bank; between them are the credit card networks (e.g., VISA) and other third parties suc as "independent sales organizations" involved in processing a transaction.

8. An independent sales organization ("ISO") solicits merchants seeking to open credit card merchant accounts and refers them to the ISO's acquiring bank ("acquirer"), which is the bank that has access to the credit card networks. In some case ISOs perform the underwriting of merchants for their acquirer and/or process consumer credit card payments on behalf of their acquirer, either directly or through the services of payment processors.

9. Through the ISO's relationship with acquirers, ISOs function as important gatekeepers, screening out and preventing fraudulent merchants from gaining access to the credit card networks, or identifying such merchants once they have gained access. Conversely, an ISO that is complicit with a fraudulent merchant can provide such a merchant access to the credit card networks that the merchant would not otherwise be able to obtain or maintain.

10. Defendant Electronic Payment Systems, LLC ("EPS") is an ISO that markets ISO and payment processing services to prospective merchants. In 2012 and 2013, EPS served as the ISO for the entities involved in the MNF scam.

11. EPS engaged in the underwriting and approval of MNF's fictitious companies, and helped set up merchant accounts with its acquirer for these fictitious companies. Using the services of two payment processors, EPS processed more than $5,8rocessed mo]TJ Tpance thechn.han com-12/s

19. Defendant Electronic Payment Solutions of America, Inc. ("EPSA") is an Arizona corporation with its principal place of business at 1048 N. 44th Street #100, Phoenix, Arizona 85008. At all times material to this Complaint, EPSA acted as an ISO sales agent for EPS, and referred merchants to EPS for underwriting approval and payment processing services. EPSA transacts or has transacted business in this district and throughout the United States.

20. Defendant KMA Merchant Services, LLC ("KMA") is a New Jersey limited liability company with its principal place of business at 714 N. 74th Street, Scottsdale, Arizona 85257. At all times material to this Complaint, KMA acted as an ISO sales agent for EPS, and referred merchants to EPS for underwriting approval and payment processing services. KMA also acted as a merchant and processed its own merchant transactions using EPS's ISO services. KMA transacts or has transacted business in this district and throughout the United States.

21. Defendants EP Services, EPSA, and KMA used various dba names interchangeably, including EPS, EPSA, EPS-America, EPS of Arizona, EPS AZ, KMA, KMA Merchant Services, KMA Svcs, and Merchant Services. Emails sent by KMA indicate that KMA was the "customer service at EPS-america.net."

22. Defendant Dynasty Merchants, LLC ("Dynasty") is an Arizona limited liability company with its principal place of business at 731 S. Arizona Ave., Chandler, Arizona 85225. At all times material to this Complaint, Dynasty acted as a merchant and processed its own merchant transactions using EPS's ISO services. Dynasty transacts or has transacted business in this district and throughout the United States.

23. Defendant Wigdore is the President of EP Services and a director of EPSA. Individually and as an officer of EP Services and EPSA, Wigdore acted as an ISO sales agent for EPS. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices o EP Services, EPSA, and KMA, including the acts and practices set forth in this Co20h Tf 0 Tr -20.026 48.221 2p33iws set fi3iws set fi3icted, controlle d inof[2o.L thiscon

EPT, including the acts and practices set forth in this Complaint. Defendant Dorsey transacts or has transacted business in this district and throughout the United States.

30. Defendant Thomas McCann ("McCann") is the Managing Member and co-owner of EPS and EPT. At all times material to this Complaint, acting alone or in concer with others, he has formulated, directed, controlled, or participated in the acts and practices of EPS and EPT, including the acts and practices set forth in this Complaint. Defendant McCann transacts or has transacted business in this district and throughout th United States.

31. Defendant Michael Peterson ("Peterson") is the Risk Manager of EPS. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of EPS, including the acts and practices set forth in this Complaint. Defendant Peterson transact or has transacted business in this district and throughout the United States.

COMMERCE

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

THE DECEPTIVE MONEY NOW FUNDING SCAM

33. From 2011 to 2013, the principals of MNF operated a deceptive telemarketing scam, charging thousands of consumers more than $7 million for worthles business opportunities and related upsells. In one principal variation of the scam, MNF

telemarketers falsely told consumers they would earn income by referring small businesses seeking loans to MNF.

34. According to one sales pitch, in exchange for an upfront payment of $299 to $499, purchasers of MNF's business opportunity would go into business with MNF and receive lucrative commissions each time MNF made a loan to a small business referred by the consumer.

35. After consumers made the upfront payment, MNF telemarketers then further engaged in deceptive "upsells," and convinced consumers to pay thousands of dollars more for so-called "leads," i.e., names and contact information for businesses in need of loans. MNF telemarketers falsely promised consumers that these leads would easily generate hundreds or thousands of dollars per month in income, and would result in huge returns on the consumers' investment in the business opportunity.

36. In granting the FTC's motion for summary judgment, the court found that MNF was a multi-million dollar scheme to defraud consumers. The entire MNF sales pitch was a brazen scam. MNF was a total fraud, and not actually in the business of making loans to small businesses. Consumers never earned any of the promised income from the MNF business opportunities, and typically lost their investment, with losses ranging from a few hundred dollars to tens of thousands of dollars per consumer.

37. The MNF scam operated through a web of interrelated companies, including "Rose Marketing." When consumer complaints about MNF's scam mounted, threatening exposure of the scam, the principals and employees behind MNF changed t

scheme's name and created new companies to continue operating the scam, under different and constantly changing names.

38. The FTC filed an action against MNF and its related and successor companies on August 5, 2013, alleging that the deceptive and fraudulent business opportunity scam violated the FTC Act, the Business Opportunity Rule, and the Telemarketing Sales Rule. FTC v. Money Now Funding, LLC, et al., CV 13-01583-PHX-ROS (D. Ariz. 2013). The complaint, which pe9led an a .9y <<c-pla

BACKGROUND ON CREDIT CARD LAUNDERING

40. In order to accept credit card payments from consumers, a merchant must establish a "merchant account" with a merchant acquiring bank (as noted above, also referred to as an "acquirer"). A merchant account is a type of account that allows businesses to process consumer purchases by a credit or debit card.

41. The acquirer is the entity that has access to the credit card associations (such as Mastercard and VISA), and through which merchant accounts are established. Without a merchant account obtained through an acquirer, merchants are unable to process consumer credit or debit card sales transactions.

42. Acquirers commonly enter into contracts with ISOs, who solicit and sign up merchants for merchant accounts with the acquirer. In some cases, ISOs engage in the screening and underwriting of prospective merchants, operate the acquirer's merchant processing program (directly or through the services of third party processors), and monitor the merchants' transactions.

43. To market the ISO's processing services, ISOs often use ISO "sales agents," and persons working under these sales agents (called "sub-ISOs" or "sub-agents"), who solicit and refer prospective clients to the ISO for the ISO's underwriting approval.

44. The credit card associations ("card networks"), such as VISA and

48. In recent years, credit card laundering has become a common practice of fraudulent merchants who cannot meet a bank's underwriting criteria or who cannot obtain merchant accounts under their own names (whether because of excessive chargebacks, complaints, or other signs of illegal activity).

49. Even when the fraudulent merchant can qualify for a merchant account, it often engages in laundering as a way to conceal its true identity from consumers, the acquirer, the card networks, and law enforcement agencies.

50. To conceal their identities, fraudulent merchants often create shell companies to act as fronts, and apply for merchant accounts under these shell compani Once the merchant accounts are approved, the fraudulent merchant then launders its ow transactions through the shell company's merchant accounts.

51. Fraudulent merchants often generate excessive rates of "chargebacks" from consumers who dispute the credit card charges. To avoid triggering the card networks' chargeback monitoring programs and attracting the scrutiny of the acquirer, fraudulent merchants often spread out their sales transaction volume across multiple merchant accounts—a practice commonly referred to as "load balancing."

52. Because the VISA and Mastercard chargeback monitoring programs apply only to merchants with at least 100 chargeback transactions per month, fraudulent merchants can manipulate the system and avoid chargeback monitoring by spreading their transactions across multiple merchant accounts and ensuring that no single accoun has more than 100 chargebacks per month. They can also avoid triggering the monitorin

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62. After receiving the fraudulent applications from Wigdore, EPS approved all 23 applications, set up merchant accounts for each fictitious company, and immediately began processing for these accounts through EPS's acquirer, Merrick Bank ("Merrick").

63. When MNF transactions were processed through the 23 fraudulent merchant accounts in the names of the fictitious companies, the sales revenues from the transactions were automatically transferred into the 23 Dynasty Chase Accounts, and subsequently transferred into a "Master Account" at the same bank, also held in the nam of Dynasty.

64. From the Dynasty "Master Account," funds were divided up and eventually paid to Defendant EP Services (a company controlled by Wigdore, and an alias of KMA) companies affiliated with the MNF scam (*e.g.*, Rose Marketing), and individually to Defendants Abdelmesseh and Mihilli.

65. The scheme allowed MNF to obtain merchant accounts based on false information in the merchant applications. Specifically, each merchant application contained the following false information: (1) the name of the fictitious company was listed as the applicant, when the true applicant was the principal(s) of the MNF scam; (2) the name of the straw owner was listed as the owner of the business, when the true own was the owner(s) of the MNF scam; and (3) the fictitious company was listed as the account holder of the merchant bank account, when the true account holder was Dynast

Defendants Abdelmesseh And KMA Laundered MNF Transactions Through KMA's Own Merchant Accounts

69. In addition to acting as EPS's ISO sales agent under KMA, Defendant Abdelmesseh also purported to operate his own independent businesses (called KMA Leads, KMA Merchant Marketing, and KMA Merchant Services) that supposedly offered "advertising/marketing services" and "merchant services" to consumers.

70. EPS approved and helped open merchant accounts at Merrick for these three supposed KMA businesses. Between October 2010 and May 2012, EPS processed more than $1,384,500 in transactions for the three KMA merchant accounts combined.

71. At least two of KMA's merchant accounts were used to launder MNF sales transactions. In other words, when MNF victims were duped into buying leads or making other payments as part of the MNF scam, some of them incurred credit card charges in the name of one of the "KMA" businesses.

Defendant Mihilli Laundered MNF Transactions Through Mih

when MNF victims were duped into buying leads or making other payments as part of the MNF scam, some of them incurred credit card charges in the name of "Dynasty Marketing."

EPS Directly Caused the Laundering of MNF Transactions Through Numerous Merchant Accounts Created In The Names of Other Companies

74. Throughout 2012 and 2013, EPS directly caused consumers' credit or debit card accounts to be charged by MNF's deceptive telemarketing scam by underwriting and approving the MNF Fictitious Companies and the Mihilli and Abdelmesseh businesses for processing, establishing merchant accounts for these entities with Merrick, and processing for these merchant accounts.

75. Without the ISO and processing services provided by EPS, the MNF scam could not have obtained the fraudulent merchant accounts established at Merrick, through which their credit card transactions were processed.

EPS Touted Itself as a Processor for "High Risk" Merchants and Used Wigdore as a Sales Agent Despite His Criminal History

76. In order to solicit and locate prospective merchants, EPS operated an ISO sales program under which it used ISO "sales agents" to market EPS's services and to refer merchant applications to EPS for underwriting approval. EPS actively sought to recruit sales agents, and entered into independent contractor agreements ("Marketing Agreements") with these agents.

77. According to statements made by EPS in court filings in July 2016 (see Mot. To Quash (ECF No. 9), Electronic Payment Transfer, LLC v. Federal Trade Commission and Citywide Banks, No. CV-01653-RBJ (D. Colo. July 11, 2016)), EPS's

relationship with Wigdore dated back to approximately 2004. This relationship continued while Wigdore served a 57-month sentence on a federal fraud conviction from 2006 to 2009; during this period Wigdore's wife, Sandy Wigdore, continued acting as an ISO sales agent for EPS.

78. EPS's principal, Defendant Thomas McCann, was fully aware of Wigdore's criminal history, but chose to continue using Wigdore as EPS's sales agent. On August 6, 2008, Sandy Wigdore handwrote the following comments on a fax cover sheet that accompanied a Marketing Agreement faxed to EPS:

> P.S. Let me know what Tom [Defendant Thomas McCann] thinks – they (Probation dept.) start coming around in a month or so to ask me questions about Jay working and maybe call you guys to confirm. Thank you so much.

79. Defendant Thomas McCann had a longstanding personal relationship with Wigdore, as reflected in various email messages from 2010 and 2011, such as the message "Please call Jay Wigdore on his cell. He says he has some gossip for you" or "Jay Wigdore called while you were at lunch. He said that if you were coming to town he would like to take you to dinner and introduce you to Les."

80. McCann's and Dorsey's interest in using Wigdore as EPS's sales agent was not surprising. EPS has held itself out as a processor for "High Risk" businesses that ha difficulty finding banks willing to accept their business. As recently as November 2015, EPS's website touted the fact that it had a "98% Approval Rate" for merchants who applied for its credit card processing services, as compared to its competitors who had a "60% Approval Rate."

81. EPS's website actively sought out the business of "High Risk Merchants," and offered to help merchants set up "offshore merchant accounts." The website stated:

> Is your business having trouble getting approved for traditional merchant service accounts? Do you need a High Risk Merchant Account? . . . We can get your High Risk merchant account approved in a quick and professional manner. When US domestic banks won't accept a High Risk Merchant, EPS has special partnerships with international banks overseas to set up an offshore merchant account with.

82. As an ISO for Merrick, EPS was contractually required to comply with Merrick's underwriting rules for screening merchants, which included strict guidelines designed to verify the identity of the merchant and the legitimacy of the merchant's business, and to screen out merchants potentially engaged in fraud. Indeed, Merrick's policy required EPS to verify "that each merchant is a bona fide business and that the transactions of such merchant will reflect bona fide business between the merchant and the cardholder, and will not violate any applicable provision of law." EPS was also required to monitor its merchants' transactions, update merchant information in the merchant database, and ensure that its merchants complied with the card networks' rules and various fraud monitoring programs. As a registered ISO with VISA (through Merrick), EPS also was required to comply with VISA's rules and regulations.

83. However, rather than verify its merchants' identities, EPS opened merchant accounts in the names of numerous fictitious companies for the same underlying merchant, and thereby falsely represented the true identity of the fictitious companies. In concealing the true identity of the fictitious companies, EPS also evaded the various card network fraud and chargeback monitoring programs that were designed to detect and prevent fraudulent activity.

84. The chronology of EPS's involvement in the MNF scam's credit card laundering shows that EPS: (a) ignored obvious warning signs of fraud, including the likely presence of credit card laundering, (b) concealed from Merrick (the acquirer) and the card networks the true identity and nature of the MNF Fictitious Companies, and (c) made every effort to continue processing for the MNF Fictitious Companies, and other merchants related to the KMA-Wigdore Defendants, even after Merrick noticed signs of fraud and instructed EPS to stop.

December 2011: Merrick Rejects KMA Merchant Account

85. EPS processed merchant transactions through three merchant accounts it had opened for Defendant KMA. As early as December 2011, Merrick declined a merchant application that EPS submitted for one of KMA's merchant accounts, under the name "KMA Leads."

March 2012 - May 2012: Merrick Notified EPS That a KMA Merchant Account Had an Unacceptably High Chargeback Ratio, and Appeared To Be "Load Balancing"

86. Even though Merrick had declined one KMA merchant account ("KMA Leads"), EPS continued processing for another KMA merchant account—"KMA Merchant Services." That account presented a range of problems from March 2012 through May 2012, detailed below, leading Merrick to request EPS to terminate the account.

a) On March 20, 2012, Merrick's Risk Management department emailed Defendant Peterson, alerting him that the KMA Merchant Services merchant account had triggered Mastercard's fraud monitoring program, and requesting additional merchant information.

b) On April 10, 2012, Merrick again emailed Peterson, notifying him that Mastercard was requesting additional information about KMA, including details "as to what fraud control measures in place at the merchant location…."

c) On April 17, 2012, Merrick's Risk Manager emailed Peterson regarding the KMA merchant account, this time alerting him to five consumer chargeback requests that indicated "Services not provided or merchandise not received" as the reason for the chargeback, and an additional chargeback complaint regarding a related KMA account that indicated "Fraudulent transaction no cardholder authorization."

d) On April 18, 2012, Merrick's Risk Manager emailed Peterson regarding KMA's 15.6% chargeback rate, stating: "This account is processing well over the assigned volumes and their chargeback ratio is unacceptable …."

e)

described in the plan is unclear and sounds a lot like they are conducting lead generation, which Merrick was not comfortable with processing for in the first place ….

f)

without informing Merrick that KMA was the underlying sales agent who had referred those applications to EPS.

May 2012 - November 2012: EPS Approved The 23 Fraudulent MNF Merchant Applications Provided By Sales Agent KMA Despite Multiple Suspicious Red Flags

94. From May to November 2012, Defendant Wigdore submitted 23 merchant applications on behalf of the 2012 MNF Fictitious Companies to EPS. Each application indicated that the sales agent was "Jay Wigdore" of ISO sales office "2088." As noted above, this was the number EPS had assigned to its sales agent KMA, although on thei face the applications did not mention KMA directly. In addition to the fact that the applications were referred by the sales agent KMA, an entity whose own business (as a EPS client merchant) Merrick had repeatedly rejected due to concerns about fraud, thes applications from 23 supposedly different merchants appeared virtually identical and contained numerous suspicious red flags, as described below. EPS approved them all.

a) Almost all the merchants were located in the Phoenix, Arizona area. The "business description" provided for most of the merchants was extremely vague, almost always identical (i.e. "marketing and advertising"), and provided no specific description of the product or service being sold.

b) The 23 supposedly separate merchants attached facially suspect checks th appeared almost identical in form. Each of the attached doctored checks was drawn on Chase bank and had the same bank routing number, indicating the same bank branch. Almost all of them bore the same check number—"1001." The fact that 23 supposedly different merchants all purported to hold accounts at the same bank branch and submitted virtually identical checks (almost always bearing the same check number) was a glaring indicator that they were likely related to each other or to the same underlying merchant. Despite these red flags, EPS did not even bother to verify the legitimacy of the 23 bank accounts at Chase.

c) During the initial underwriting stage, EPS obtained credit reports for each of the 23 fictitious companies. For most of the merchants, the credit reports indicated that the principals or owners of the businesses had low credit scores, poor credit ratings, and owed substantial outstanding debts, raising obvious questions about the financial health of the merchants and the nature of their businesses. EPS nonetheless approved the 2012 MNF Fictitious Companies, without seeking to obtain additional information about the businesses or their financial viability.

d) Although Merrick's underwriting policy required EPS to obtain and evaluate samples of all relevant merchant marketing materials and telemarketing scripts, the 23 merchant applications failed to include copies of the merchants' marketing materials.

e) Merrick's policy further required EPS to obtain screen prints of the relevant web pages of the merchant's website for "high risk" merchants such as telemarketers; however, for at least six merchant applications, the "Initial Risk Evaluation" conducted by EPS's employee specifically noted that the merchant did not have a valid merchant website.

MNF Fictitious Company	Time Period Processed	Amount Processed
JJB Marketing	4 weeks	$ 29,600
Miller Marketing	7 weeks	$ 67,400
Ron Hobbs	5 weeks	$ 32,100
National Marketing GP	4 weeks	$ 52,500
Rose Marketing	5 weeks	$ 50,247
Wisdom Management	6 weeks	$ 64,000
D&D Marketing	6 weeks	$ 80,400
DePaola Marketing	2 weeks	$ 9,500
KT Advertising	8 weeks	$115,050
V&R Marketing	7 weeks	$145,100
Green Merchant	2 weeks	$ 55,598

July 2012 - September 2012: After Merrick Declined 11 Merchant Applications Submitted To EPS By Sales Agent Wigdore, EPS Approved and Forwarded to Merrick Seven New Fraudulent Applications Referred By the Same Sales Agent

106. By the end of June 2012, Merrick had declined 11 applications referred to EPS by Wigdore. Between July 24, 2012 and September 5, 2012, EPS nonetheless approved and forwarded to Merrick seven additional fraudulent merchant applications (for seven of the 2012 MNF Fictitious Companies), each of which had been referred by Wigdore.

107. These seven new applications appeared suspiciously similar to the 11 applications previously declined by Merrick. They attached the same facially suspect checks indicating that the merchants all banked at the same bank ("Chase") and had the same routing number. Four applications indicated that the merchant's bank was

associated with a single individual. For example, six "merchants" were identified as belonging to the "Group" associated with "Ryan Helms." Five "merchants" were identified as belonging to the "Group" associated with "Andrew Chavez." Six "merchants" were identified as belonging to the "Group" associated with "Ovi."

144. Of particular note, 17 "merchants" were identified as belonging to the "Group" associated with "Lance Himes." Lance Himes was a former associate of MNF who had participated in the MNF scam.

EPS Was Aware of Complaints Regarding the KMA-Wigdore Defendants' Other Deceptive Marketing Practices

145. EPS's employees were aware of complaints regarding various other deceptive marketing practices, not related to the MNF scam, engaged in by the KMA-Wigdore Defendants and the sales agents working in Wigdore's sales office. As early as December 19, 2011, one EPS employee emailed another EPS employee regarding a complaint received, stating: "New account we lost because Jay Wigdore lied."

146. In a February 22, 2012 email exchange between EPS employees regarding the "Wigdore accounts," one EPS employee discussed two merchants: "Both of merchants have similar story, doing "lead generating" for Jay Wigdore . . . Dorothy Ventures isn't a business. Both ladies are retired, damn near 90. I talked to Jordan in Q&A and Travis about these accounts . . . both agreed the accounts were are most likely opened fraudulently by the agent(s)."

147. In another email exchange between EPS employees, dated March 28, 2012, one employee described a consumer complaint received regarding false promises made

by the Wigdore sales agent: "They are promising trips/cruises/getaways etc to merchant for signing up with EPS." In reply, the other employee stated: "Yeah it's well-known at this point."

148. In another email exchange between EPS employees regarding "Jay Wigdore Accounts," dated September 11, 2012, one employee wrote: "We've seen an increase of non-installed merchants who are being signed up under false pretenses (age 2088)."

EPS's Principals, Defendants Thomas McCann and John Dorsey, and EPS's Risk Manager, Defendant Peterson, Personally Approved and Monitored the MNF Merchant Accounts

149. EPS Defendants Peterson, McCann and Dorsey directly participated in EPS's central role in laundering transactions for the MNF scam.

150. EPS required Peterson, EPS's Risk Manager, to closely track EPS's client merchants' sales and chargeback transaction activity on a regular basis. As noted above various emails indicate that Peterson knew a great deal about the fraudulent nature of th businesses in which KMA and MNF were engaged, and their credit card laundering activities. Peterson received emails from Merrick in 2012, discussed above, in which Merrick expressed concern about KMA's high chargeback rate "and the reason codes fo them (services not provided)" and in which Merrick expressed the opinion that KMA was engaged in the unlawful practice of "load balancing." In another email, Peterson expressed his conclusion that EPS should not fight a chargeback dispute involving a charge in the name of KMA Merchant Services for a "Rose Marketing" transaction, because "the argument against factoring is too great." In another email, Peterson directl

instructed Abdelmesseh, acting in his capacity as EPS's sales agent, to "spread out" KMA's client merchant's transactions across multiple merchant accounts opened in the names of several MNF Fictitious Companies. Peterson also kept close track of the vario EPS client merchants whose identities were concealed behind different company names and was fully aware that many of the MNF Fictitious Companies were related to the sam underlying merchant or individual.

151. Similarly, EPS's principals, Defendants McCann and Dorsey, approved and oversaw the MNF fraudulent merchant accounts, and personally met with the sales ager who referred the MNF Fictitious Companies to EPS.

merchant and, therefore, were likely being used to launder transactions for another merchant. As described above, in addition to numerous obvious signs that the purported merchants were not legitimate businesses, all the 2012 MNF Fictitious Company applications contained the facially suspect “Chase” checks—an obvious sign that the merchants likely were related to the same underlying merchant. Similarly, most of the 2013 MNF Fictitious Company applications stated that each of the merchants banked at the same Wells Fargo Bank branch.

155. Dorsey personally approved numerous MNF Fictitious Company applications, including one merchant (Doc Assistant) whose application indicated that Wigdore was a co-owner or co-officer of the merchant, and that the merchant did not have a business website and owed a “past due amount” of $20,225. Dorsey approved another merchant (Green Merchant Marketing), even though the merchant did not have business website and owed a “past due amount” of $139,463. Dorsey approved yet another merchant (V&R Marketing Solutions) who did not have a business website, owe a “past due amount” of $10,914, and whose credit report indicated that the merchant’s address did not match the address listed on the application.

156. On July 24, 2012, Dorsey approved a merchant (Elite Marketing Strategies), despite the fact that the merchant’s incorporation papers indicated that the merchant had different owners and a different business address than those listed on the application. Moreover, an EPS employee had specifically noted that the merchant share the same address as that of another EPS client merchant (JJB Marketing). EPS had previously processed for JJB Marketing just one month before, until it was instructed by

transferred a substantial amount of MNF merchant funds (derived from MNF credit card sales generated by 16 of the fraudulent merchant accounts) into EPS's own bank accounts, which were jointly owned and controlled by Dorsey and McCann.

Defendants Are Jointly and Severally Liable For the MNF Transactions EPS Laundered Through Fraudulent Merchant Accounts

160. Both the KMA-Wigdore Defendants and the EPS Defendants are jointly and severally liable for the harm caused to consumers when they laundered MNF transactions through the fictitious merchant accounts. Without the ISO and processing services provided by the Defendants, the MNF scam could not have obtained the fraudulent merchant accounts established at Merrick, which processed their credit card transactions.

161. EPS processed a total of more than $4,067,937 in sales transactions throug

merchants, Defendants Electronic Payment Systems, LLC; Electronic Payment Transfer LLC; John Dorsey; Thomas McCann; and Michael Peterson have engaged in credit card laundering on behalf of the Money Now Funding scam by:

a) Falsely representing that the fictitious companies listed as the applicants on the merchant applications were the true merchants who were applying for merchant accounts;

b) Approving and opening multiple merchant accounts in the names of numerous fictitious companies for the same underlying merchant, thereby concealing the true identity of the underlying merchant; and/or

c) Processing transactions for the same underlying merchant through multiple merchant accounts opened in the names of numerous fictitious companies, thereby concealing the true identity of the underlying merchant whose transactions were processed.

170. The Defendants' actions caused or were likely to cause substantial injury to consumers that is not reasonably avoidable by consumers themselves and that is not outweighed by countervailing benefits to consumers or competition.

171. Therefore, the Defendants' acts or practices, as described in Paragraphs 16 through 170 above, constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and (n).

VIOLATIONS OF THE TSR

172. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §

184. Dynasty Merchants, LLC's and Mihilli's acts or practices, as described in Paragraph 183 above, are deceptive telemarketing acts or practices, that violate the TSR, 16 C.F.R. § 310.3(c)(1).

COUNT VI
(Against All Defendants)

185. In numerous instances, Defendants provided substantial assistance or support to sellers and telemarketers (the MNF Fictitious Companies, or representatives or agents of the MNF Fictitious Companies) that the Defendants knew, or consciously avoided knowing, were engaged in credit card laundering acts or practices that violate Sections 310.3(c)(1) and (2) of the TSR, as described in Paragraphs 55 through 164 above.

186. Defendants' acts or practices alleged in Paragraph 185 above constitute deceptive telemarketing acts or practices, in violation of the TSR, 16 C.F.R. § 310.3(b).

CONSUMER INJURY

187. As described in Paragraphs 55 through 164 above, consumers throughout the United States have suffered and will continue to suffer substantial injury as a result of the Defendants' violations of the FTC Act and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.