FILED RECEIVED 1 WILLARD K. TOM General Counsel 2 1 DEC 28 2000 1 BARBARA Y.K. CHUN, Cal. Bar No. 186907 3 RAYMOND E. MCKOWN, Cal Bar No. 150975 Federal Trade Commission 4 10877 Wilshire Blvd., Ste. 700 5 Los Angeles, CA 90024 6 (310) 824-4343 (phone) bchun@ftc.gov; rmckown@ftc.gov Attorneys for Plaintiff FTC 8 TERRY GODDARD 9 Attorney General for the State of Arizona 10 NOREEN R. MATTS, AZ Bar No. 10363 Unit Chief Counsel 11 Consumer Protection and Advocacy Section 12 400 West Congress, South Building Tucson, Arizona 85701 13 (520) 628-6504 (phone) 14 Noreen.Matts@azag.gov Attorneys for Plaintiff State of Arizona 15 16 UNITED STATES DISTRICT COURT 17 DISTRICT OF ARIZONA 18 Federal Trade Commission; and 19 State of Arizona, Case No. Plaintiffs, GIVO9-721 TUCDCB 20 21 Government Careers Inc., a Delaware Corporation; 22 Jon Coover, COMPLAINT FOR PERMANENT 23 individually and as an officer INJUNCTION AND OTHER of Government Careers Inc.; 24 **EQUITABLE RELIEF** Richard Friedberg, 25 individually and as an officer of Government Careers Inc.; and 26 Rimona Friedberg, 27 individually and as an officer of Government Careers Inc.; 28 Defendants.

## **PLAINTIFFS**

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  6. The FTC is an independent agency of the United States Government
  4 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC
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  Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
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  7 affecting commerce.
  - 7. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).
  - 8. Plaintiff State of Arizona is one of fifty sovereign states of the United States. The State of Arizona, through its Attorney General, is authorized to initiate proceedings to enjoin violations of the Consumer Fraud Act, A.R.S. § 44-1521 *et seq.* and to seek injunctive relief, restitution and civil penalties and other relief as this Court deems appropriate. This Court has supplemental jurisdiction over Plaintiff State of Arizona's claims under 28 U.S.C. § 1367.

## **DEFENDANTS**

9. Defendant Government Careers Inc. ("GCI") is a Delaware corporation with its principal place of business at 702 S. Craycroft Blvd. Suite F, Tucson, AZ 85711. GCI transacts or has transacted business in this district and throughout the

United States. At all times material to this Complaint, acting alone or in concert with others, GCI has advertised, marketed, distributed, or sold employment goods or services to consumers throughout the United States.

- 10. Defendant Jon Coover is the president, CEO, a director, and owner of GCI. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Jon Coover, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.
- 11. Defendant Richard Friedberg is the vice-president, a director, and owner of GCI. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Richard Friedberg 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.
- 12. Defendant Rimona Friedberg is the corporate secretary, treasurer, and a manager of GCI. At all times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Rimona Friedberg resides in this district and, in connection with the matters alleged herein,

1	transacts or has transacted business in this district and throughout the United States				
2	COMMERCE				
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4	13. At all times material to this Complaint, Defendants have maintained a				
5	substantial course of trade in or affecting commerce, as "commerce" is defined in				
6 7	Section 4 of the FTC Act, 15 U.S.C. § 44.				
8	DEFENDANTS' BUSINESS ACTIVITIES				
9	14. Since at least March 2009, Defendants have marketed and sold				
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11	employment goods or services to consumers throughout the United States. These				
12	employment goods or services consist of 1) a packet of study materials containing				
13	information relating to employment exams purportedly required by job seekers to				
14	information relating to employment exams purportedly required by job seekers to				
15	obtain a government job, and 2) a government career counseling service.				
16	15. Defendants market their employment goods or services both by				
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18	advertising on job search websites such as Careerbuilder.com or Yahoo! Hot Jobs,				
19	and by responding to resumes that job seekers have posted on those sites.				
20	16. To market their study materials, Defendants grab consumers' attention				
21	10. 10 market then beauty materials, 2 eventuals grad comparies attention				
22	with online ads that look like postings for "Postal Jobs," "Wildlife Jobs," "Border				
23	Patrol [agents]," or "Administrative Support and Clerical" jobs.				
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25	17. Defendants' postal jobs advertisements often contain the following				
26	statements, among others:				
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1 Public Announcement UNITED STATES POSTAL JOBS 2 **HIRING NOW** 3 CALL GOVERNMENT CAREERS POSTAL DIVISION FIRST TO DETERMINE YOUR QUALIFICATIONS 4 TOLL FREE 5 1-877-318-4520 6 18. In numerous instances, the ads go on to list various positions with the 7 U.S. Postal Service (USPS), such as mail carriers, clerks, and mail handlers. The ads then state "No Experience Necessary." They also tout a laundry list of benefits 10 including "Average Starting Pay is \$20 per hour. Average Postal Worker Earns 11 12 \$60,000 per year. EXCELLENT GOVERNMENT BENEFITS. Fully Paid 13 Training[,] Health Insurance[,] Paid Overtime[,] Life Insurance." The ads urge, 14 "DON'T MISS OUT" and "ACT NOW- CALL NOW," and even "CALL NOW 15 16 AND EXPERIENCE GUARANTEED SUCCESS." 17 19. Many of the online ads that Defendants run for "wildlife jobs," border 18 19 patrol agents, and administrative support and clerical jobs make claims identical to 20 those in their postal jobs ads. For example, the wildlife and border patrol jobs ads 21 similarly proclaim the wide availability of positions such as "Agents Needed!" or 22 23 "THE FEDERAL GOVERNMENT IS HIRING" and "3000 NEW JOBS WERE 24 ANNOUNCED TO PUT OUR PARKS IN SHAPE. . . MANY OPENINGS." The 25 ads describe the positions as "no experience necessary," and providing paid on-the-26

job training, excellent government benefits, and generous starting pay such as

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"average starting pay [of] \$20 per hour." These ads also strike a tone of urgency and admonish the reader to "ACT TODAY" and "CALL TOLL FREE NOW."

- 20. When Defendants advertise the postal, wildlife, border patrol agent, and administrative support and clerical positions, they post them for locations all over the country and do not disclose a possible need to relocate.
- 21. Although these ads look like postings for actual jobs, they are not.

  Defendants reveal, although usually in mouse print sometimes buried in the middle of a paragraph found at the very end of the ad, that GCI "is not affiliated with the government nor is it an employment agency . . . Instead we are in the business of counseling people with Internet research, building government K[nowledge,]

  S[kills, and] A[bilities], redeveloping resumes, guidance through the various government applications, thereby counseling each person through the development of their government employment package."
- 22. Nevertheless, because of the ads' more obvious enticements, consumers call GCI as urged to learn more about the jobs. Only then do Defendants' telemarketers divulge that they are actually selling study materials for the employment exams that Defendants claim *all* consumers must pass before they can be hired by a federal agency, regardless of which position the consumers are calling about.
  - 23. In fact, however, some of the federal agencies that Defendants mention

as requiring prospective employees to take an exam, such as the National Park Service or the U.S. Forest Service, do not require one.

- 24. Defendants tell consumers that the USPS and the U.S. Customs and Border Protection (CBP), which hires border patrol agents, require job applicants to pass a written employment examination. Defendants fail to tell consumers that both the USPS and the CBP have considerable prerequisites before any applicant may take the required written exam.
- 25. For example, before an applicant can take the written exam that the USPS requires for 95% of its positions, first there must be a job opening to which the consumer can apply. Second, the application is screened to ensure the applicant meets any minimum standards such as being at least 18 years of age, or 16 years old with a high school diploma, a U.S. citizen or permanent resident alien, and registered for the Selective Service if a male. Third, the applicant must take an online portion of the employment exam that explores the applicant's personal characteristics and experience. Only if the applicant passes the online portion may the applicant take the required written test for the particular job opening. The CBP has a very similar screening process for border patrol agent positions.
- 26. Because of the various prerequisites, however, Defendants often sell their study materials to consumers who will not actually be able to take the exam because the consumer cannot satisfy the agency's prerequisites.

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- 27. Defendants' telemarketers tell the consumers that GCI's study materials will "guarantee" that the consumers will pass any purportedly required exam with a score of 95% or better. Further, Defendants contend that this score of 95% or better will assure the consumers of a getting the desired job.
- 28. In actuality, even for positions with the USPS or the CBP that do require prospective employees to take an exam, even a high passing score of 95% or better does not assure any exam taker of a job with the USPS or the CBP.
- 29. Defendants make the purchase seem risk-free by promising that if the consumers do not pass the exam with a score of 95% or better, Defendants will refund their money.
- Defendants' refund policy is illusory. In many instances, consumers 30. who buy the study materials are unable to take any exam as required by the refund policy either because the hiring agency does not require an exam for employment, or because, as in the case of USPS or border patrol agent jobs, the consumer cannot meet the agency's prerequisites to take the exam.
- 31. When consumers ask if the desired postal or border patrol agent jobs are available in the consumers' location, Defendants' telemarketers often assure the consumers that they are. In reality, however, the CBP and the USPS have had hiring freezes or hired a limited number of employees during the time Defendants have advertised, so no or very few jobs are available in the consumers' areas.

- 32. In order to obtain the study materials, Defendants tell consumers that they must immediately pay a fee of \$119 over the phone via credit card or debit card.
- 33. In return for their fee, consumers receive study materials either as email attachments or on CD via U.S. Mail. The study materials for each of the positions generally include basic information on job application and interview techniques, as well as practice questions and tests.
- 34. Defendants also market and sell a government career counseling service. Defendants do not pitch the counseling service to the same consumers who respond to their ads. Rather, Defendants sell this service to consumers who post their resumes on job websites such as Careerbuilder.com or Yahoo! Hot Jobs. Defendants' telemarketers call these job seekers and pitch Defendants' government career counseling service to them.
- 35. Defendants tell these consumers that Defendants will counsel and guide the consumers through the complex process of gaining federal employment. Defendants' telemarketers claim that their career counselors will help these clients polish their resumes, get through government website filters, help them prepare for any employment exams, and guide them through the interview process.
- 36. The stated fee for Defendants' counseling service is \$965. However, Defendants' telemarketers tell consumers that they need not pay for the counseling

services until they obtain a government job. Contrary to this promise, Defendants bill or have a third party bill many consumers for the counseling service right away and demand immediate payment of either the full amount or a monthly payment, well before they have obtained the promised government job. Defendants or their agents subsequently engage in collection efforts.

# **VIOLATIONS OF THE FTC ACT**

- 37. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."
- 38. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.
- 39. As set forth below, Defendants have engaged and continue to engage in violations of Section 5(a) of the FTC Act in connection with the advertising, marketing and sale of employment goods or services.

#### **COUNT I**

# (By Plaintiff Federal Trade Commission)

40. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of employment goods or services, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants' employment goods or services are guaranteed, or highly likely, to obtain employment with a federal agency.

- 41. In truth and in fact, in numerous instances, when Defendants have made the representations set forth in paragraph 40 of this Complaint, consumers who purchase Defendants' goods or services are not guaranteed, or highly likely, to obtain employment with a federal agency.
- 42. Therefore, Defendants' representations as set forth in Paragraph 40 of this Complaint are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT II**

## (By Plaintiff Federal Trade Commission)

- 43. In numerous instances, Defendants have represented, directly or indirectly, expressly or by implication, that the U.S. Customs and Border Protection and the U.S. Postal Service have jobs available in the particular geographic areas advertised by Defendants.
- 44. In truth and in fact, in numerous instances, when Defendants have made the representation set forth in paragraph 43 of this Complaint, the U.S. Customs and Border Protection and the U.S. Postal Service do not have jobs available in the particular geographic areas during the time periods in which Defendants' ads are running.
- 45. Therefore, Defendants' representation as set forth in Paragraph 43 of this Complaint is false and misleading and constitutes a deceptive act or practice, in

or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). **COUNT III** 4 5 (By Plaintiff Federal Trade Commission) 6 46. In numerous instances in connection with the advertising, marketing, 7 promotion, offering for sale, or sale of employment goods or services, Defendants have represented, directly or indirectly, expressly or by implication, that the federal 10 agencies mentioned in Defendants' ads and sales pitches require job applicants to 11 12 take a written exam in order to obtain employment. 13 47. In truth and in fact, in numerous instances, when Defendants have 14 made the representation set forth in Paragraph 46 of this Complaint, some of the 15 16 federal agencies mentioned in Defendants' ads and sales pitches, including the 17 National Park Service, do not require job applicants to take a written exam in order 18 to obtain employment. 19 20 48. Therefore, Defendants' representation as set forth in Paragraph 46 of 21 this Complaint is false and misleading and constitutes a deceptive act or practice in 22 23 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). 24 **COUNT IV** 25 (By Plaintiff Federal Trade Commission) 26 27 49. In numerous instances, Defendants have represented, directly or

#### **COUNT V**

# (By Plaintiff Federal Trade Commission)

- 52. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of employment services, Defendants have represented, directly or indirectly, expressly or by implication, that Defendants will not bill or charge consumers for services marketed by Defendants until the consumers have obtained a job with a federal agency.
- 53. In truth and in fact, in numerous instances, when Defendants have made the representation set forth in paragraph 52 of this Complaint, Defendants bill or charge consumers for services marketed by Defendants before consumers have obtained a job with a federal agency.
- 54. Therefore, Defendants' representation as set forth in Paragraph 52 of this Complaint is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

# VIOLATIONS OF THE ARIZONA CONSUMER FRAUD ACT

The Consumer Fraud Act at A.R.S. § 44-1522(A) states the following:

The act, use, or employment by any person of any
deception, deceptive act or practice, fraud, false pretense,
false promise, misrepresentation, or concealment,
suppression or omission of any material fact with intent

that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise whether or not any person has in fact been misled, deceived, or damaged thereby, is declared to be an unlawful practice.

- The Consumer Fraud Act at A.R.S. § 44-1522(C) states the following:

  It is the intent of the legislature, in construing the

  provisions of subsection A of this section, that the courts

  may use as a guide interpretations given by the Federal

  Trade Commission and the federal courts to 15 United

  States Code §§ 45, 52 and 55(a)(1).
- 57. Defendants operate Government Careers Inc., from a location in Tucson, Arizona.
- 58. Pursuant to A.R.S. § 44-1521(5), "Merchandise" means any objects, wares, goods, commodities, intangibles, real estate, or services.
- 59. Defendants have advertised and sold government employment merchandise in the State of Arizona.

#### **COUNT VI**

## (By Plaintiff State of Arizona)

60. Defendants have violated and continue to violate the Consumer Fraud

Act, A.R.S. § 44-1521 *et seq.*, by disseminating false, deceptive or misleading information and by engaging in false, deceptive or misleading actions in connection with the sale or advertisement of government employment goods or services.

- 61. In numerous instances, Defendants, in connection with their advertising, marketing, promotion, offer for sale or sale of employment goods or services, have deceived and misled consumers and continue to deceive and mislead consumers into believing that Defendants will or can guarantee or make it highly likely that consumers who purchase Defendants' government employment goods or services will obtain federal government employment, when such is not the case.
- 62. In numerous instances, Defendants, in connection with their advertising, marketing, promotion, offer for sale or sale of employment goods or services, deceived and misled consumers and continue to mislead and deceive consumers into believing that the U.S. Customs and Border Protection and the U.S. Postal Service have jobs available in the advertised geographic areas during the time periods in which Defendants advertise, when such is not the case.
- 63. In numerous instances, Defendants, in connection with their advertising, marketing, promotion, offer for sale or sale of employment goods or services, deceived and misled consumers and continue to deceive and mislead consumers into believing that certain federal agencies whose jobs Defendants advertise and promote require consumers to take a written test to obtain federal

employment, when such is not the case.

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64. In numerous instances, Defendants, in connection with their advertising, marketing, promotion, offer for sale or sale of employment goods or services, deceived and misled consumers and continue to deceive and mislead consumers into believing that Defendants will provide a full refund of the total fees consumers have paid Defendants if consumers do not receive a 95% (95 per cent) or better score on a written exam a federal agency requires, when such is not the case.

Defendants mislead consumers because they fail to tell consumers the following, without restriction:

- that the federal agency for which the consumer is purchasing study a. materials does not give any exam; or
- b. that the federal agency for which the consumer is purchasing study materials requires an applicant to satisfy specific prerequisites before any applicant is eligible to take any exam.
- In numerous instances, Defendants, in connection with their 65. advertising, marketing, promotion, offer for sale or sale of employment goods or services, deceived and misled consumers and continue to deceive and mislead consumers into believing that Defendants will not charge consumers for the Defendants' employment goods and services until a federal agency hires the consumers, when such is not the case.

66. In the acts alleged in paragraphs 55 through 65 above, Defendants acted willfully pursuant to A.R.S. §§ 44-1531 (A) and (B) which state:

A. If a court finds that any person has willfully violated § 44-1522, the attorney general, upon petition to the court may recover from the person on behalf of the state a civil penalty of not more than ten thousand dollars per violation.

B. For purposes of this section, a willful violation occurs when the party committing the violation knew of should have known that his conduct was of the nature prohibited by A.R.S. § 44-1522.

## **CONSUMER INJURY**

67. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the Arizona Consumer Fraud Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

# THIS COURT'S POWER TO GRANT RELIEF

68. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in

the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

69. The count based upon state law may be enforced by this Court through its pendent or supplemental jurisdiction pursuant to 28 U.S.C. § 1367, and this Court may award relief under Arizona Revised Statute §§ 44-1531 (A) and (B).

## PRAYER FOR RELIEF

Wherefore, Plaintiffs, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), A.R.S. § 44-1531 (A), and the Court's own equitable powers, request that the Court:

- A. Award Plaintiffs such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions;
- B. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants and the Arizona Consumer Fraud Act by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the Arizona Consumer Fraud Act, including but not limited to, civil penalties, rescission or

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1	reformation of contracts, restitution, the refund of monies paid, and the				
2	disgorgement of ill-gotten monies; and				
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4	D.	Award Plaintiffs the cos	sts of bringing this action, as well as suc	h other	
5	and additional relief as the Court may determine to be just and proper.				
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7			Respectfully submitted,	į Ł	
8			WILLARD K. TOM		
9			General Counsel, FTC		
10	Data di Aid	<u>ember 24,</u> 2009	Bendana Y. K. Chein		
11	Dated: KRA	<u>muje 2=7,</u> 2009	Barbara Y.K. Chun		
12			Raymond E. McKown		
13			Attorneys for Plaintiff FEDERAL TRADE COMMISSION		
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TERRY GODDARD Attorney General, State of Arizona Dated: W 24, 2009 horen Rmail Noreen R. Matts Attorneys for Plaintiff STATE OF ARIZONA