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1 **Andrew Yoshioka**, individually and as
2 an officer of Audacity LLC and World
3 Access Media;

4 **Allorey, Inc.**, a California corporation;

5 **Audacity LLC**, a California limited
6 liability company;

7 **Data World Technologies, Inc.**, a
8 California corporation;

9 **Dial Soft Technologies, Inc.**, a former
10 Nevada corporation;

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1 “Telemarketing Act”), 15 U.S.C. § 6105, to obtain monetary civil penalties,
2 permanent injunctive relief, and other relief for Defendants’ acts or practices in
3 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC’s
4 Telemarketing Sales Rule (“TSR”), as amended, 16 C.F.R. Part 310.

5 **INTRODUCTION**

6 2. From at least March 2009 to May 2016, Defendants assisted their
7 numerous telemarketer clients in bombarding American consumers with billions of
8 robocalls—calls delivering prerecorded messages. Defendants also assisted their
9 clients in making calls to consumers whose telephone numbers were on the
10 National Do Not Call (“DNC”) Registry, and in spoofing caller ID information—
11 transmitting inaccurate caller ID numbers with their calls.

12 3. Defendants sold access to a certain computer-
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1 consumers on the National DNC Registry, and calls with spoofed caller ID
2 information, which violated the TSR.

3 6. Defendants knew or consciously avoided knowing that their clients
4 were making telemarketing calls that violated the TSR. Defendants knew that their
5 clients' calls delivered pre-recorded messages, sometimes at a rate of millions of
6 calls per day—a rate and volume of calls that could not be dialed or attended by
7 live operators. Defendants also helped their clients turn off automated features em-
8 bedded in auto-dialing software that would have prevented calls to numbers on the
9 National Do Not Call Registry, and helped them avoid dialing numbers associated
10 with law enforcement agencies or known class action plaintiffs.

11 7. Defendants' facilitation of each of their clients' illegal calls is itself a
12 violation of the TSR. Each Defendant is liable for his, her, or its part in an
13 enterprise that assisted unscrupulous telemarketers to subject American consumers
14 to billions of illegal telemarketing calls.

15 **JURISDICTION AND VENUE**

16 8. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
17 §§ 1331, 1337(a), 1345, and 1355, and 15 U.S.C. §§ 45(a) and (m)(1)(A), 53(b),
18 and 56(a).

19 9. Venue is proper in this .1(c)02 0 Tc 0 Tw -5.128 -1.658 Td 7 Td [(a)r20 1 TTJ 0

1 California. Local Lighthouse transacts or has transacted business in this district and
2 throughout the United States.

3 18. Defendant **Savilo Support Services, Inc.** (“Savilo”) is a California
4 corporation with its principal place of business in Orange County, California.
5 Savilo transacts or has transacted business in this district and throughout the
6 United States.

7 19. Defendant **Secure Alliance Corp.** (“Secure Alliance”) is a California
8 corporation with its principal place of business in Orange County, California.
9 Secure Alliance transacts or has transacted business in this district and throughout
10 the United States.

11 20. Defendant **Velocity Information Corp.** (“Velocity Information”) is a
12 former California corporation, the principal place of business of which was in
13 Orange County, California. Velocity Information transacts or has transacted

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1 transacts or has transacted business in this district and throughout the United
2 States.

3 23. Defendant **Houston Fraley** is an officer of Local Lighthouse. At all
4 times material to this Complaint, acting alone or in concert with others, Fraley has
5 had the authority and responsibility to prevent or correct the unlawful telemarketing
6 practices of Local Lighthouse, and has formulated, directed, controlled, had the
7 authority to control, or participated in the acts and practices of Local Lighthouse,
8 including the acts and practices set forth in this Complaint. Fraley resides in this
9 district and, in connection with the matters alleged herein, transacts or has
10 transacted business in this district and throughout the United States.

11 24. Defendant **Tyler Hall** is an officer of Local Lighthouse and Secure
12 Alliance. At all times material to this Complaint, acting alone or in concert with
13 others, Hall has had the authority and responsibility to prevent or correct the
14 unlawful telemarketing practices of Local Lighthouse and Secure Alliance, and has
15 formulated, directed, contrese and Send has

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26. Defendant **Eric Oakley** is an officer of Local Lighthouse and Velocity Information. At all times material to this Complaint, acting alone or in concert with others, Oakley has had the authority and responsibility to prevent or correct the unlawful telemarketing practices of Local Lighthouse and Velocity Information, and has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Local Lighthouse and Velocity Information, including the acts and practices set forth in this Complaint. Oakley resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

27. Defendant **Richard Paik** is a an officer of Local Lighthouse and Secure Alliance, and an actual or *de facto* owner, officer, or manager of Allorey, Data World, Dial Soft, Digital Marketing, Savilo, and , Dig-88.5(f)a WofT3 1 Towna

1 | this Complaint. Stansbury resides in this district and, in connection with the
2 | matters alleged herein, transacts or has transacted business in this district and
3 | throughout the United States.

4 | 29. Defendant **Raymund Verallo**, also known as Raymond Verallo, is an
5 | officer of Allorey and Dial Soft. At all times material to this Complaint, acting
6 | alone or in concert with others, Verallo has had the authority and responsibility to
7 | prevent or correct the unlawful telemarketing practices of Allorey and Dial Soft,
8 | and has formulated, directed, controlled, had the authority to control, or
9 | participated in the acts and practices of Allorey and Dial Soft, including the acts
10 | and practices set forth in this Complaint. Verallo resides in this district and, in
11 | connection with the matters alleged herein, transacts or has transa

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1 (the “Red Hill Robocall Enterprise Defendants”) have conducted the business
2 practices described below through the Red Hill Robocall Enterprise, an interrelated
3 network of companies that have common beneficial ownership, *de facto* officers
4 and managers, business functions, employees, and office locations, and that
5 commingled funds. Because the Red Hill Robocall Enterprise operated as a
6 common enterprise, each of the entities that comprise it is jointly and severally
7 liable for the acts and practices of the Red Hill Robocall Enterprise. At various
8 times material to this Complaint, each of the Individual Defendants has formulated,
9 directed, controlled, had the authority to control, or participated in the acts and
10 practices of one or more the entities that comprise the Red Hill Robocall
11 Enterprise.

12 32. Defendants Audacity and World Access (the “Jones Home Robocall
13 Enterprise”) have operated as a common enterprise while engaging in the unlawful
14 acts and practices alleged below. From at least July 2015 to May 2016, Defendants
15 Audacity, World Access, Jones, Fraley, Hall, Stansbury, Verallo, and Yoshioka (the
16 “Jones Home Robocall Enterprise Defendants”) have conducted the business
17 practices described below through the Jones Home Robocall Enterprise, two
18 interrelated companies that have common beneficial ownership, *de facto* officers
19 and managers, business functions, employees, and office locations, and that
20 commingled funds. Because the Jones Home Robocall Enterprise operated as a
21 common enterprise, each of the entities that comprise it is jointly and severally
22 liable for the acts and practices of the Jones Home Robocall Enterprise. At various
23 times material to this Complaint, Defendants Jones, Fraley, Hall, Stansbury,
24 Verallo, and Yoshioka have formulated, directed, controlled, had the authority to
25 control, or participated in the acts and practices of one or more the entities that
26 comprise the Jones Home Robocall Enterprise

1 **COMMERCE**

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

5 **THE TELEMARKETING SALES RULE**
6 **AND THE NATIONAL DO NOT CALL REGISTRY**

7 34. Congress directed the FTC to prescribe rules prohibiting abusive and
8 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15
9 U.S.C. §§ 6101-6108. The FTC adopted the original TSR in 1995, extensively
10 amended it in 2003, and amended certain provisions thereafter. 16 C.F.R. Part 310.

11 35. Among other things, the 2003 amendments to the TSR established a
12 do not call registry, maintained by the FTC (the “National DNC Registry” or
13 “Registry”), of consumers who do not wish to receive certain types of
14 telemarketing calls. Consumers can register their telephone numbers on the
15 Registry without charge either through a toll-free telephone call or online at
16 donotcall.gov.

17 36. Consumers who receive telemarketing calls to their registered
18 numbers can complain of Registry violations the same way they registered,
19 through a toll-free telephone call or online at donotcall.gov, or by otherwise
20 contacting law enforcement authorities.

21 37. Under the TSR, a “telemarketer” is any person who, in connection
22 with telemarketing, initiates or receives telephone calls to or from a customer or
23 donor. 16 C.F.R. § 310.2(cc). A “seller” means any person who, in connection with
24 a telemarketing transaction, provides, offers to provide, or arranges for others to
25 provide goods or services to the customer in exchange for consideration. *Id.*
26 § 301.2(aa).

1 38. The FTC allows sellers, telemarketers, and other permitted
2 organizations to access the Registry online at telemarketing.donotcall.gov, to pay
3 any required fee(s), and to download the numbers not to call.

4 39. Under the TSR, an “outbound telephone call” means a telephone call
5 initiated by a telemarketer to induce the purchase of goods or services or to solicit
6 a charitable contribution. 16 C.F.R. § 310.2(v).

7 40. The TSR prohibits sellers and telemarketers from initiating an
8 outbound telephone call to numbers on the Registry. 16 C.F.R.
9 § 310.4(b)(1)(iii)(B).

10 41. The TSR prohibits sellers and telemarketers from initiating an
11 outbound telephone call to any consumer when that consumer previously has stated
12 that he or she does not wish to receive an outbound telephone call made by or on
13 behalf of the seller whose goods or services are being offered. 16 C.F.R.
14 § 310.4(b)(1)(iii)(A).

15 42. The TSR requires that sellers and telemarketers transmit or cause to be
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1 include the recipient's telephone number and signature, must be obtained after a
2 clear and conspicuous disclosure that the purpose of the agreement is to authorize
3 the seller to place prerecorded calls to such person, and must be obtained without
4 requiring, directly or indirectly, that the agreement be executed as a condition of
5 purchasing any good or service. Id. Calls delivering prerecorded messages are
6 commonly called robocalls.

7 44. It is a violation of the TSR for any person to provide substantial
8 assistance or support to any seller or telemarketer when that person knows or
9 consciously avoids knowing that the seller or telemarketer is engaged in any
10 practice that violates Sections 15(12)(j) EMC /LBos)8.4(i)8.5Tc 0 Tw§48 0 T5 [(Tw

1 the calls—that is, they can select any 10-digit phone number they want to appear as
2 the caller ID number that accompanies calls made using the platform.

3 48. The Dialing Platform was created by and is owned by nonparties to
4 this lawsuit, referred to herein as the Dialing Platform Provider.

5 49. Mike Jones first met the CEO of the Dialing Platform Provider in or
6 about the year 2001, when Jones’s telemarketing company Sound Media Group,
7 Inc. (“Sound Media”) became a client of the Dialing Platform Provider.

8 50. In or about the year 2005, Jones and the CEO of the Dialing Platform
9 Provider formed an agreement that most, if not all telemarketing calls through the
10 Dialing Platform would flow through Jones as a reseller. The Dialing Platform
11 Provider would contract directly only with non-commercial clients, such as schools
12 and political campaigns seeking to make informational or political calls.

13 51. Even before becoming the primary reseller of the Dialing Platform for
14 telemarketing purposes, but certainly since then, Jones has operated through
15 numerous corporate identities, in concert with numerous business associates.

16 The Auto Warranty Enterprise

17 52. From late 2006 through early 2008, Jones’s associates incorporated a
18 number of now defunct companies that functioned together as an enterprise
19 principally engaged in lead generation, through robocalls and other telemarketing,
20 for sale of extended warranties (the “Auto Warranty Enterprise”).

21 53. Jones was not formally named as an officer of any of the Auto
22 Warranty Enterprise companies, but Jones’s late wife owned several of them, and
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59. Savilo's registered address is 15991 Red Hill Avenue,

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1 80. Savilo also continued to play a similar role to Allorey through at least
2 2013, and Jones continued to use an @savilo.com e-mail address through 2015.
3 Data World continued to be the only member of the Enterprise with a written
4 contract with the Dialing Platform Provider until Dial Soft entered into contracts
5 with the Dialing Platform Provider in 2013. Data World also continued in the
6 consumer data business.

7 —2012 Secure Alliance Formed—

8 81. Hall incorporated Secure Alliance in December 2012. Hall is the
9 CEO, secretary, CFO, and sole director of Secure Alliance as of at least April 2015.
10 Paik submitted forms to the California Secretary of State as Secure Alliance's
11 controller.

12 82. Secure Alliance's registered address is 14252 Culver Drive, Suite
13 A457, in Irvine (Orange County), California. This address is a UPS Store. Hall
14 rented mailbox 457 at that address in Secure Alliance's name. Secure Alliance
15 actually conducted business out of 15991 Red Hill Avenue, Suite 202, and later out
16 of 2975 Red Hill Avenue, Suite 100.

17 83. Secure Alliance served as another Dialing Platform client-facing
18 company, collecting revenues from telemarketers for their robocalling and other
19 telemarketing via the Dialing Platform. Secure Alliance generally then transferred
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1 85. Verallo’s registered address as an officer of Dial Soft is 3843 South
2 Bristol Street, Suite 3186, in Santa Ana (Orange County), California. This address
3 is a UPS Store. Verallo rented mailbox [3-]186 at that address in Dial Soft’s name.
4 Dial Soft actually conducted business out of 15991 Red Hill Avenue, Suite 202,
5 and later out of 2975 Red Hill Avenue, Suite 100.

6 86. Dial Soft gradually replaced Data World and Allorey as the Dialing
7 Platform-facing company in the Red Hill Robocall Enterprise. In June 2013, Dial
8 Soft entered into written contracts with the Dialing Platform Provider, signed by
9 Verallo as Dial Soft’s President. Dial Soft eventually became the Enterprise’s sole
10 payer to the Dialing Platform Provider. No matter which company in the Enterprise
11 collected the clients’ payments for their robocalling and other telemarketing on the
12 Dialing Platform, all of the money owed to the Dialing Platform Provider was
13 funneled through f a

1 breakup of the Red Hill Robocall Enterprise, the Jones Home Robocall Enterprise
2 immediately replaced it, providing the same telemarketing services to the same
3 clients.

4 93. Yoshioka and one of Jones's sons had previously organized Audacity
5 in January 2014. Audacity's registered address is a residence in Irvine where, at the
6 time of Audacity's organization, Jones and his son resided. Audacity later
7 conducted business out of Jones's subsequent residence in Newport Coast.

8 94. At the end of 2014, Yoshioka started working for Mike Jones as his
9 assistant and began to play a role in the financial operations of the Red Hill
10 Robocall Enterprise, including moving money from the Enterprise's telemarketer
11 clients to the Dialing Platform Provider through Dial Soft.

12 95. After the breakup of the Red Hill Robocall Enterprise, Yoshioka
13 began using Audacity's bank accounts to pay the Dialing Platform Provider.
14 Audacity immediately replaced Dial Soft as the sole payer to the Dialing Platform
15 Provider.

16 96. Yoshioka had previously incorporated World Access in April 2015.
17 World Access's registered address is 6789 Quail Hill Parkway, Suite 828, in Irvine.
18 That address is an AIM Mail Center. Yoshioka rented mailbox 828 at that address,
19 first in his own name,

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1 making more than 222 million outgoing telephone calls—again, mostly
2 robocalls—to phone numbers in all fifty states and the District of Columbia.

3 103. The Jones Home Robocall Enterprise simply assumed the operations
4 of the Red Hill Robocall Enterprise after the latter broke up, assisting many of the
5 same clients in placing the same kind and volume of calls.

6 104. At least half of the Red Hill and Jones Home Robocall Enterprises’
7 calls were for the purpose of soliciting sales from consumers, with a smaller
8 percentage allegedly made to small business owners. Among the Enterprises’
9 biggest customers were home security lead generators. The Enterprise allowed
10 these companies to use the Dialing Platform to make millions of robocalls
11 attempting to identify consumers in the market for a home security system. The
12 lead generators then sold qualifying consumers’ contact information to home
13 security companies or other marke Tw (we)Tj 0 T004 Tw 3.p Td [(bi)3momerbisenemptev(r)

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1 plaintiffs. For example, in December 2013 Jones sent an e-mail message to the
2 dialing platform provider with the subject “ftc staff dnc,” attaching a list of every
3 phone number at the Federal Trade Commission and asking for a report on whether
4 calls had been made to those numbers.

5 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

6 108. Defendants have provided substantial assistance or support to
7 “telemarketer[s]” engaged in “telemarketing,” as defined by the TSR, 16 C.F.R.
8 § 310.2.

9 109. In numerous instances since September 1, 2009, the Red Hill and
10 Jones Home Robocall Enterprises’ clients made outbound telephone calls that
11 delivered prerecorded messages to induce the sale of goods or services when the
12 persons to whom these telephone calls were made had not expressly agreed, in
13 writing, to authorize the seller to place prerecorded calls to such person.

14 110. In numerous instances, the Red Hill and resoJoco5o plar 58 Td [()3.6(n6.1(t2uc)1
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1 other things, engaging in the Enterprise and its conduct as set forth herein, even
2 though these Defendants knew or consciously avoided knowing that the
3 Enterprises' clients were engaged in conduct that violated Section 310.4 of the
4 TSR.

5 114. At various times between at least May 2013 and July 2015, Yoshioka
6 provided substantial assistance and support to the Red Hill Robocall Enterprise's
7 clients by, among other things, engaging in the Enterprise and its conduct as set
8 forth herein, even though Yoshioka knew or consciously avoided knowing that the
9 Enterprise's clients were engaged in conduct that violated Section 310.4 of the
10 TSR.

11 115. Between at least May 2013 and July 2015, Yoshioka

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1 127. Defendants’ substantial assistance or support, as alleged in Paragraph
2 126, above, violates the TSR, 16 C.F.R. § 310.3(b).

3 **CONSUMER INJURY**

4 128. Consumers have suffered and will continue to suffer injury as a result
5 of Defendants’ violations of the TSR. Avi18 w 1.744 4 53.64 Tm ()Tj E 645(he)3.6()(s t)8.

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