

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

[REDACTED]

**AMENDED COMPLAINT
FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (FTC), for its Amended Complaint alleges as follows:

1. Plaintiff brings this action under Sections 13(b) and 19 of the Federal Trade

Commission Act (FTCA), 15 U.S.C. §§ 53(b) and 57(a), to prevent and permanently

to prevent and permanently enjoin the Commission of its conduct, restitution, disgorgement and other equitable relief for

FTC Act and the Franchise Rule and to secure equitable relief that is appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b) and 57b.

DEFENDANTS

[REDACTED]

[REDACTED]

COMMON ENTERPRISE

12. The Defendants Mazzone & Son, Inc., EDI, Concept, Breeze Freeze, Dolele, Four

Sageans and Metro have operated together as a common enterprise with the purpose of

acts and practices alleged below, through an interrelated network of companies that have common

rather than electronically. Recruiters tell consumers that this situation has created opportunity in the

marketplace and that, as a result, legislation would

claims electronically.

17 Defendants' representation that laws would be

consumers' businesses. The brochures prominently display the EDI Healthclaims Network logo and

identify the consumer's business as "The EDI Healthclaims Partner in your area."

23. Defendants provide consumers with the names and telephone numbers of individuals who Defendants represent to be current EDI Licensees who have agreed to act as references and who will provide reliable descriptions of experiences with EDI.

24. In fact, some of these references are the officers and directors of the Defendants.

25. Based upon Defendants' representations concerning their "License Agreement"

~~Consumers find that most, if not all, health care providers in their area already are processing~~

medical claims electronically, either with their own software or through large, third party practice management groups. Those few providers who do process medical claims manually have little or

~~no interest in extracting their medical billing to processes who is experienced and well known~~

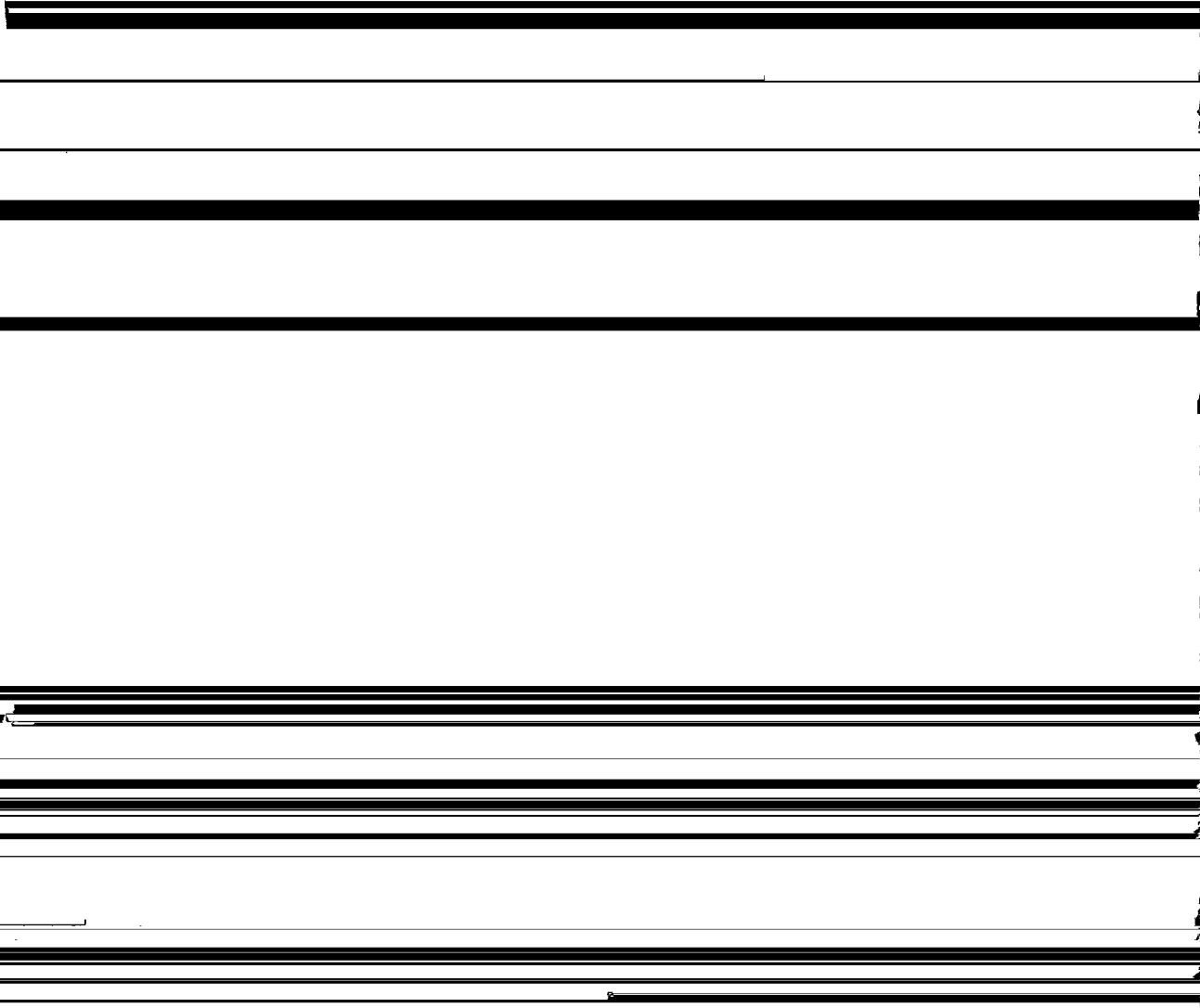
providing consumers with their first client, providing lead lists and providing information about potential clients in consumers' areas.

37. In truth and in fact, in numerous instances Defendants do not provide assistance to consumers that allows consumers easily to obtain medical billing clients for their at-home electronic medical billing businesses.

38. Therefore, the Defendants' representations set forth in paragraph 36 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

20 Plaintiff incorporates, as if fully restated herein, the allegations contained in



44. The Franchise Rule requires a franchisor to provide prospective franchisees with a

complete and accurate basic disclosure statement containing twenty categories of information,

experience of each of its officers and directors, the terms and conditions under which a franchise operates, and information about other franchisees. 16 C.F.R. § 436.1(a)(1)-(20). The pre-sale disclosure of this information enables a prospective franchisee to contact prior purchasers and

VIOLATIONS OF THE FRANCHISE RULE

COUNT III

47 Plaintiff incorporates as if fully restated herein the allegations contained in

paragraphs 1-46 of the Amended Complaint.

48. In numerous instances in connection with the offering of franchises, Defendants have failed to provide prospective franchisees with accurate and complete franchise disclosure statements in the manner and within the time frame required by the Franchise Rule, thereby violating Section 436.1(a) of the Franchise Rule, 16 C.F.R. § 436.1(a), and Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT IV

49 Plaintiff incorporates as if fully restated herein the allegations contained in

At least information on the Court the Defendant and Plaintiff continue to inform government

reap unjust enrichment and harm the public interest.

THE COURT'S POWER TO GRANT INJUNCTIVE RELIEF

3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of Section 5(a) of the FTC Act and the Franchise Rule, including, but not limited to, rescission of contracts, restitution and the disgorgement of ill-gotten gains by the Defendants, and

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]