

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	Civil Action No. 05 C 5442
v.	)	Judge Nordberg
	)	Magistrate Denlow
Centurion Financial Benefits LLC, <i>et al.</i> ,	)	
	)	
Defendants.	)	
	)	

**FEDERAL TRADE COMMISSION’S MOTION FOR ORDER TO SHOW CAUSE WHY  
FRANK BELLISSIMO AND IRA RUBIN SHOULD NOT BE HELD IN CONTEMPT**

Plaintiff, Federal Trade Commission, hereby moves this Court for an order to show cause why defendant Frank Bellissimo and non-party Ira Neil Rubin should not be held in contempt for violating the terms of the Stipulated Preliminary Injunction with Asset Freeze (“Preliminary Injunction”) that the Court entered on January 23, 2006. As described below, Bellissimo and Rubin have violated multiple provisions of this order through their operation of a telemarketing scam that has resulted in consumers losing at least \$650,000.

The FTC filed this action in September 2005, charging Bellissimo and others with operating a massive telemarketing scam that defrauded U.S. consumers out of tens of millions of dollars. Specifically, the FTC alleged that Bellissimo and his telemarketers promised consumers that in exchange for an advance fee of between tm-38.24 Td(N SHO)Tjc SHOs

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several provisions of the Telemarketing Sales Rule, 16 C.F.R. Part 310. On the day the original complaint was filed, the Court entered an

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**FTC v. Global Mktg. Group, Inc.**

8. Correspondence and other information documenting Bellissimo and Rubin's violation of the Preliminary Injunction was obtained in connection with a civil enforcement action filed by the Commission against Ira Rubin in December 2006. *See FTC v. Global Mktg. Group, Inc. et al.*, No. 8:06-cv-2272-T-30TGW (M.D. Fla.) (filed Dec. 11, 2006). The FTC's complaint charged Rubin with knowingly providing substantial support and assistance to at least nine telemarketing scams, including the one at issue in this lawsuit, in violation of the Telemarketing Sales Rule and the Federal Trade Commission Act. On December 12, 2006, the Honorable James S. Moody, U.S. District Court Judge for the Middle District of Florida, entered a Temporary Restraining Order against Rubin.

9. Pursuant to the immediate access and expedited discovery provisions of the Global temporary restraining order, the FTC obtained copies of paper and electronic documents maintained on site at Rubin's business premises in Tampa, Florida. Relevant documents are included as attachments to the Declaration of FTC Investigator Douglas McKenney.

**The New Government Grants Scams**

10. Notwithstanding the Preliminary Injunction's prohibition against making misrepresentations, in or about July 2006, Bellissimo commenced selling a deceptive government grants program to consumers in exchange for an advance fee of several hundred dollars. To debit consumers' bank accounts and provide customer service, Bellissimo enlisted the assistance of Ira Rubin.

11. On July 10, 2006, approximately six months after entry of the Preliminary Injunction, Bellissimo asked Rubin to provide payment processing and customer service. EMC w <ustomer sel

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scam to Rubin, negotiates the terms of the arrangement with Rubin, discusses the mechanics of uploading “deals” to Rubin’s website for processing, makes repeated inquiries about the wiring of proceeds of the scam to Bellissimo’s Canadian bank accounts, and refers to his need for these funds to meet basic operating expenditures, like payroll, associated with the running of the scam.

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in this lawsuit, Rubin told Bellissimo that government grants programs are “all bullshit” and that consumers “get less with a grants program than they do with your credit cards, or at least the same.”<sup>13</sup> In fact, as Rubin and Bellissimo most likely both knew, the Commission has prosecuted several scams nearly identical to Potomac and Easton,<sup>14</sup> as well as issued a consumer alert specifically addressing grant fraud.<sup>15</sup> Indeed, by the time Bellissimo brought his grants programs to Rubin, the Potomac Fidelity scam was already the subject of a consumer fraud alert issued by the Alabama Attorney General on July 7, 2006.<sup>16</sup>

16. Rubin’s own records plainly indicate that he was assisting a scam. Specifically, the Potomac Fidelity file maintained at his office contains a Better Business Bureau report printed by one of Rubin’s employees on July 21, 2006. This report states that Potomac Fidelity has an unsatisfactory report with the Bureau due to a high number of unresolved complaints from consumers:

Consumers report the company advised them they would receive a “free” grant if they paid an advance fee. After consumers paid the fee they did not receive anything and were unable to obtain a refund. The company has not responded to the complaints.<sup>17</sup>

The report also warns consumers generally about grants programs and advises them to be

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<sup>13</sup> McKenney Dec. ¶ 5(c) Att. C p.1.

<sup>14</sup> See, e.g., *FTC v. Febre*, 128 F.3d 530, 531 n.1 (7th Cir. 1997); *FTC v. U.S. Grant Resources, LLC*, No. Civ. 04-596 (E.D. La. 2004); *FTC v. Grant Search, Inc.*, No. 02-4174-CV-C-NKL (W.D. Mo. 2002).

<sup>15</sup> See “Free Government Grants”: Don’t Take Them For Grant-ed at <http://www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt134.htm>.

<sup>16</sup> McKenney Dec. ¶ 13 Att. M.

<sup>17</sup> *Id.* at ¶ 5(a) Att. A pp.13-15.

especially wary of “phrases like ‘free grant money’.”<sup>18</sup>

17. Thus, at the time they launched Bellissimo’s new scam, both Rubin and Bellissimo knew that government grants programs in general were deceptive and that the Easton and Potomac ventures in particular would not be an exception to this rule.

**Bellissimo’s Violations of the Preliminary Injunction**

***Sections I.C and I.D. (Misrepresentation)***

18. The Preliminary Injunction entered by the Court on January 23, 2006, prohibits Bellissimo from: (1) “Misrepresenting, directly or by implication, any fact material to a consumer’s decision to purchase any product, program or service;” and (2) “Violating Section 310.3(a)(2) of the Telemarketing Sales Rule, 16 C.F.R. 310.3(a)(2), by misrepresenting, directly or by implication, any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer.” (Preliminary Injunction §§ I.C. and I.D.1.)

19. Bellissimo has misrepresented material facts related to the Potomac and Easton grants programs – namely, he has falsely promised consumers that they are guaranteed or are highly likely to receive at least \$5,000 in government grants in exchange for an advance fee of several hundred dollars. In reality, as noted above, no one receives any grant money. Clearly, no one would pay the \$300 to \$350 fees if they knew that the grants promoted by Bellissimo did not exist. Bellissimo has therefore violated Sections I.C. and I.D. of the Preliminary Injunction.

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<sup>18</sup> *Id.* at p.15.

## *Section II (Asset Freeze)*

20. The asset freeze provision of the Preliminary Injunction prohibits the defendants from:

Transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds . . . or other assets . . . owned, controlled, or held, in whole or in part, for the benefit of, or subject to access by, any Defendant . . . including, but not limited to, any assets held by or for any Defendant in any account at any bank or savings and loan institution, or with any credit card processing agent, automated clearing house, network transaction processor, bank debit processing agent . . . or other financial institution of any kind either within or outside the United States.

(*Id.* at § II.A.)

21. Expressly to prevent Bellissimo from starting and profiting from a new scam, the asset freeze applies to all funds acquired after entry of the Preliminary Injunction, unless it can be demonstrated such funds were “not acquired, directly or indirectly, from telemarketing, Internet marketing, direct mail marketing, or from the offering for sale or sale of credit-related products, programs, or services.” (*Id.*) Clearly, this narrow exception would not apply to the proceeds of Bellissimo’s grants scam, which he markets both by telephone and direct mail.

22. Between August 9 and December 11, 2006, Bellissimo received hundreds of thousands of dollars in proceeds from the Easton and Potomac scams from Rubin. These transfers are extensively documented in correspondence between Rubin and Bellissimo as well as in bank statements obtained by the FTC.<sup>19</sup> In total, Bellissimo received at least \$556,189 from Rubin in clear violation of the Preliminary Injunction’s prohibition against transferring “any

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<sup>19</sup> For example, in an email to Bellissimo dated August 18, 2006, Rubin notes that he combined the Easton and Potomac wires for that day into a single wire totaling \$22,075. *Id.* at ¶ 5(c) Att. C p.23. On multiple other occasions, Rubin provided Bellissimo with “advances” of several thousand dollars. *Id.* at pp.9-12,13,17.

funds . . . or other assets, wherever located, that are owned, controlled, or held, in whole or in part, for the benefit of, or subject to access by, any Defendant.” (Preliminary Injunction § II.A.)

***Section III (Report New Business Activity)***

23. Prior to “creating, operating, or exercising any control over any new business entity,” Bellissimo is required to make certain disclosures in writing to the FTC regarding the new business. (Preliminary Injunction § III.C.) To date, Bellissimo has failed to disclose any information regarding the Potomac and Easton enterprises to the FTC. Email correspondence between Rubin and Bellissimo clearly indicates that Bellissimo played a controlling role in the creation and operation of the Potomac and Easton grants scams. For example, Bellissimo negotiated the rates that Rubin charged for providing payment processing services to Potomac and Easton as well as corresponded regularly with Rubin regarding sales volume, wires, and other matters related to the running of these businesses. Thus, Bellissimo is in violation of Section III of the Preliminary Injunction.

**Rubin’s Violations of the Preliminary Injunction**

***Section I.E (Assisting Violation of Misrepresentation Prohibition)***

24. In addition to the named defendants, Section I of the Preliminary Injunction applies to “all persons or entities in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise.” As noted above, the FTC served Rubin with both the Preliminary Injunction and the Temporary Restraining Order (which also contains a prohibition against making misrepresentations or assisting others in doing so).

25. Rubin processed over \$1.5 million in electronic debits on behalf of the Easton and

Potomac scams as well as handled customer service.<sup>20</sup> One of Rubin’s employees even helped Bellissimo draft the sales scripts used by his telemarketers.<sup>21</sup> This conduct clearly meets the definition of “assisting others” under the Preliminary Injunction, which is defined to include “performing customer service functions” and “formulating or providing . . . any sales script or any other marketing material.” (*Id.* at p.4.) Rubin has therefore violated Section I.E of the Preliminary Injunction.

***Section V (Duties of Third Parties Holding Defendants’ Assets)***

26. The Preliminary Injunction requires any third party “who receives actual notice of this Order by personal service or otherwise” holding assets of any defendant to “prohibit the withdrawal, removal, assignment, transfer . . . or disposal of [such] assets.”<sup>22</sup> As already noted, over a four month period, Rubin wired well over half a million dollars in proceeds of the Potomac and Easton scams to Bellissimo. By doing so, Rubin violated Section V of the Preliminary Injunction.

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<sup>20</sup> *Id.* at ¶ 5(c) Att. C p.5 and 5(d) Att. D. For example, Rubin’s employees were responsible for answering calls from consumers wondering when they would receive their grant money.

<sup>21</sup> *Id.* at ¶ 5(a) Att. A at p.8.

<sup>22</sup> Unquestionably, these funds are “assets” within the meaning of the Preliminary Injunction, which defines this term in part as:

any legal or equitable interest in, right to, or claim to, any real or personal property of any Defendant, or held for the benefit of any Defendant, including, but not limited to . . . accounts credits, receivables, funds, monies, and all cash, wherever located.” (Preliminary Injunction at p.3.)

***Section VI (Prohibition Against Processing Payments for Defendants)***

27. Finally, in clear violation of the Preliminary Injunction’s prohibition against providing “any assistance in the processing of any payments made by consumers to any of the Defendants and from collecting any fees or charges in connection with providing such assistance,” (*Id.* at § VI) from July to December 2006, Rubin processed approximately \$1,570,688 in electronic bank debits on behalf of Bellissimo and collected at least \$101,459 in fees for providing these services.<sup>23</sup>

**Proposed Order**

28. The Court prohibited Bellissimo from engaging in deceptive conduct, froze his assets, and prevented others from processing payments on his behalf in an attempt to insure that Bellissimo would not continue to victimize consumers and to preserve funds that might be used to redress consumers previously victimized by his illicit conduct. To prevent further consumer injury and asset dissipation, we therefore request that this Court take all necessary action to coerce Bellissimo and Rubin’s compliance with the Preliminary Injunction, including the following.

29. First, Bellissimo and Rubin should be required to deposit into an escrow account in the United States \$657,648 (\$556,189 in scam proceeds wired to Bellissimo plus the \$101,459 in fees retained by Rubin), the estimated amount of consumer injury associated with the Potomac

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<sup>23</sup> McKenney Dec. ¶ 5(d) Att. D. Most of these transactions were returned for various reasons, either because of insufficient funds, because the account did not exist or was closed, or because consumers themselves disputed the transaction as fraudulent. In other words, out of the \$1.57 million processed or “originated” by Rubin, only about \$650,000 of these transactions actually cleared. Rubin wired the majority of these proceeds to Bellissimo and kept just over \$100,000 in fees for himself.

Fidelity and Easton Consulting grants programs. Alternatively, the Court could also require that Bellissimo and Rubin post a bond in that amount in the United States.

30. Second, the Commission asks the Court to impose a daily fine on Bellissimo and Rubin until the escrow is established or the bond posted. The daily fine should only cease to accrue once Bellissimo and Rubin have established the escrow or posted the bond.

31. Third, the Commission requests that the Court amend the Preliminary Injunction's prohibition against making misrepresentations to ban Bellissimo from engaging in the sale or promotion of any product or service to U.S. consumers.

32. Fourth, the Commission requests that the Court amend the Preliminary Injunction to explicitly cover Bellissimo's new companies, Potomac Fidelity Group and Easton Consulting Group, as well as any other successor entities or DBAs created by or affiliated with Bellissimo.

33. Finally, in the event that Bellissimo and Rubin continue to disregard the Court's orders, the Commission asks that the Court order them to appear personally to show cause why they should not be incarcerated until such time as they comply with the Court's orders. *See, e.g., United States v. Lippett*, 180 F.3d 873, 877 (7th Cir. 1999) (characterizing confinement order to coerce compliance with a court order the "paradigmatic" civil contempt sanction).

WHEREFORE, plaintiff Federal Trade Commission respectfully requests that the Court enter an order to show cause why defendant Frank Bellissimo should not be held in civil contempt for violating Sections I, II, and III of the Preliminary Injunction.

WHEREFORE, the Commission further requests that the Court enter an order to show cause why non-party Ira Neil Rubin should not be held in civil contempt for viol6Tft no

WHEREFORE, if Bellissimo and Rubin are found to be in contempt, the Commission respectfully requests that the Court enter any and all relief that is necessary and appropriate in order to coerce their compliance with the terms of the Preliminary Injunction, up to and including the incarceration of Bellissimo and Rubin.

Respectfully Submitted,

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General Counsel

DATED: March 2, 2007

/s James H. Davis

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