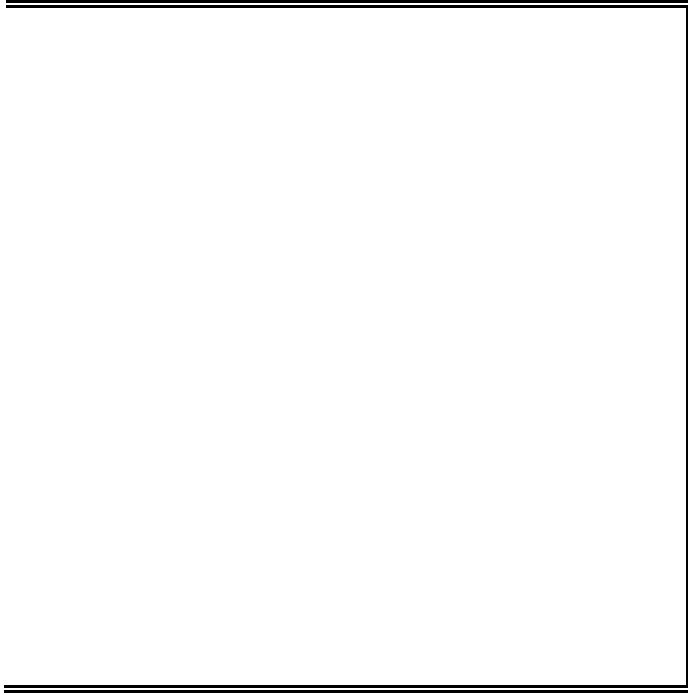


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1 merchant accounts supported telemarketing operations owned and managed by
2 Carl E. Morris, Jr. and located primarily in and around Phoenix, Arizona
3 (collectively, “Telemarketing Operations”).
4

5 10. The Telemarketing Operations deceived consumers by peddling
6 purported opportunities involving Amazon-linked websites and grants, with false
7 promises that these opportunities would generate substantial income. Consumers
8 who purchased the opportunities received only nominal products or services that
9 would not provide the promised income. No consumers generated income through
10 these opportunities. Defendants knew that the Telemarketing Operations were
11 making these false promises throughout the course of Defendants’ scheme to open
12 fraudulent merchant accounts.
13

14 11. Defendants’ fraudulent merchant accounts enabled the
15 Telemarketing Operations to process consumer credit card payments for the
16 worthless opportunities. In order to process credit card payments, a business
17 needs a merchant account with an “acquirer,” which is a financial institution that is
18 a member of the card associations, such as MasterCard or Visa. These acquirers
19 have screening and underwriting standards for opening merchant accounts that the
20 Telemarketing Operations could not meet given their deceptive business activity.
21 The merchant accounts created by Defendants enabled the Telemarketing
22 Operations to circumvent these standards by hiding the true nature of their
23 business activity from the acquirers.
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27 12. Defendants obtained the fraudulent merchant accounts by first
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1 information and the corporate information for Bay Harbor Associates LLC, which
2 Gouverneur created at Defendants' direction. On or about June 14, 2016,
3 CardFlex processed the application and opened a merchant account with Merchant
4 Number ending in 4390. The merchant account operated under a written
5 agreement with Bay Harbor Associates LLC, BMO, and PPS, that authorized only
6 the processing of credit card transactions between Bay Harbor Associates LLC
7 and its customers.
8

9
10 18. On or about June 14, 2016, Defendants submitted a merchant
11 account application to CardFlex using nominee Hugh Hubbard's personal
12 information and the corporate information for Texport Electronic Sales Company,
13 which Hubbard created at Defendants' direction. On or about July 1, 2016,
14 CardFlex processed the application and opened a merchant account with Merchant
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1 authorized only the processing of credit card transactions between Texport

2 Electronic Sales A33 Tr ()Tj 0 Tr T* wreen Tex

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1 Defendants have been unjustly enriched as a result of their unlawful acts or
2 practices. Absent injunctive relief by this Court, Defendants are likely to continue
3 to injure consumers, reap unjust enrichment, and harm the public interest.
4

5 **THIS COURT'S POWER TO GRANT RELIEF**

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

14 37. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the
15 Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief
16 as the Court finds necessary to redress injury to consumers resulting from
17 Defendants' violations of the TSR, including the rescission or reformation of
18 contracts, and the refund of money.
19

20 **PRAYER FOR RELIEF**

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22 Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15
23 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C. §
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