the time Defendants
23 made these promises to consumers, Defendants had little or no information about the
24 consumers’ creditworthiness or credit history.

25 17. Defendants promised many consumers a full or partial refund if
26 Defendants were unable to obtain the promised interest rate reductions or dollar savings.
27 In sales presentations to other consumers, Defendants did not make specific promises
28 regarding refunds, but they also did not affirmatively tell these consumers that

1 Defendants had a no-refund, no-cancellation policy. When consumers later attempted to
2 obtain refunds, cancel participation, or dispute the charges with their credit card issuers,
3 Defendants often claimed that they had a no-refund, no-cancellation policy.

4 18. During the sales presentations, Defendants often claimed to be affiliated
5 with a U.S. government program. They told consumers there was a federal stimulus
6 program in place to help consumers get out of debt and that Defendants' credit card
7 interest rate reduction services were part of the program. Defendants told some
8 consumers that they were part of or working with the U.S. government.

9 19. Defendants' descriptions of the actual services they provided to get the
10 lower interest rate for consumers were inconsistent. Sometimes Defendants simply
11 promised to lower consumers' rates without specifying how they would do it. In other
12 instances, they specifically claimed they would get new, lower interest rate credit cards
13 for consumers and transfer consumers' existing balances to the new cards, without telling
14 consumers whether Defendants were going to issue the new cards or third parties would
15 issue them. In still other instances, Defendants told consumers that they would negotiate
16 with the issuers of consumers' existing credit cards to obtain a lower interest rate on
17 existing accounts. Sometimes Defendants claimed to have special relationships with
18 credit card companies, or special methods or experience that enabled them to obtain
19 better interest rates than consumers could obtain on their own.

20 20. Defendants often charged an up front, advance fee ranging from \$495 to
21 \$2495 for their services. In the initial sales presentation, Defendants asked for
22 consumers' credit card account information, including account numbers. Defendants
23 often used this information to immediately charge the fee to consumers' existing credit
24 cards, before providing any services. Defendants sometimes did not tell consumers that
25 they intended to use the account information to immediately charge a fee. Consumers
26 believed Defendants were requesting the information simply to verify the consumer's
27 debts and perform services. In some instances, Defendants did not disclose the fee at all,
28 or claimed that there would be no fee. In other instances, Defendants mentioned the fee,

1 but told consumers that they would pay the fee at some later point. In yet other instances,
2 Defendants were simply silent about when they would charge the fee. Although some
3 consumers understood that their credit cards would be charged immediately, many
4 did not.

5 21. After consumers agreed to participate in the program, in many instances
6 Defendants sent forms that required consumers to list all of their credit card account
7 information, as well as other sensitive personal information such as date of birth and
8 Social Security Number. A Service Agreement was often included in the forms for
9 consumers to sign. The Service Agreement repeated Defendants' guarantee that they
10 would obtain a certain dollar savings for consumers or provide a full or partial refund.

11 22. After consumers agreed to Defendants' services, and Defendants charged
12 their fee, Defendants often did not deliver on their promises. Consumers often had great
13 difficulty even contacting Defendants to check on their accounts. If Defendants provided
14 any service at all, they often applied for third-party credit cards on behalf of consumers or
15 initiated a three-way telephone call with consumers' credit card issuers and asked for an
16 interest rate reduction. Often Defendants did not obtain any interest rate reduction for
17 consumers using these methods. On the occasions when Defendants did obtain a lower
18 interest rate, the lower rate was often not sufficient to produce the promised savings.

19 23. In some instances, consumers tried to cancel their participation in the
20 program immediately. These consumers often were unable to reach a representative, or
21 they were told by Defendants that there was a no-refund, no-cancellation policy. When
22 these consumers later disputed the charges with their credit card issuers, Defendants often
23 responded to the disputes by falsely claiming that they disclosed a no-refund, no-
24 cancellation policy to consumers, or that they provided services that they did not provide.

25 24. Whether consumers tried to cancel, or asked for refunds because
26 Defendants had failed to provide the promised results, Defendants often did not provide
27 refunds unless consumers complained to law enforcement agencies or the Better Business
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1 Bureau. Often, Defendants either did not return consumers' calls, promised refunds that
2 never came, or refused the refunds outright.

3 25. While telemarketing their services, Defendants, directly or through their
4 agents or intermediaries, made numerous calls to telephone numbers on the National Do
5 Not Call Registry. In some instances, these calls were made by Defendants using
6 Defendants' company names. In other instances, Defendants used third-party
7 telemarketers to contact consumers. The third-party telemarketers often used the name
8 "Card Member Services" while interacting with consumers. Telemarketers using this
9 name or similar names (e.g. "Card Services") and offering credit card interest rate
10 reduction services have generated hundreds of thousands of Do Not Call complaints from
11 across the United States.

12 26. Further, Defendants, directly or through their agents or intermediaries,
13 initiated numerous telemarketing calls using a service that delivers prerecorded voice
14 messages, known as "voice broadcasting" or "robocalling." The prerecorded messages
15 directed consumers to press a number on their telephones if they were interested in
16 obtaining lower credit card interest rates. Consumers often received many robocalls
17 before they decided to speak to a representative. Defendants initiated these robocalls to
18 consumers even though consumers had not agreed in writing to receive these robocalls
19 from Defendants.

20 **B. Defendants' Credit Card Laundering**

21 27. In the transactions described above, Defendants acted directly as
22 "telemarketers" or "sellers," as the terms are defined by the TSR. As described below, in
23 other transactions and at various times, Defendants engaged in credit card laundering by
24 (a) processing credit card payments for third parties through Defendants' own merchant
25 accounts; and (b) arranging for other merchants to process credit card payments for
26 Defendants through those merchants' merchant accounts.

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1 28. The TSR defines “merchant” as:

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3 a person who is authorized under a written contract with an
4 acquirer to honor or accept credit cards, or to transmit or
5 process for payment credit card payments, for the purchase of
6 goods or services or a charitable contribution, by processing
7 credit card payments for other persons or entities.

8 16 C.F.R. § 310.2(s).

9 29. In order to process credit card charges, companies must have a merchant
10 account with an acquiring institution that has authority from a credit card system to
11 authorize merchants to accept, transmit, or process credit card payments. Defendants
12 obtained merchant accounts with Global Payments Direct, Inc., an acquiring institution,
13 using several different company names. Defendants engaged in credit card laundering by
14 processing through these merchant accounts credit card sales drafts that were not the
15 result of transactions between themselves and the cardholders, but were generated by
16 other telemarketers. This activity was not authorized by the written merchant agreements
17 between Defendants and the acquiring institution. Defendants derived substantial income
18 by retaining a portion of the revenue generated by these other telemarketers’ operations
19 as compensation for this unauthorized processing activity.

20 30. Additionally, during a time period in which Defendants’ merchant accounts
21 had been terminated and Defendants were unable to obtain new merchant accounts,
22 Defendants arranged for other merchants to submit Defendants’ credit card sales drafts
23 through these other merchant’s merchant accounts. These credit card sales drafts were
24 not the result of transactions between these other merchants and cardholders, but were
25 telemarketing transactions between Defendants and cardholders. This activity was not
26 authorized by the written merchant agreements between the other merchants and their
27 acquiring institution.

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VIOLATIONS OF THE FTC ACT

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

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

6 33. Acts or practices are unfair under Section 5 of the FTC Act if they cause
7 substantial injury to consumers that consumers cannot reasonably avoid themselves and
8 that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C.
9 § 45(n).

10 **COUNT ONE**

11 **Misrepresenting Material Facts**

12 34. In numerous instances, in connection with the advertising, marketing,
13 promotion, offering for sale, or sale of credit card interest rate reduction services,
14 Defendants have represented, directly or indirectly, expressly or by implication, that:

- 15 a. Consumers who purchase Defendants’ credit card interest rate reduction
16 services will receive a low rate credit card or have their credit card interest
17 rates reduced substantially; and
18 b. Consumers who purchase Defendants’ credit card interest rate reduction
19 services will save thousands of dollars as a result of lowered credit card
20 interest rates.

21 35. In truth and in fact, in numerous instances the representations set forth in
22 Paragraph 34 of this Complaint were false or not substantiated at the time the
23 representations were made.

24 36. Therefore, Defendants’ representations as set forth in Paragraph 34 above
25 are false and misleading and constitute deceptive acts or practices in violation of Section
26 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

Misrepresenting Refund Policy

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3 37. In numerous instances, in connection with the advertising, marketing,
4 promotion, offering for sale, or sale of credit card interest rate reduction services,
5 Defendants have represented, directly or indirectly, expressly or by implication, that
6 Defendants will provide full or partial refunds if consumers do not receive the guaranteed
7 credit card interest rate reduction or dollar savings.

8 38. In truth and in fact, in numerous instances in which Defendants have made
9 the representation set forth in Paragraph 37 of this Complaint, Defendants do not provide
10 full or partial refunds when consumers do not receive the guaranteed credit card interest
11 rate reduction or dollar savings.

12 39. Therefore, Defendants' representation as set forth in Paragraph 37 above is
13 false and misleading and constitutes a deceptive act or practice in violation of Section
14 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT THREE

Misrepresenting Affiliation with a Government Entity

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17 40. In numerous instances, in connection with the advertising, marketing,
18 promotion, offering for sale, or sale of credit card interest rate reduction services,
19 Defendants have represented, directly or indirectly, expressly or by implication, that they
20 are carrying out a government program or are otherwise affiliated with the United States
21 government.

22 41. In truth and in fact, Defendants are not carrying out a government program
23 and are not affiliated with the United States government.

24 42. Therefore, Defendants' representations as set forth in Paragraph 40 above
25 are false and misleading and constitute deceptive acts or practices in violation of Section
26 5(a) of the FTC Act, 15 U.S.C. § 45(a).

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COUNT FOUR

Unauthorized Billing

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3 43. In numerous instances, Defendants have caused billing information to be
4 submitted for payment without having obtained previously consumers' express informed
5 consent.

6 44. Defendants' actions cause or are likely to cause substantial injury to
7 consumers that consumers cannot reasonably avoid themselves and that is not
8 outweighed by countervailing benefits to consumers or competition.

9 45. Therefore, Defendants' practice as described in Paragraph 43 above
10 constitutes an unfair act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.
11 § 45(a).

12 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

13 46. Congress directed the FTC to prescribe rules prohibiting abusive and
14 deceptive telemarketing acts or practices under the Telemarketing Act, 15 U.S.C.
15 §§ 6101-6108. The FTC adopted the original TSR in 1995, extensively amended it in
16 2003, and amended certain sections thereafter. 16 C.F.R. Part 310.

17 47. As amended, effective September 27, 2010, and October 27, 2010, the TSR
18 addresses the telemarketing of debt relief services. The amendments effective September
19 27, 2010, among other things, prohibit misrepresentations about material aspects of debt
20 relief services. The amendments effective October 27, 2010, prohibit sellers and
21 telemarketers from charging or collecting an advance fee before renegotiating, settling,
22 reducing, or otherwise altering consumers' debts.

23 48. Defendants are "seller[s]" or "telemarketer[s]" engaged in "telemarketing,"
24 and Defendants have initiated, or caused telemarketers to initiate, "outbound telephone
25 call[s]" to consumers to induce the purchase of goods or services, as those terms are
26 defined in the TSR, 16 C.F.R. § 310.2(v), (aa), (cc), and (dd). Defendants also are sellers
27 or telemarketers of "debt relief service[s]," as defined by the TSR, 16 C.F.R. § 310.2(m).
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1 49. Under the TSR, an “outbound telephone call” means a telephone call
2 initiated by a telemarketer to induce the purchase of goods or services or to solicit a
3 charitable contribution. 16 C.F.R. § 310.2(v).

4 50. The TSR prohibits sellers and telemarketers from misrepresenting, directly
5 or by implication, in the sale of goods or services, any material aspect of the
6 performance, efficacy, nature, or central characteristics of the goods or services that are
7 the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

8 51. As amended, effective September 27, 2010, the TSR prohibits sellers and
9 telemarketers from misrepresenting, directly or by implication, in the sale of goods or
10 services, any material aspect of any debt relief service. 16 C.F.R. § 310.3(a)(2)(x).

11 52. The TSR prohibits sellers and telemarketers from misrepresenting, directly
12 or by implication, in the sale of goods or services, any material aspect of the nature or
13 terms of the seller’s refund, cancellation, exchange, or repurchase policies. 16 C.F.R.
14 § 310.3(a)(2)(iv).

15 53. The TSR prohibits sellers and telemarketers from failing to disclose, in a
16 clear and conspicuous manner, if the seller has a policy of not making refunds,
17 cancellations, exchanges, or repurchases, a statement informing the customer that this is
18 the seller’s policy; or if the seller makes a representation about a refund, cancellation,
19 exchange, or repurchase, a statement of all material terms and conditions of such policy.
20 16 C.F.R. § 310.3(a)(1)(iii).

21 54. The TSR prohibits sellers and telemarketers from misrepresenting, directly
22 or by implication, in the sale of goods or services, a seller’s or telemarketer’s affiliation
23 with, or endorsement or sponsorship by, any person or government entity. 16 C.F.R.
24 § 310.3(a)(2)(vii).

25 55. The TSR prohibits sellers and telemarketers from requesting or receiving
26 payment of any fee or consideration in advance of obtaining a loan or other extension of
27 credit when the seller or telemarketer has guaranteed or represented a high likelihood of
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1 success in obtaining or arranging a loan or other extension of credit for a person.

2 16 C.F.R. § 310.4(a)(4).

3 56. As amended, effective October 27, 2010, the TSR prohibits sellers and
4 telemarketers from requesting or receiving payment of any fee or consideration for any
5 debt relief service unless and until:

- 6 a. the seller or telemarketer has renegotiated, settled, reduced, or otherwise
7 altered the terms of at least one debt pursuant to a settlement agreement,
8 debt management plan, or other such valid contractual agreement executed
9 by the customer;
- 10 b. the consumer has made at least one payment pursuant to that settlement
11 agreement, debt management plan, or other valid contractual agreement
12 between the customer and the creditor or debt collector; and
- 13 c. to the extent that debts enrolled in a service are renegotiated, settled,
14 reduced, or otherwise altered individually, the fee or consideration either
15 (1) bears the same proportional relationship to the total fee for
16 renegotiating, settling, reducing, or altering the terms of the entire debt
17 balance as the individual debt amount bears to the entire debt amount; or
18 (2) is a percentage of the amount saved as a result of the renegotiation,
19 settlement, reduction, or alteration. 16 C.F.R. § 310.4(a)(5)(i).

20 57. The TSR prohibits telemarketers and sellers from causing billing
21 information to be submitted for payment, directly or indirectly, without the express
22 informed consent of the consumer. 16 C.F.R. § 310.4(a)(7).

23 58. The TSR, as amended in 2003, established a “do-not-call” registry (the
24 “National Do Not Call Registry” or “Registry”), maintained by the FTC, of consumers
25 who do not wish to receive certain types of telemarketing calls. Consumers can register
26 their telephone numbers on the Registry without charge either through a toll-free
27 telephone call or over the Internet at www.donotcall.gov.

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1 59. Consumers who receive telemarketing calls to their registered numbers can
2 complain of Registry violations the same way they registered, through a toll-free
3 telephone call or over the Internet at www.donotcall.gov, or by otherwise contacting law
4 enforcement authorities.

5 60. The TSR prohibits sellers and telemarketers from initiating, or causing
6 others to initiate, an outbound telephone call to telephone numbers on the Registry.
7 16 C.F.R. § 310.4(b)(1)(iii)(B).

8 61. As amended, effective September 1, 2009, the TSR prohibits initiating, or
9 causing others to initiate, a telephone call that delivers a prerecorded message to induce
10 the purchase of any good or service unless the seller has obtained from the recipient of
11 the call an express agreement, in writing, that evidences the willingness of the recipient
12 of the call to receive calls that deliver prerecorded messages by or on behalf of a specific
13 seller. The express agreement must include the recipient's telephone number and
14 signature, must be obtained after a clear and conspicuous disclosure that the purpose of
15 the agreement is to authorize the seller to place prerecorded calls to the person, and must
16 be obtained without requiring, directly or indirectly, that the agreement be executed as a
17 condition of purchasing any good or service. 16 C.F.R. § 310.4(b)(1)(v)(A).

18 62. Defendants Ambrosia Web Design LLC, CAM Services Direct LLC, and
19 Western GPS LLC were "merchants" as defined by the TSR, 16 C.F.R. § 310.2(s), in that
20 they were authorized under a written contract with an acquiring institution to honor or
21 accept credit cards, or to transmit or process for payment credit card payments, for the
22 purchase of goods or services.

23 63. Except as expressly permitted by the applicable credit card system, the TSR
24 makes it a deceptive telemarketing act or practice for:

- 25 a. A merchant to present to or deposit into, or cause another to present to or
26 deposit into, the credit card system for payment, a credit card sales draft
27 generated by a telemarketing transaction that is not the result of a
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1 telemarketing credit card transaction between the cardholder and the
2 merchant; or

3 b. Any person to employ, solicit, or otherwise cause a merchant, or an
4 employee, representative, or agent of the merchant, to present to or deposit
5 into the credit card system for payment, a credit card sales draft generated
6 by a telemarketing transaction that is not the result of a telemarketing credit
7 card transaction between the cardholder and the merchant. 16 C.F.R.
8 § 310.3(c).

9 64. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c),
10 and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR
11 constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of
12 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

13 **COUNT FIVE**

14 **Misrepresenting Material Facts in Violation of the TSR**

15 65. In numerous instances, in connection with the telemarketing of goods and
16 services, Defendants have misrepresented, directly or by implication, material aspects of
17 the performance, efficacy, nature, or central characteristics of such goods and services,
18 including, but not limited to, that:

19 a. Consumers who purchase Defendants' credit card interest rate reduction
20 services will receive a low rate credit card or have their credit card interest
21 rates reduced substantially; and

22 b. Consumers who purchase Defendants' credit card interest rate reduction
23 services will save thousands of dollars as a result of lowered credit card
24 interest rates.

25 66. Defendants' acts and practices, as described in Paragraph 65 above, are
26 deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. §310.3(a)(2)(iii).

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COUNT SIX

Misrepresenting Debt Relief Service in Violation of the TSR

67. In numerous instances on or after September 27, 2010, in connection with the telemarketing of debt relief services, Defendants have misrepresented, directly or by implication, material aspects of the debt relief services, including, but not limited to, that:

- a. Consumers who purchase Defendants' credit card interest rate reduction services will receive a low rate credit card or have their credit card interest rates reduced substantially; and
- b. Consumers who purchase Defendants' credit card interest rate reduction services will save thousands of dollars as a result of lowered credit card interest rates.

68. Defendants' acts and practices, as described in Paragraph 67 above, are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(a)(2)(x).

COUNT SEVEN

Misrepresenting Refund Policy in Violation of the TSR

69. In numerous instances, in the course of telemarketing goods and services, Defendants have misrepresented, directly or by implication, that Defendants will provide full or partial refunds if consumers do not achieve the guaranteed interest rate reductions or interest savings.

70. Defendants' acts and practices, as described in Paragraph 69 above, are deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. §310.3(a)(2)(iv).

COUNT EIGHT

Failing to Disclose No-Refund, No-Cancellation Policy in Violation of the TSR

71. In numerous instances, in the course of telemarketing goods and services, Defendants have failed to disclose to consumers that Defendants have a policy of not making refunds or allowing cancellations.

1 the customer; and (b) the customer has made at least one payment pursuant to that
2 agreement.

3 78. Defendants' acts or practices, as described in Paragraph 77 above, are
4 abusive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.4(a)(5)(i).

5 **COUNT TWELVE**

6 **Unauthorized Billing in Violation of the TSR**

7 79. In numerous instances, in the course of telemarketing goods and services,
8 Defendants have caused billing information to be submitted for payment without the
9 express informed consent of the consumer.

10 80. Defendants' acts or practices, as described in Paragraph 79 above, are
11 abusive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.4(a)(7).

12 **COUNT THIRTEEN**

13 **Violating the National Do Not Call Registry in Violation of the TSR**

14 81. In numerous instances, in connection with telemarketing, Defendants have
15 engaged, or caused a telemarketer to engage, in initiating an outbound telephone call to a
16 person's telephone number on the National Do Not Call Registry in violation of the TSR,
17 16 C.F.R. § 310.4(b)(1)(iii)(B).

18 **COUNT FOURTEEN**

19 **Initiating Unlawful Prerecorded Messages On or After September 1, 2009**

20 **In Violation of the TSR**

21 82. In numerous instances on or after September 1, 2009, Defendants have
22 made, or caused others to make, outbound telephone calls that deliver prerecorded
23 messages to induce the purchase of goods or services in violation of the TSR, 16 C.F.R.
24 § 310.4(b)(1)(v).

25 **COUNT FIFTEEN**

26 **Credit Card Laundering in Violation of the TSR**

27 83. In numerous instances, and without the express permission of the
28 applicable credit card system, Defendants have:

- 1 a. Presented to or deposited into, or caused another to present to or deposit
2 into, the credit card system for payment, a credit card sales draft generated
3 by a telemarketing transaction that was not the result of a telemarketing
4 credit card transaction between the cardholder and Defendants; or
- 5 b. Employed, solicited, or otherwise caused a merchant, or an employee,
6 representative, or agent of the merchant, to present to or deposit into the
7 credit card system for payment, a credit card sales draft generated by a
8 telemarketing transaction that was not the result of a telemarketing credit
9 card transaction between the cardholder and the merchant.

10 84. Defendants' acts or practices, as described in Paragraph 83 above, are
11 deceptive telemarketing acts or practices that violate the TSR, 16 C.F.R. § 310.3(c).

12 **CONSUMER INJURY**

13 85. Consumers have suffered and will continue to suffer substantial injury as a
14 result of Defendants' violations of the FTC Act and the TSR. In addition, Defendants
15 have been unjustly enriched as a result of their unlawful acts or practices. Absent
16 injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap
17 unjust enrichment, and harm the public interest.

18 **THIS COURT'S POWER TO GRANT RELIEF**

19 86. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to
20 grant injunctive and such other relief as the Court may deem appropriate to halt and
21 redress violations of any provision of law enforced by the FTC. The Court, in the
22 exercise of its equitable jurisdiction, may award ancillary relief, including rescission or
23 reformation of contracts, restitution, the refund of monies paid, and the disgorgement of
24 ill-gotten monies, to prevent and remedy any violation of any provision of law enforced
25 by the FTC.

26 87. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the
27 Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the
28 Court finds necessary to redress injury to consumers resulting from Defendants'

1 violations of the TSR, including the rescission or reformation of contracts, and the refund
2 of money.

3 **PRAYER FOR RELIEF**

4 Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15
5 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C.
6 § 6105(b), and the Court's own equitable powers, requests that the Court:

- 7 a. award Plaintiff such preliminary injunctive and ancillary relief as may be
8 necessary to avert the likelihood of consumer injury during the pendency of
9 this action and to preserve the possibility of effective final relief, including
10 but not limited to, temporary and preliminary injunctions, an order freezing
11 assets, immediate access, and the appointment of a receiver;
- 12 b. enter a permanent injunction to prevent future violations of the FTC Act
13 and the TSR by Defendants;
- 14 c. award such relief as the Court finds necessary to redress injury to
15 consumers resulting from Defendants' violations of the FTC Act and the
16 TSR, including, but not limited to, rescission or reformation of contracts,
17 restitution, the refund of monies paid, and the disgorgement of ill-gotten
18 monies; and
- 19 d. award Plaintiff the costs of bringing this action, as well as such other and
20 additional relief as the Court may determine to be just and proper.

21 Dated: April 24, 2013

22 Respectfully submitted,

23 DAVID C. SHONKA
24 Acting General Counsel

25 DEANYA T. KUECKELHAN
26 Regional Director

27 s/ Jason C. Moon
28 JASON C. MOON, Tex. Bar No. 24001188
ANNE D. LEJEUNE, Tex. Bar No. 24054286

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THOMAS B. CARTER, Tex. Bar No. 03932300
EMILY B. ROBINSON, Tex. Bar No. 24046737
Federal Trade Commission
1999 Bryan Street, Suite 2150
Dallas, Texas 75201
(214) 979-9378; jmoon@ftc.gov (Moon)
(214) 979-9371; alejeune@ftc.gov (LeJeune)
(214) 979-9372; tcarter@ftc.gov (Carter)
(214) 979-9386; erobinson@ftc.gov (Robinson)
(214) 953-3079 (Fax)

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

CERTIFICATE OF SERVICE

I certify that on April 24, 2013, Plaintiff Federal Trade Commission electronically transmitted the attached Document to the Clerk’s Office using the CM/ECF System for filing and transmittal of a Notice of Filing to the following CM/ECF registrants:

Brian J. Foster
Katherine V. Foss
Snell & Wilmer
One Arizona Center
400 E. Van Buren
Phoenix, Arizona 85004-2202
Email: bfoster@swlaw.com
kfoss@swlaw.com

Counsel for Defendants:
Ambrosia Web Design
Concord Financial Advisors, LLC
CAM Services Direct, LLC
AFB, LLC
Western GPS LLC
Chris Ambrosia, and
Leroy Castine

Andrew W. Robertson
Colleen Reider
Ballard Spahr, LLP.

1 55 West Broadway, Suite 1600
2 San Diego, California 92101
3 robertsona@ballardspahr.com
4 reiderc@ballardspahr.com

4 Counsel for Receiver

5 Dated: April 24, 2013

s/ Jason C. Moon
Jason C. Moon

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