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17 ATTORNEYS FOR PLAINTIFF
18 FEDERAL TRADE COMMISSION

19 UNITED STATES DISTRICT COURT
20 SOUTHERN DISTRICT OF CALIFORNIA

21 FEDERAL TRADE COMMISSION,

22 Plaintiff,

23 v.

24 NEOVI, INC., d/b/a NEOVI DATA
25 CORPORATION and QCHEX.COM, et al.,

26 Defendants.

CASE NO. 06CV1952 JLS (JMA)

**FEDERAL TRADE COMMISSION'S
APPLICATION FOR AN ORDER TO
SHOW CAUSE WHY THOMAS
VILLWOCK, JAMES M. DANFORTH,
G7 PRODUCTIVITY SYSTEMS,
IPROLOG CORPORATION AND
FREEQUICK WIRE CORPORATION
SHOULD NOT BE HELD IN
CONTEMPT**

Hearing Date: January 21, 2010

Time: 1:30 p.m.

Courtroom 6

Judge: Hon. Janis L. Sammartino

27 Plaintiff moves this Court for an Order to Show Cause why Thomas Villwock, James
28 M. Danforth, G7 Productivity Systems, iProlog Corporation and FreeQuick Wire Corporation
(collectively "Contempt Defendants") should not be held in contempt for violating this Court's

1 Final Order for Permanent Injunction and Other Equitable Relief (“Final Order”) entered on
2 January 7, 2009. Contempt Defendants have violated and are continuing to violate the Final
3 Order by failing to perform any identity or account verification before creating and delivering
4 checks for customers, and by failing to follow any of the Court’s complaint investigation
5 procedures.

6 Specifically, the Contempt Defendants have been violating the core provisions of the
7 Final Order since the date it was issued through their continuing operation of
8 FreeQuickWire.com (“FQW”), an electronic check creation and delivery service nearly
9 identical to the Qchex and GoChex services that the Court found violated Section 5 of the FTC
10 Act and significantly facilitated fraudulent activity. Completely disregarding the Court’s
11 express instructions in the Final Order, Contempt Defendants create checks through FQW
12 without implementing any of the required account control and identity verification procedures
13 or the mandatory investigative regiment, thereby leaving unsuspecting consumers’ financial
14 accounts vulnerable to fraud. Indeed, as discussed below, FTC investigators easily created
15 eleven “unauthorized” checks through FQW, using one undercover identity to “steal” money
16 from another identity’s undercover financial account. In total, FTC investigators created and
17 delivered eighteen FQW checks, printing fifteen and depositing nine of those checks, all
18 without any attempts by FQW to verify any information whatsoever from the FQW user.

19 Accordingly, the Commission is seeking an order to show cause why Contempt
20 Defendants should not be held in civil contempt for violating the Final Order and the entry of
21 contempt sanctions. In addition, Contempt Defendants have shown no inclination to comply
22 with the Final Order or that they can operate this type of business lawfully even under a court
23 order. Because of these changed circumstances, the Commission is concurrently filing a
24 separate motion against Defendants Villwock, Danforth, and G7, pursuant to Federal Rule of
25 Civil Procedure 60(b), seeking to modify the Final Order to ban them permanently from
26 participating in services that create or deliver checks to consumers.

1 This motion is supported by the accompanying memorandum of points and authorities,
2 the exhibits attached to it, exhibits previously filed in this matter in connection with various
3 pleadings filed by the parties and orders entered by the Court. For the foregoing
4 reasons, and those set forth more fully in the accompanying Memorandum, the Federal Trade
5 Commission respectfully requests that the Court grant this Order to Show Cause why
6 Contempt Defendants should not be held in civil contempt and enter civil contempt sanctions
7 against them.

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10 Date Submitted: October 15, 2009

Respectfully submitted,

11 /s/ Laura Schneider

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13 Laura Schneider
14 Korin K. Ewing
15 Attorneys for Plaintiff
16 FEDERAL TRADE COMMISSION
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CERTIFICATE OF SERVICE

This is to certify that on October 15, 2009, I served true and correct copies of the following:

- (1) Federal Trade Commission’s Application for an Order to Show Cause Why Thomas Villwock, James M. Danforth, G7 Productivity Systems, iProlog Corporation and Freequick Wire Corporation Should Not Be Held in Contempt;**
- (2) Federal Trade Commission’s Memorandum in Support of its Application for an Order to Show Cause Why Thomas Villwock, James M. Danforth, G7 Productivity Systems, iProlog Corporation and Freequick Wire Corporation Should Not Be Held in Contempt;**
- (3) Federal Trade Commission’s Motion to Modify Final Order and Memorandum in Support;**
- (4) Exhibits to Memoranda in Support of Federal Trade Commission’s Application for an Order to Show Cause Why Thomas Villwock, James M. Danforth, G7 Productivity Systems, iProlog Corporation and Freequick Wire Corporation Should Not Be Held in Contempt and Motion to Modify the Final Order;**
- (5) Proposed Order to Show Cause Why Thomas Villwock, James M. Danforth, G7 Productivity Systems, iProlog Corporation and Freequick Wire Corporation Should Not Be Held in Contempt; and**
- (6) Proposed Supplemental Final Order for Permanent Injunction and Other Equitable Relief**

by filing the document electronically through the CM/ECF system on October 15, 2009, or by sending the package via an overnight delivery service (such as Federal Express) to:

James C. Stevens
402 West Broadway
Suite 400
San Diego, California 92101
(619) 934-9946
(619) 934-2844 (fax)
Attorney for Defendants Neovi, Inc., G7 Productivity Systems, Inc.,
James Danforth, and Thomas Villwock

FreeQuick Wire Corporation
ATTN: Diana Villwock, Director or Thomas Villwock, President
18697 Bernardo Trails Dr.
San Diego, CA 92127

iProlog Corporation
ATTN: Thomas Villwock, Director and President
11956 Bernardo Plaza Dr., Ste 351
San Diego, CA 92128

I swear under penalty of perjury that the foregoing is true and correct. Executed this October 15, 2009, at Washington, D.C.

/s/ Laura Schneider
LAURA SCHNEIDER