1 2 3 4 5 6	Stacy Procter Cal. Bar No. 221078, sprocter@ftc.gov Faye Chen Barnouw Cal. Bar No. 168631, fbarnouw@ftc.gov Nicholas May DC Bar No. 979754, nmay@ftc.gov Federal Trade Commission 10877 Wilshire Blvd., Suite 700 Los Angeles, CA 90024 Tel: (310) 824-4343; Fax: (310) 824-4380
7	Attorneys for Plaintiff Federal Trade Commission
8	
9	IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA
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11	Federal Trade Commission
12	Tederal Trade Commission
13	Plaintiff, )
14	vs.
15 16 17 18 19 20 21 22 23 24 25	American Business Builders, LLC, an Arizona Limited Liability Company; ENF, LLC, an Arizona Limited Liability Company also d/b/a Network Market Solutions; UMS Group, LLC, an Arizona Limited Liability Company; United Merchant Services, LLC, an Arizona Limited Liability Company; Universal Marketing and Training, LLC, an Arizona Limited Liability Company; Unlimited Training Services, LLC, an Arizona Limited Liability Company; Shane Michael Hanna a/k/a Shane Michael Romeo, an individual; and Stephen Spratt, an individual,
26	Defendants. ) ) erizona
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- 9. Defendant United Merchant Services, LLC ("UMS") is an Arizona limited liability company that has maintained its principal place of business at 4734 W. Glendale Avenue, Glendale, AZ 85301. UMS transacts or has transacted business in the District of Arizona, including through its principal place of business and a private mail box located at 4397 W. Bethany Home Road, Suite 1326, Glendale, AZ 85301. At times material to this Complaint, acting alone or in concert with others, UMS advertised, marketed, distributed, or sold a business opportunity to consumers throughout the United States.
- 10. Defendant Universal Marketing and Training, LLC ("UM&T") is an Arizona limited liability company with its principal place of business in the District of Arizona. UM&T transacts or has transacted business in the District of Arizona, including through private mail boxes located at 4397 W. Bethany Home Road, Suites 1210 and 1327, Glendale, AZ 85301. At times material to this Complaint, acting alone or in concert with others, UM&T has advertised, marketed, distributed, or sold a business opportunity to consumers throughout the United States.
- 11. Defendant Unlimited Training Services, LLC ("UTS") is an Arizona limited liability company that has maintained its principal place of business in the District of Arizona. UTS transacts or has transacted business in the District of Arizona. At times material to this Complaint, acting alone or in concert with others, UTS has advertised, marketed, distributed, or sold a business opportunity to consumers throughout the United States.
- 12. Defendant Shane Michael Hanna (also known as Shane Michael Romeo) is the sole member of Defendants ABB and UMS Group, and is a member of Defendant UTS. Defendant Hanna was also a member of UMS. Defendant Hanna has leased commercial office space for UMS at 4734 W. Glendale Avenue, Glendale, AZ 85301, has registered and is financially responsible for the Internet domain names associated with Defendants ABB, ENF, UMS and UM&T, and is financially responsible for telephone services used by ABB and ENF. At all times material to this Complaint, acting alone or in concert with others, Defendant Hanna has formulated, directed, controlled,

1	had the authority to control, or participated in the acts and practices of Defendants ABB,
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1	participated in the acts and practices of the Corporate Defendants that constitute the		
2	common enterprise.		
3	<u>COMMERCE</u>		
4	15. At all times material to this complaint, the Defendants have maintained a		
5	substantial course of trade in the offering for sale and sale of business opportunities, in or		
6	affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C.		
7	§ 44.		
8	THE DEFENDANTS' BUSINESS PRACTICES		
9	The Business Opportunity		
10	16. Defendants have carried out an illegal business opportunity scam which has		
11	defrauded consumers out of hundreds of thousands of dollars.		
12	17. In telemarketing calls to consumers, Defendants represent that that they		
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specific geographic territory and which enroll with Defendants or use Defendants' services will be the customers or accounts of the consumer.

- 20. Defendants also represent that consumers will receive support from Defendants in operating their new business. In numerous instances, Defendants represent that such support will include training or coaching, the provision of printed marketing materials such as flyers or brochures, business cards, business licenses, or the creation of a website where consumers can review the status of pending accounts or customers. Defendants have also represented that they will provide consumers with sales lead lists.
- 21. Typically within several days of Defendants' initial call to consumers, Defendants market and sell to consumers telemarketing sales leads (consisting of the names and telephone numbers of merchants that may be interested in purchasing Defendants' payment processing services) and a telemarketing campaign in which Defendants will call the merchants (the "leads") to promote consumers' new business. Defendants represent to consumers that Defendants will contact and market Defendants' services to each of these leads and that this telemarketing campaign will generate new customers or accounts for the consumer. Defendants typically charge consumers \$10 for each lead. The total charge to the consumer is often greater than \$10,000, and, for some consumers, has been as high as \$40,000.
- 22. Defendants represent that consumers will earn income on each merchant that Defendants convert into a customer or account. Defendants represent that consumers will make a commission (*e.g.*, \$500) on each payment processing terminal that Defendants sell or lease, a percentage of each merchant cash advance that is funded, and a percentage of each merchant's monthly sales volume for as long as the merchant remains a customer or account. In some in

- 23. Defendants also make representations, either expressly or by implication, about the earnings potential of the business opportunity. Some of the representations Defendants make include the following:
  - Consumers will begin to earn income within weeks;
  - Consumers will earn thousands of dollars in income per month;
  - Consumers will earn back the cost of their initial investment within weeks;
  - Consumers will earn back the cost of the sales leads they purchase from
     Defendants within months; and
  - Defendants will convert a certain number or percentage of sales leads into customers or accounts.
- 24. Defendants also make additional representations that make consumers believe that these earnings are likely. For example, Defendants have represented that Defendants are part of a multi-billion dollar merchant service industry, Defendants offer the lowest payment processing rates in the industry, and there is a lucrative market for merchant cash advances because conditions in the commercial credit market have prevented many small businesses from obtaining loans. Defendants have also represented that the sales leads Defendants supply have already applied for merchant cash

1	40. Pursuant to Section
2	violation of the Business Opport
3	practice in or affecting commerc
4	§ 45(a).
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7	41. In numerous instar
8	promotion of a business opportu
9	purchasers with a disclosure doc
10	period prescribed by the Busines
11	42. Defendants' acts a
12	the Business Opportunity Rule, 1
13	FTC Act, 15 U.S.C. § 45(a).
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15	Ear
16	43. In numerous instar
17	prospective purchasers in connec
18	business opportunity while, amo
19	earnings claim at the time it was
20	claim at the time it was made; or

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

### **COUNT TWO**

#### Disclosure Document Violations

- 41. In numerous instances in connection with the offer for sale, sale, or promotion of a business opportunity, Defendants have failed to furnish prospective purchasers with a disclosure document and any required attachments, within the time period prescribed by the Business Opportunity Rule.
- 42. Defendants' acts and practices, as described in paragraph 41 above, violate the Business Opportunity Rule, 16 C.F.R. §§ 437.2 and 437.3(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **COUNT THREE**

## **Earnings Disclosure Violations**

- 43. In numerous instances, Defendants have made earnings claims to prospective purchasers in connection with the offering for sale, sale, or promotion of a business opportunity while, among other things, (1) lacking a reasonable basis for the earnings claim at the time it was made; (2) lacking written substantiation for the earnings claim at the time it was made; or (3) failing to provide an Earnings Claim statement to the prospective purchaser, as required by the Business Opportunity Rule.
- 44. Defendants acts and practices, as described in paragraph 43 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **COUNT FOUR**

# Misrepresentations

45. In numerous instances, in connection with the offer for sale, sale, or promotion of a business opportunity, Defendants, directly or indirectly, have

1	A.	Award Plaintiff FTC s	such preliminary injunctive and ancillary relief as may	
2	be necessary to avert the likelihood of consumer injury during the pendency of this action			
3	and to preserve the possibility of effective final relief, including, but not limited to,			
4	temporary and preliminary injunctions, an order freezing assets, immediate access, and			
5	the appointment of a receiver;			
6	B.	Enter a permanent inju	unction to prevent future violations of the Business	
7	Opportunity Rule and the FTC Act by Defendants;			
8	C.	C. Award such relief as the Court finds necessary to redress injury to		
9	consumers resulting from the Defendants' violations of the Business Opportunity Rule			
10	and the FTC Act, including, but not limited to, rescission or reformation of contracts,			
11	restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and			
12	D.	Award Plaintiff FTC t	the costs of bringing this action, as well as such other	
13	and addition	al relief as the Court ma	ay determine to be just and proper.	
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15			Respectfully submitted,	
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17			David Shonka Acting General Counsel	
18			Troming Contract Countries	
19	Dated: Dece	ember 14, 2012	s/ Faye Chen Barnouw	
20	, ,		Stacy Procter	
21			Faye Chen Barnouw Nicholas May	
22			Federal Trade Commission 10877 Wilshire Blvd., Suite 700	
23			Los Angeles, CA 90024	
24			(310) 824-4343	
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