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14 UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

15 v.

16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

19 BUNZAI MEDIA GROUP, INC. , a
California corporation, also doing
business as AuraVie, Miracle Face Kit,
and Attitude Cosmetics;

20 PINNACLE LOGISTICS, INC. , a
California coporation;

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

- 1 DSA HOLDINGS, INC., a California corporation;
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- 3 LIFESTYLE MEDIA BRANDS, INC., a California corporation;
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- 5 AGOA HOLDINGS, INC. , a California corporation;
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- 7 ZEN MOBILE MEDIA, INC. , a California corporation;
- 8
- 9 SAFEHAVEN VENTURES, INC. , a California corporation;
- 10
- 11 HERITAGE ALLIANCE GROUP, INC., a California corporation, also doing business as AuraVie Distribution;
- 12
- 13 AMD FINANCIAL NETWORK, INC., a California corporation;
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- 15 SBM MANAGEMENT, INC. ; a California corporation;
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- 17 MEDIA URGE, INC. , a California corporation;
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- 19 ADAGEO, LLC , a California limited liability company;
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- 21 CALENERGY, INC. , a California corporation;
- 22
- 23 KAI MEDIA, INC. , a California corporation;
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- 25 INSIGHT MEDIA, INC., a California corporation;
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- 27 FOCUS MEDIA SOLUTIONS, INC. , a California Corporation
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- 29 SECURED COMMERCE, LLC , a California limited liability company;
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FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

- 1 SECURED MERCHANTS, LLC , a
- 2 California limited liability company;
- 3 USM PRODUCTS, INC., a California
- 4 corporation;
- 5 MERCHANT LEVERAGE GROUP,
- 6 INC., a California corporation;
- 7 DMA MEDIA HOLDINGS, INC. , a
- 8 California corporation;
- 9 SHALITA HOLDINGS, INC. , a
- 10 California corporation;
- 11 ALL STAR BEAUTY PRODUCTS,
- 12 INC., a California corporation;
- 13 ALON NOTTEA , individually and as
- 14 an officer or manager of BunZai Media
- 15 Group, Inc. and Pinnacle Logistics, Inc.;
- 16 MOTTI NOTTEA , individually and as
- 17 an officer or manager of BunZai Media
- 18 Group, Inc.;
- 19 DORON NOTTEA , individually and as
- 20 an officer or manager of BunZai Media
- Group, Inc. and Pinnacle Logistics, Inc.;
- IGOR LATSANOVSKI , individually
- and as an officer or manager of BunZai
- Media Group, Inc, Pinnacle Logistics,
- Inc., and Zen Mobile Media, Inc.;
- OZ MIZRAHI , individually and as an
- officer or manager of BunZai Media
- Group, Inc. and Pinnacle Logistics, Inc.;
- ROI REUVENI , individually and as an
- officer or manager of BunZai Media
- Group, Inc. and Pinnacle Logistics, Inc.;
- and

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

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KHRISTOPHER BOND , also known as Ray Ibbot, individually and as an officer or manager of BunZai Media Group, Inc.;

ALAN ARGAMAN , individually and as an officer or manager of Secured Commerce, LLC and Secured Merchants, LLC

PAUL MEDINA , individually and as an officer or manager of Media Urge, Inc., Pinnacle Logistics, Inc., and Focus Media Solutions, Inc., and

Defendants, and

Chargeback Armor, Inc., a California corporation;

Relief Defendant.

Plaintiff, th2t741b1j /TT1 1 Tf I Trade CommissTJ Tc -0.0019 Tw (R PERMANEN a), 0. andTc -0.0019 Tw -2.575 -1.12 4s, 3nd10

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

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FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

1 3. As explained more fully below, Defendants operate a common
2 enterprise through which they: (a) fail to disclose adequately material terms of
3 their sales offer, including the offer's costs and negative option features; (b)
4 falsely represent that consumers can obtain their products on a "trial" or "risk-
5 free" trial basis for only a nominal shipping and handling fee; (c) fail to obtain a
6 consumer's informed consent to the material terms, including the negative option
7 feature, of the transaction before charging the consumer; (d) falsely represent their
8 business is accredited by the Better Business Bureau with an "A-" rating; (e) fail
9 to provide consumers a simple method of cancelling their negative option
10 continuity plan, and (f) debit consumers' bank accounts on a recurring basis
11 without obtaining written authorization from the consumer or providing a written
12 copy of the authorization to the consumer.

13 JURISDICTION , VENUE, AND INTRADISTRICT ASSIGNMENT

14 4. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
15 §§ 1331, 1337(a), and 1345 and 15 U.S.C. §§ 45(a), 53(b), and 57b.

16 5. Venue is proper in this district under 28 U.S.C. §§ 1391(b)(1) and
17 (b)(2), and 15 U.S.C. § 53(b).

18 6. Assignment to the Western Division is proper because Defendants'
19 primary place of business is in Los Angeles County.
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1 91436 ("Encino Mailbox A"). At times material to this Complaint, BunZai Media
2 Group, Inc. has advertised, marketed, distributed, or sold skincare products, or
3 provided customer service for such products to consumers throughout the United
4 States. BunZai Media Group, Inc. transacts or has transacted business in this
5 district and throughout the United States.

6 10. Defendant Pinnacle Logistics, Inc. is or was a California corporation
7 with its principal place of business at the same location as BunZai Media Group,
8 Inc. at the Van Nuys Office. Pinnacle Logistics, Inc. has or had a secondary
9 address of 6925 Canby Avenue, Suite 105, Reseda, California 91335 ("the Reseda
10 Office"). At times material to this Complaint, Pinnacle Logistics, Inc., has
11 advertised, marketed, distributed, or sold skincare products at issue in this
12 case, or provided customer service for such products, to consumers throughout the
13 United States. Pinnacle Logistics, Inc. transacts or has transacted business in this
14 district and throughout the United States.

15 11. Defendant DSA Holdings, Inc. is or was a California corporation
16 with its principal place of business at the same location as Pinnacle Logistics, Inc.,
17 at the Van Nuys Office, and a secondary address of 8335 Winnetka Avenue, #118,
18 Winnetka, California 91306. At times material to this Complaint, DSA Holdings,
19 Inc., has advertised, marketed, distributed, or sold the skincare products at issue in
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1 this case to consumers throughout the United States. DSA Holdings, Inc. transacts
2 or has transacted business in this district throughout the United States.

3 12. Defendant Lifestyle Media Brands, Inc. is or was a California
4 corporation with its principal place of business at the Van Nuys Office and a
5 secondary address of 8335 Winnetka Ave, #112, Winnetka, California 91306.
6 At times material to this Complaint, Lifestyle Media Brands, Inc. has advertised,
7 marketed, distributed, or sold the skincare products at issue in this case to
8 consumers throughout the United States. Lifestyle Media Brands, Inc. transacts or
9 has transacted business in this district throughout the United States.

10 13. Defendant Agoa Holdings, Inc. is or was a California corporation
11 with its principal place of business at the Van Nuys Office. At times material to
12 this Complaint, Agoa Holdings, Inc. has advertised, marketed, distributed, or sold
13 the skincare products at issue in this case to consumers throughout the United
14 States. Agoa Holdings, Inc. transacts or has transacted business in this district and
15 throughout the United States.

16 14. Defendant Zen Mobile Media, Inc. is or was a California
17 corporation with its principal place of business at the Van Nuys Office and a
18 secondary address of 4335 Van Nuys Blvd #167, Sherman Oaks, California
19 91403. Zen Mobile Media, Inc. also uses a commercial mail receiving agent
20 mailbox, 16830 Ventura Boulevard, #360, Encino, California 91436 ("Encino

1 Mailbox B”). At times material to this Complaint, Zen Mobile Media, Inc. has
2 advertised, marketed, distributed, or sold skincare products at issue in this case
3 to consumers throughout the United States. Zen Mobile Media, Inc. transacts or
4 has transacted business in this district throughout the United States.

5 15. Defendant Safehaven Ventures, Inc. is or was a California
6 corporation with its principal place of business at the Van Nuys Office and a
7 secondary address of 548 South Spangier Street, #406, Los Angeles, California
8 90013. Safehaven Ventures, Inc. also uses Mailbox B. At times material to
9 this Complaint, Safehaven Ventures, Inc. has advertised, marketed, distributed, or
10 sold the skincare products at issue in this case to consumers throughout the United
11 States. Safehaven Ventures, Inc. transacts or has transacted business in this
12 district and throughout the United States.

13 16. Defendant Heritage Alliance Group, Inc. also doing business as
14 AuraVie Distribution, is or was a California corporation with its principal place of
15 business at the Van Nuys Office and secondary address of 21113 Osborne
16 Street, Canoga Park, California 91304. At times material to this Complaint,
17 Heritage Alliance Group, Inc. has advertised, marketed, distributed, or sold the
18 skincare products at issue in this case to consumers throughout the United States.
19 Heritage Alliance Group, Inc. transacts or has transacted business in this district
20 and throughout the United States.

1 17. Defendant AMD Financial Network, Inc. is or was a California
2 corporation with its principal place of business at the Van Nuys Office and a
3 secondary address of 9820 Owensmouth Ave, #15, Chatsworth, California
4 91311. At times material to this Complaint, AMD Financial Network, Inc. has
5 advertised, marketed, distributed, or sold skincare products at issue in this case
6 to consumers throughout the United States. AMD Financial Network, Inc.
7 transacts or has transacted business in this district and throughout the United
8 States.

9 18. Defendant SBM Management, Inc. is or was a California
10 corporation with its principal place of business at 655 North Central Avenue,
11 Suite 1700, Glendale, California 91203, and its secondary address is or was the
12 Reseda Office. SBM Management, Inc. also uses or used Encino Mailbox B. At
13 times material to this Complaint, SBM Management, Inc. has advertised,
14 marketed, distributed, or sold the skincare products at issue in this case to
15 consumers throughout the United States. SBM Management, Inc. transacts or has
16 transacted business in this district and throughout the United States.

17 19. Defendant Media Urge, Inc. is or was a California corporation with
18 its principal place of business at 18757 Burbank Boulevard, Suite 205, Tarzana,
19 California 91436. At times material to this Complaint, Media Urge, Inc. has
20 advertised, marketed, distributed, or sold skincare products at issue in this case

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

FIRST AMENDED COMPLAINT FO

1 29. Defendant DMA Media Holdings, Inc. is or was a California
2 corporation with its principal place of business at the Van Nuys Office. Its
3 secondary place of business is or was Reseda Office. DMA Media Holdings,
4 Inc. processed payments for the negative-option skincare subscriptions. At times
5 material to this Complaint, as part of the common enterprise, DMA Media
6 Holdings, Inc. has advertised, marketed, distributed, or sold the skincare products
7 at issue in this case to consumers throughout the United States. DMA Media
8 Holdings, Inc. transacts or has transacted business in this district and throughout
9 the United States.

10 30. Defendant Shalita Holdings, Inc. is or was a California corporation
11 with its principal place of business at Van Nuys Office. Its secondary place of
12 business is or was the Reseda Office. Shalita Holdings, Inc. processed payments
13 for the negative-option skincare subscriptions. At times material to this
14 Complaint, as part of the common enterprise, Shalita Holdings, Inc. has
15 advertised, marketed, distributed, or sold

1 the acts or practices set forth in this Complaint. By and through the corporate
2 defendants, he has harmed consumers nationwide with his unfair and deceptive
3 business practices. Defendant Motti Nottea resides in this district and, in
4 connection with the matter alleged herein, transacts or has transacted business in
5 this district and throughout the United States.

6 34. Defendant Doron Nottea is or has been a manager at BunZai Media
7 Group, Inc. and Pinnacle Logistics, Inc. At times material to this Complaint, he
8 has formulated, directed, controlled, had authority to control, or participated in
9 the acts or practices set forth in this Complaint. By and through the corporate
10 defendants, he has harmed consumers nationwide with his unfair and deceptive
11 business practices. Defendant Doron Nottea resides in this district and, in
12 connection with the matter alleged herein, transacts or has transacted business in
13 this district and throughout the United States.

14 35. Defendant Oz Mizrahi is or has been a CEO of Defendant Pinnacle
15 Logistics, Inc. and a CEO of Media 95, Inc. At times material to this
16 Complaint, he has formulated, directed, controlled, had authority to control, or
17 participated in the acts or practices set forth in this Complaint. Defendant Mizrahi
18 was integrally involved in establishing Pinnacle Logistics, Inc., its business
19 practices and operations, and in transferring Defendant BunZai Media Group,
20 Inc.'s business to Defendant Pinnacle Logistics, Inc. By and through the corporate

1 defendants, he has harmed consumers nationwide with his unfair and deceptive
2 business practices. Defendant Mizrahi resides in this district and, in connection
3 with the matters alleged herein, transacted business in this district
4 and throughout the United States.

5 36. Defendant Igor Latsanovski is or was an owner of BunZai Media
6 Group, Inc. and CEO of Zen Mobile Media

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Chargeback Armor, Inc. has no legitimate claim to these funds. At times material to this complaint, Chargeback Armor Inc. transacts or has transacted business in this district and throughout the United States.

COMMON ENTERPRISE

42. Defendants BunZai Media G6Q6Zr, Inc. has no legitimate claim to these funds. At times material to this complaint, BunZai Media G6Q6Zr, Inc. transacts or has transacted business in this district and throughout the United States.

1 43. Defendants Alon Nottea, Motti Nottea, Doron Nottea, Oz Mizrahi,
2 Igor Latsanovski, Roi Reuveni, Khristoph Bond, also known as Ray Ibbot, Alan
3 Argaman, and Paul Medina (collectively, "Individual Defendants") have
4 formulated, directed, controlled, had the authority to control, or participated in the
5 acts and practices of the Corporate Defendants that constitute the common
6 enterprise.

7 COMMERCE

8 44. At all times material to this Complaint, Defendants have maintained
9 a substantial course of trade in online commerce, as "commerce" is defined
10 in Section 4 of the FTC Act, 15 U.S.C. § 44.

11 DEFENDANTS' BUSINESS PRACTICES

12 45. Defendants have advertised, made, distributed, and sold skincare
13 products online from multiple Internet websites, including auraviefreetrial.com,
14 auravietrialkit.com, and mymiraclekit.com, since at least 2010. Defendants
15 deceptively offer free trials of their products under a variety of brand names
16 including "AuraVie," "Dellure," "LéOR Skincare," and "Miracle Face Kit"
17 (collectively, "AuraVie").

18 46. Defendants' online offers fail to disclose adequately and materially
19 misrepresent the terms of their trial offers.

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Defendants' Risk-Free Trial Offers

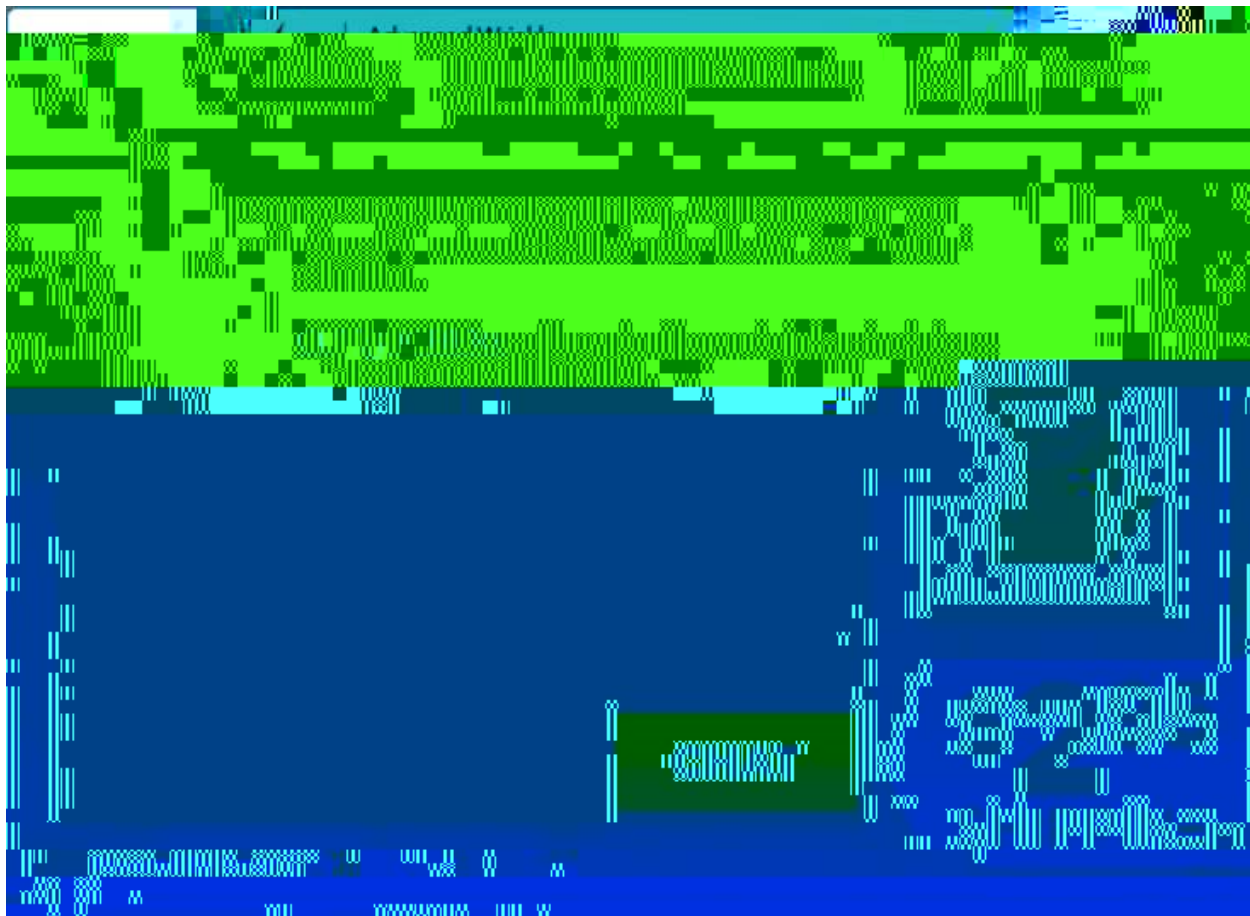
47. Defendants contract with a network of third parties, known as “affiliate marketers,” to direct consumers to Defendants’ websites. The affiliate marketers use a variety of Internet advertising techniques, including banner and pop-up advertisements, sponsored search results, and offers to drive consumer traffic to Defendants’ websites. Defendants provide affiliate marketers with advertisements describing the offers for affiliate marketers to use. Some affiliate marketers also create their own advertising.

48. Defendants also purchase advertising space on third-party websites such as Amazon.com, Huffingtonpost.com and Lowes.com, and offer consumers a “risk-free” trial or “trial order” of Defendants’ skincare products. After consumers click on these advertisements and are directed to Defendants’ websites, Defendants lure consumers into providing their credit or debit card information by representing that consumers need to pay only a nominal shipping and handling charge, typically \$4.95 or less, to receive a “risk-free” trial or a “trial order” of their products.

49. Defendants’ websites prominently state that their offer is merely a “trial”:

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

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(screen capture from <http://auravietrialkit.com>, last visited April 13, 2015)

In fact, AuraVie is not accredited by the BBB and has an F rating.

Defendants’ Hidden Costs, Continuity Plan Features, and Return Policy

51. Defendants’ marketing practices are materially deceptive and employ tactics including hidden costs going up consumers for negative option continuity plans without their consent and undisclosed and onerous return policies. In their advertisements and offers, Defendants fail to disclose adequately that they will charge consumer credit or debit accounts for the trial product, typically as much as \$7.88, after a 10-day period.

1 52. Defendants also fail to disclose adequately that consumers who
2 accept the trial offer will be enrolled in a continuity program. Under the
3 continuity program, Defendants send consumers additional shipments of
4 Defendants' skincare product each month and charge consumers' credit or debit
5 cards the full cost of each product shipped until consumers affirmatively cancel
6 their membership in the continuity program.

7 53. Consumers are typically unaware that they have been enrolled in this
8 continuity program until they discover the charges—usually \$97.88 a month—on
9 their credit or debit card statements. Often, by that time, it is too late for
10 consumers to return the product for a refund.

11 54. Further, although they promote the offer as “risk-free” with “100%
12 satisfaction guaranteed,” Defendants fail to disclose, or disclose adequately,
13 material terms of their return policy. Defendants fail to disclose adequately that, if
14 the consumer opens the product, the product must be returned and received by
15 Defendants within 10 days of placing the order to avoid \$97.88 fee. Defendants
16 also fail to disclose adequately that, after 10 days, only unopened products may be
17 returned for a refund and that no refund will be provided for any product returned
18 after 30 days.

19 55. In fact, because consumers often do not receive their “risk-free” trial
20 until after 10 days have elapsed (early elapsed), many consumers cannot

1 return the product in time to avoid the \$7.88 fee. Moreover, Defendants fail to
2 disclose adequately to consumers that they may assess a “restocking” fee of up to
3 \$15 for returning the products. Accordingly, consumers who accept Defendants’
4 trial offer are likely to incur unexpected charges.

5 56. Defendants’ websites do not contain a disclosure concerning the
6 initial charges for the product, continuity program, or return policies until the
7 “final step” of the Defendants’ order page. Many consumers report never
8 seeing such a disclosure, even when they specifically looked for such a disclosure.
9 As the screen capture below illustrates, the disclosure is in significantly smaller
10 print and is obscured by a variety of graphics and text:

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1 57. Even if the disclosure were prominently displayed, it fails to mention
2 many material terms and conditions of Defendants' offer. Defendants' disclosure
3 states:

4 We take great pride in the quality of our products & are
5 confident that you will achieve phenomenal results. By
6 submitting your order, you agree to both the terms of
7 this offer (click link below) & to pay \$4.95 S&H for
8 your 10 day trial. If you find this product is not for you,
9 cancel within the 10 day trial period to avoid being
10 billed. After your 10 day trial expires, you will be billed
11 \$97.88 for your trial product & enrolled in our monthly
12 autoship program for the same discounted price. Cancel
13 anytime by calling 866.219.336. Returned shipments
14 are at customer's expense. This trial is limited to 1 offer
15 per household.

16 58. Defendants' disclosure paragraph fails to disclose: (a) that the 10-day
17 trial period begins on the day that the product is ordered; (b) that, to avoid
18 charges, the consumer must also return the product to Defendants before the end
19 of the trial period; (c) that consumers may not return the product for a refund after
20 10 days if it has been opened; (d) that consumers may not return the product for a
refund after 30 days, even if it has not been opened; and (e) that a restocking fee,
usually \$15, may be charged when a product is returned.

1 59. Most of the material terms and conditions of Defendants' offer can
2 only be found in a separate multi-page terms and conditions webpage that is
3 accessible by hyperlink. On many of Defendants' affiliate sites, this hyperlink can
4 only be found by scrolling to the bottom of the website and clicking on a
5 hyperlink labeled "T&C":



6 (screen capture from auravietrialkit.com, last visited April 13, 2015)

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16 60. Defendants also send consumers who sign up for a trial offer a
17 confirmation email that reinforces the false impression that they will receive a free
18 shipment of Defendants' skincare products. These emails show no charges for the
19 "risk-free" trial other than the normal shipping and handling fees.

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FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

1 authorities, or the Better Business Bureau. Even in those instances, however,
2 Defendants have not always issued full refunds.

3 VIOLATIONS OF THE FTC ACT

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

6 69. Misrepresentations or deceptive omissions of material fact constitute
7 deceptive acts or practices prohibited by Section 5(a) of the FTC Act. Acts or
8 practices are unfair under Section 5 of the FTC Act if they cause substantial injury
9 to consumers that consumers cannot reasonably avoid themselves and that is not
10 outweighed by countervailing benefits to

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FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

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Count II.

False "Risk-Free" Trial Claim

73. Through the means described in Paragraph 45-67, Defendants have represented, directly or indirectly, that consumers can try AuraVie "risk-free."

74. The representation set forth in Paragraph 73 is false. Consumers could not try Defendants' products "risk-free," because Defendants charged consumers the full cost if the "risk-free" product was opened and not returned within 10 days of placing the order, or assessed a restocking fee of up to \$15, and consumers had to bear the additional expense of returning the product to the Defendants. In addition, Defendants failed, in numerous instances, to refund consumers' charges assessed for the trial, despite consumers having returned the product according to the offer's terms and conditions.

75. Therefore, the making of the representation as set forth in Paragraph 73 of this Complaint constitutes a 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 III.

False Better Business Bureau Accreditation and Rating Claims

76. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of skincare products, Defendants have

1 represented, directly or indirectly, expressly or by implication, that Defendants are
2 accredited by and have a rating of "A" with the Better Business Bureau.

3 77. In truth and in fact, Defendants are not accredited by and do not have
4 a rating of "A-" with the Better Business Bureau. Defendants' rating with the

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1 VIOLATIONS OF THE RESTORE ONLINE SHOPPERS' CONFIDENCE ACT

2 82. In 2010, Congress passed the Restore Online Shoppers' Confidence
3 Act, 15 U.S.C. §§ 8401-05, which became effective on December 29, 2010.
4 Congress passed ROSCA because "[c]onsumer confidence is essential to the
5 growth of online commerce. To continue its development as a marketplace, the
6 Internet must provide consumers with clear, accurate information and give sellers
7 an opportunity to fairly compete with one another for consumers' business."
8 Section 2 of ROSCA, 15 U.S.C. § 8401.

9 83. Section 4 of ROSCA, 15 U.S.C. § 8403, generally prohibits charging
10 consumers for goods or services sold in

1 services or to cancel the agreement is in

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1 or other financial account for the transaction;
 2 and/or
 3 (c) provide simple mechanisms for a consumer to
 4 stop recurring charges for skincare products to the
 5 consumer’s credit card, debit card, bank account,
 6 or other financial account.

7 88. Defendants’ practices as set forth in Paragraph 87 are a violation of
 8 Section 4 of ROSCA, 15 U.S.C. § 8403, and are treated as if they are a violation
 9 of a rule promulgated under Section 18 of the FTC Act, 15 U.S.C. § 57a, 15
 10 U.S.C. § 8404(a).

11 Violations of the Electronic Fund Transfer Act and Regulation E

12 89. Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), provides that a
 13 “preauthorized” electronic fund transfer from a consumer’s account may be
 14 “authorized by the consumer only in writing, and a copy of such authorization
 15 shall be provided to the consumer when made.”

16 90. Section 903(10) of EFTA, 15 U.S.C. § 1693a(10), provides that
 17 the term “preauthorized electronic fund transfer” means “an electronic fund
 18 transfer authorized in advance to recur substantially regular intervals.”

19 91. Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), provides
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FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION

h.982 1 T 934INJUNCTION

1 EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b) of Regulation E, 12 C.F.R. §
2 205.10(b).

3 95. Under Section 917 of EFTA, 15 U.S.C. § 1693o(c), a violation of
4 EFTA and Regulation E constitutes a violation of the FTC Act.

5 96. Accordingly, by engaging in violations of EFTA and Regulation E as
6 alleged in Paragraphs 96-94 of this Complaint, Defendants have engaged in
7 violations of the FTC Act. 15 U.S.C. § 1693o(c).

8 Count VII.

9 Relief Defendant

10 97. Relief Defendant, Chargeback Arm, Inc. has received, directly or
11 indirectly, funds and other assets from Defendants that are traceable to funds
12 obtained from Defendants' customers through the unlawful acts or practices
13 described herein.

14 98. Relief Defendant is not a bona fide purchaser with legal and equitable
15 title to Defendants' customers' funds or other assets, and Relief Defendant will be
16 unjustly enriched if it is not required to disgorge the funds or the value of the
17 benefit it received as a result of De

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CONSUMER INJURY

100. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act, ROSCA, and EFTA. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief from this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S AUTHORITY TO GRANT RELIEF

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

102. Section 19 of the FTC Act, 15 U.S.C. § 57b, Section 5 of ROSCA, 15 U.S.C. § 8404, and Section 917(c) of EFTA, 15 U.S.C. § 16930(c), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, ROSCA, and

FIRST AMENDED COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

1 Respectfully submitted,

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5 Dated: October 9, 2015

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CERTIFICATE OF SERVICE

The undersigned certifies that on October 9, 2015, a true and correct copy of the foregoing document was electronically filed with the clerk of the U.S. District Court, Central District of California, using the electronic case filing system of the court. The attorneys listed below were served by pursuant to the ECF notice generated by the Court, or by email.

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