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FEDERAL TRADE COMMISSION

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA
PHOENIX DIVISION

Federal Trade Commission, Plaintiff, v. Sitesearch Corporation, dba LeapLab, a Nevada corporation; LeapLab, LLC, an Arizona limited liability company; Leads Company, LLC a Nevada limited liability company; and John Ayers, an individual; Defendants.	**No.** **COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade

sensitive consumer information to make unauthorized debits to consumer financial accounts. Defendants provided sensitive consumer information to Ideal Financial, knowing or having reason to know that Ideal Financial was using this information to make unauthorized charges to consumer bank accounts. As a result, Defendants caus

herein, Ayers transacts or has transacted business in this district and throughout the United States.

COMMERCE

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

DEFENDANTS’ BUSINESS ACTIVITIES

12. From at least 2006 to late 2013, Defendants operated as data brokers, collecting and selling sensitive consumer information from consumer payday loan applications to non-lenders, including fraudsters, spammers, and telemarketers. Defendants sold this information to Ideal Financial Solutions, Inc. and its subsidiaries (collectively, “Ideal Financial”), knowing or having reason to know that Ideal Financial used the information to make unauthorized debits from the consumers’ bank accounts.

Defendants Collected and Sold Consumer Payday Loan Applications to Non-Lenders as (to 4TD-. Consom confincial

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data brokers that aggregated and then resold consumer information; and (3) phony internet merchants, including Ideal Financial, that used the consumers' sensitive information to commit fraud by debiting consumers' bank accounts for purported financial products that the consumers never purchased.

21. These non-lenders have no legitimate need for the Social Security and financial account numbers contained in the payday loan applications.

22. In many instances, Defendants sold the same consumer payday loan applications to multiple non-lender third parties.

23. Selling a single consumer payday loan application to multiple buyers put the consumer at greater risk of fraud and violated Defendants' agreements with the publishers.

Defendants Sold Consumer Payday Loan Applications to Ideal Financial

24. Defendants sold consumer payday loan applications or information assembled from them to Ideal Financial.

25. Between 2009 and 2013, Ideal Financial purchased at least 2.2 million consumers' financial information from data brokers and used it to make millions of dollars in unauthorized debits and charges.

26. Ideal Financial falsely told complaining consumers that they purchased its bogus financial management or counseling products at a payday loan website.

27. Ideal Financial used the information it purchased from Defendants to debit consumers' bank accounts for purported financial products that consumers never agreed to purchase.

28. LeapLab provided Ideal Financial with financial account information for at least 16 percent of Ideal Financial's victims.

29. Consumers did not consent to these debits and only learned of them after Ideal Financial had debited their bank accounts.

30. Defendants began selling consumer information to Ideal Financial in or about February 2012.

31. On or about April 25, 2012, Jeff Petersen ("Peterson"), then-CEO of LeapLab, confronted Ayers about Ideal Financial's illegal use of consumer information to make unauthorized charges to consumer bank accounts.

32. Peterson resigned his position at LeapLab on or about May 4, 2012.

33. In or about May 2012, Ayers hired Brian Jensen ("Jensen") as Chief Marketing Officer of LeapLab.

34. Immediately prior to joining LeapLab, Jensen was Vice President of Marketing at Ideal Financial, where, since May 2009, he managed the

information assembled from consumer payday loan applications that Ideal Financial purchased from Defendants and other data brokers.

35. Jensen's responsibilities demonstrate that he knew that Ideal Financial was illegally debiting consumer accounts. His responsibilities at Ideal Financial included developing Ideal Financial's shell companies by recruiting straw officers and fabricating shell websites. Ideal Financial presented these websites to payment processors to meet their underwriting requirements, claiming that its customers purchased its products via the sites. Only eight (8) consumers purchased Ideal Financial's products from the 85 sites that Jensen created between May 2009 and his departure in May 2012.

36. During Jensen's time at Ideal Financial, Ideal Financial processed at least 1.5 million unauthorized charges, totaling over $47 million, to consumer bank accounts using information from consumer payday loan applications purchased from Defendants and other data brokers.

37. While at Ideal Financial, Jensen learned that Ideal Financial used information from consumer payday loan applications to make unauthorized debits from consumers' bank accounts.

38.

addresses, dates of birth, Social Security and bank account numbers, and other sensitive information.

40. Using only the consumer information provided by Defendants, Ideal Financial debited at least $4.12 million from consumer bank accounts without authorization.

41. In some instances, consumers also were forced to close their bank accounts or suffered insufficient funds fees because of Ideal Financial's unauthorized charges.

VIOLATIONS OF THE FTC ACT

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

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

COUNT I

44. As set forth in paragraphs 12 to 41 above, Defendants sold consumer payday loan applications that included consumers' social security and financial account numbers to non-lenders that had no legitimate need for this sensitive personal information. These non-lenders included telemarketers,

text and email marketers, and phony on