

COMMERCE

7. 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.

BACKGROUND ON SUBSTANCE USE DISORDERS AND TREATMENT

8. Substance use disorders occur when recurrent use of alcohol or drugs (or both) causes clinically significant impairment, including health problems, disability, or failure to meet major responsibilities at work, school, or home. According to the results of the 2018 National Survey on Drug Use and Health, (“NSDUH 2018”) conducted by the Substance Abuse and Mental Health Services Administration (“SAMHSA”) of the United States Department of Health and Human Services, approximately 20.3 million people aged 12 or older had a substance use disorder in 2018 related to the use of alcohol or illicit drugs. Also according to NSDUH 2018, approximately 21.2 million people aged 12 or older – or about 1 in 13 people in that age group – needed substance use treatment for problems related to use of alcohol or illicit drugs in the previous year. However, only 3.7 million people received any type of treatment, including counseling, attendance at self-help group meetings, or treatment for medical problems associated with alcohol or drug use. Of those who received treatment, an estimated 2.4 million received substance use treatment from a specialty facility, including a hospital (on an inpatient basis), mental health center, or drug or alcohol rehabilitation facility (as either an outpatient or inpatient).

9.

census of facilities providing substance abuse treatment throughout the country and publishes data on their characteristics. The 2018 National Survey of Substance Abuse Treatment Services report summarizes responses from 14,809 different facilities. The characteristics of the facilities varied widely. While most offered outpatient treatment (83%), far fewer offered residential treatment (24%) or hospital inpatient (5%) options. Only ten percent of the treatment facilities offered opioid treatment programs that were certified by SAMHSA for the provision of medication-assisted therapy with methadone, buprenorphine, or naltrexone. While 83 percent of facilities offered at least one program tailored for specific types of clients, half or fewer offered a treatment program tailored to individuals with co-occurring mental and substance abuse disorders (50%), adult women (49%), clients who have experienced trauma (40%), clients who have experienced sexual abuse (26%), adolescents (25%), pregnant women (23%), seniors or older adults (21%), LGBT clients (20%), or active-duty military members (11%). Fifty-one percent of facilities offered treatment services in languages other than English. Only 20% of the facilities offered any type of detoxification services. Ninety percent of facilities reported accepting cash or self-payment for services, while 71% accepted private insurance, 66% accepted Medicaid, and 36% accepted Medicare.

10.

DEFENDANTS' BUSINESS ACTIVITIES

11. Since at least early 2017, R360 LLC has provided marketing services to companies that provide treatment services to consumers suffering from substance use disorders ("Treatment Centers"). R360 LLC promoted its client Treatment Centers by running television advertisements for the "R360 Network," purported to be a nationwide network of addiction recovery specialists. To become a member of the R360 Network, Treatment Centers entered into contracts with R360 LLC that required the payment of monthly or annual fees to R360 LLC. Consumers who called in response to ads for the R360 Network would be routed to one of the Treatment Centers that had entered into such a contract with R360 LLC. In addition to monthly or annual marketing fees, Treatment Centers also typically paid R360 LLC a fee for each call they received from a consumer responding to an ad for the R360 Network.

12. Ads for the R360 Network did not mention any particular Treatment Centers by name. Instead, advertisements promised consumers that the R360 Network would direct persons seeking help with substance use disorders to ethical, high-quality, hand-selected Treatment Centers. Doumar had sole creative and editorial control over all television advertising for the R360 Network, as well as the R360 Network website and Facebook page.

13. Beginning in early 2017, Defendants began airing 30-second and 60-second short-form television ads promoting R360 Network. Doumar wrote all of the scripts for the ads. These ads featured Kenneth Seeley ("Seeley"), a well-known interventionist who has regularly appeared on the A&E television show *Intervention*. In the ads, Seeley – identified as an author, former addict, and "Addiction Recovery Specialist" – implored viewers struggling with drug or

alcohol addiction to call the R360 Network's "Nationwide Network of Addiction Specialists" to get the help they needed.

14. These short-form ads first aired between approximately January and April 2017. During that time, the R360 Network had only one Treatment Center as a member. Any consumer who called a telephone number displayed during the short-form ads would be connected to this Treatment Center, which had a single location in Florida. Defendants also ran these short-form ads from approximately March 2018 through February 2019.

15. In approximately April 2017, Defendants filmed a long-form television ad for the R360 Network. The ad had a talk-show format and was hosted by journalist and author Jane Velez-Mitchell. The ad also featured Seeley and Dr. Harry Haroutunian, the former medical director of the Betty Ford Center. In the ad, R360 LLC represented that the R360 Network was comprised only of the highest quality, cream of the crop, ethical Treatment Centers that had been hand-picked by Seeley. This advertisement contained the following statements, among others (Exhibit A):

A. JANE VELEZ-MITCHELL: Well, speaking of treatment centers, getting into the right treatment center is perhaps the most crucial decision you can make when you're getting sober. So how do people do that?

KEN SEELEY: Well, I'm fortunate because I've been working in the field for so long, so I've been out there to all these treatment centers all over the country and I was able to see which ones are doing things ethically. So we handpicked those.

JANE VELEZ-MITCHELL: So you apparently have a system –

KEN SEELEY: Yes.

JANE VELEZ-MITCHELL: – to get the cream of the crop –

KEN SEELEY: Yes.

JANE VELEZ-MITCHELL: – when it comes to treatment centers and get rid of the bad guys.

KEN SEELEY: Yeah. And seeing the bad guys and hearing about the bad guys and all the negative things that they're doing, I mean, they're patient brokering, they're overbilling for urine tests, they're doing all these unethical practices that are creating a bad name for all the treatment centers. But because we hand-selected the good ones and we know who they are, that's the way to find them is, you know, let us show you the ones of the 17-plus years of me out there working in the trenches, let's give you the right treatment centers.

JANE VELEZ-MITCHELL: So how do people, through you, get to those good treatment centers.

KEN SEELEY: Here, call us now.

ON SCREEN: R360Network
Call Now:
Help is Standing By:

- B. FEMALE ANNOUNCER: If you or someone you love are struggling with addiction, you need to call the R360Network now.

ON SCREEN: R360Network Treatment Centers
Selected From The Very Best In The Nation
CALL NOW
R360Network
The call is FREE Secure and Confidential

FEMALE ANNOUNCER: R360 treatment centers are selected from the very best in the nation.

- C. KEN SEELEY: I want to introduce you to Madison, who's been through numerous treatment centers....

KEN SEELEY: And explain how it was for you when you first had to pick up that phone and the fears that you had.

ON SCREEN: MADISON H.
RECOVERING ADDICT
R360Network.

MADISON H.: – I didn't know who to call, I didn't know where to look. I had no idea about treatment or detox or what it entailed....

JANE VELEZ-MITCHELL: Let me ask you this, do you wish you had had a number that you could have called that would have streamlined the whole process for you and put you in the treatment center that was right for you?

MADISON H.: That would have made it a lot easier, yeah, definitely.

KEN SEELEY: And you're already struggling, you're already struggling at that –

MADISON H.: Yeah.

KEN SEELEY: – crucial time, and trying to figure out where to go makes it even much more difficult. So having this number to call that we vetted and found treatment facilities that are the best of the best, the cream of the crop. And that's what this is really about, is helping people that were sitting where you are right now and getting to the place where you're at because going to treatment does help.

JANE VELEZ-MITCHELL: Because you don't always find the right treatment center on your own. So how many treatment centers have you been to?

MADISON H.: Probably around eight or ten.

JANE VELEZ-MITCHELL: Whoa.

KEN SEELEY: Whew.

JANE VELEZ-MITCHELL: And what – what made some better than others?

MADISON H.: The staff that was there definitely had a huge influence on

DR. HARRY HAROUTUNIAN: But the beautiful part about the network is that you're guaranteeing that the personnel that are delivering the personalized service are qualified.

KEN SEELEY: Yes.

DR. HARRY HAROUTUNIAN: That's critical. You want to have Master's level at least or doctoral level therapists working on a patient, who can specifically deal with the patient. You want to be able to treat the person for all of the co-occurring experiences, co-dependents, chronic pain issues, trauma, but not too early in the treatment experience.

KEN SEELEY: Sure.

JANE VELEZ-MITCHELL: Well, I think this is a huge leap that now there is a number to call where people can get help and it filters everybody through to the best treatment centers. Don't you think that's kind of revolutionary, Doctor?

DR. HARRY HAROUTUNIAN: From my perspective, it saves me a lot of work. Do you have any idea how many patients I'll treat that have made the wrong decision on the wrong center?

KEN SEELEY: Mm-hmm.

DR. HARRY HAROUTUNIAN: It wasn't right for them or were sold a bill of goods or the staff was not engaged or they just didn't have the credentials.

JANE VELEZ-MITCHELL: If there's a person out there watching who knows they have a relative, a son, a daughter, a wife, mother, who has a problem, what would you tell that relative to do, vis-a-vis, calling that number?

DR. HARRY HAROUTUNIAN: I would say that you have to act like death is imminent, that you will save a life....

recommended and whose owners Seeley knew. However, almost all of these Treatment Centers declined to join the R360 Network. Doumar then compiled lists of additional Treatment Centers that he considered potential candidates to join the R360 Network and directed others to conduct outreach efforts to attempt to get the Treatment Centers to join. Doumar compiled these lists of

27. Each dissemination of an advertisement in which Defendants violated OARFPA by making one or more of the deceptive representations described below after October 24, 2018, constitutes a separate violation for which Plaintiff seeks monetary civil penalties.

28. Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. § 45(m)(1)(A), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Public Law 114-74, sec. 701, 129 Stat. 599 (2015), and Section 1.98(d) of the FTC's Rules of Practice, 16 C.F.R. § 1.98(d), authorizes this Court to award monetary civil penalties of not more than \$46,517 for each violation of OARFPA after January 10, 2022, including penalties whose associated violation predated January 10, 2022.

Count I

29. In numerous instances in connection with the advertising, marketing, and promotion of substance use disorder treatment services after October 24, 2018, including through the means described in Paragraphs 11-17, Defendants have represented, directly or indirectly, expressly or by implication, that:

- a. Consumers who called the telephone numbers provided in ads for the R360 Network would be connected to an addiction treatment specialist who would consider the caller's individual needs and make a personalized assessment to refer the caller to the best Treatment Center for his or her particular situation;
- b. Seeley used his expertise in substance use disorders and addiction treatment to evaluate Treatment Centers in the R360 Network and hand selected each R360 Network member; and

c. Defendants evaluated each of the Treatment Centers in the R360 Network against meaningful, rigorous, objective criteria.

30. In truth and in fact:

a. Consumers who called the telephone numbers provided in ads for the R360 Network received no personal assessment, but were instead immediately routed to a Treatment Center without regard for their individualized needs;

b. Seeley did not use his expertise in substance use disorders and addiction treatment to evaluate Treatment Centers in the R360 Network and did not hand select each R360 Network member; and

c. Defendants did not evaluate the Treatment Centers in the R360 Network against meaningful, rigorous, objective criteria.

31. Therefore, the making of the representations as set forth in Paragraph 29 constitutes a deceptive act or practice in violation of Section 8023(a) of OARFPA, 15 U.S.C. § 45d(a).

VIOLATION OF THE FTC ACT

32. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.” Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

Count II

33. In numerous instances in connection with the advertising, marketing, and promotion of substance use disorder treatment services, including through the means described

in Paragraphs 11-17, Defendants have represented, directly or indirectly, expressly or by implication, that:

- a. Consumers who called the telephone numbers provided in ads for the R360 Network would be connected to an addiction treatment specialist who would consider the caller's individual needs and make a personalized assessment to refer the caller to a Treatment Center appropriate for his or her particular situation;
- b. Seeley used his expertise in substance use disorders and addiction treatment to evaluate Treatment Centers in the R360 Network and hand selected each R360 Network member; and
- c. Defendants evaluated each of the Treatment Centers in the R360 Network against meaningful, rigorous, objective criteria.

34. In truth and in fact:

- a. Consumers who called the telephone numbers provided in ads for the R360 Network received no personal assessment, but were instead immediately routed to a Treatment Center without regard for their individualized needs;
- b. Seeley did not use his expertise in substance use disorders and addiction treatment to evaluate Treatment Centers in the R360 Network and did not hand select each R360 Network member; and
- c. Defendants did not evaluate the Treatment Centers in the R360 Network against meaningful, rigorous, objective criteria.

35. Therefore, the making of the representations as set forth in Paragraph 33 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

36. Consumers have suffered substantial injury as a result of Defendants' violations of the FTC Act and OARFPA. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

PRAYER FOR RELIEF

Wherefore, Plaintiff requests that the Court:

- A. Enter a permanent injunction to prevent future violations of the FTC Act and OARFPA by Defendants;
- B. Award Plaintiff monetary civil penalties from Defendants for each violation of OARFPA alleged in this Complaint;
- C. Award monetary and other relief within the Court's power to grant; and
- D. Award any additional relief as the Court determines to be just and proper.

Respectfully submitted,

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