

1 COLLOT GUERARD
cguerard@ftc.gov
2 J. RONALD BROOKE, JR.
Jbrooke@ftc.gov
3 TERESA CHEN
tchen@ftc.gov
4 Federal Trade Commission
600 Pennsylvania Avenue, NW, Room 288
5 Washington, DC 20580
202-326-3338 (Ms. Guerard)
6 202-326-3484 (Mr. Brooke)
202-326-3216 (Ms. Chen)
7 202-326-3395 (facsimile)

8 BLAINE T. WELSH
blaine.welsh@usdoj.gov
9 Assistant United States Attorney
Nevada Bar No. 4790
10 333 Las Vegas Blvd. South, Suite 5000
Las Vegas, NV 89101
11 702-388-6336 (Mr. Welsh)
702-388-6787 (facsimile)
12 Attorneys for Plaintiff Federal Trade Commission

14 **UNITED STATES DISTRICT COURT**
15 **FOR THE DISTRICT OF NEVADA**

16
17 **FEDERAL TRADE COMMISSION,** **Plaintiff,**

18 **v.**

19 **JEREMY JOHNSON, individually, as officer of**
20 **Defendants I Works, Inc.; Cloud Nine, Inc.; CPA**
21 **Upsell, Inc.; Elite Debit, Inc.; Internet Economy,**
22 **Inc.; Market Funding Solutions, Inc.; and**
23 **Success Marketing, Inc.; as a member of**
24 **Defendant Network Agenda LLC; and as the *de***
25 ***facto* principal of numerous Defendant Shell**
26 **Companies identified below;**

27 **DUANE FIELDING, individually, as an officer**
28 **of Anthon Holdings, Inc., and as a member of**
Defendant Network Agenda LLC;

ANDY JOHNSON, individually, as a manager of
I Works, Inc., and as titular principal of
numerous Defendant Shell Companies identified
below;

10-cv-2203-RLH (GWF)

COMPLAINT

1 **LOYD JOHNSTON, individually, as a manager**
2 **of I Works, Inc., and as titular principal of**
3 **numerous Defendant Shell Companies identified**
4 **below;**

5 **SCOTT LEAVITT, individually, as a manager of**
6 **I Works, Inc., and as a principal of Defendant**
7 **Employee Plus, Inc.;**

8 **SCOTT MUIR, individually and as titular**
9 **principal of numerous Defendant Shell**
10 **Companies identified below;**

11 **BRYCE PAYNE, individually, as a manager of**
12 **I Works, Inc., and as titular principal of**
13 **Defendant JRB Media, Inc., a Shell Company;**

14 **KEVIN PILON, individually and as titular**
15 **principal of numerous Defendant Shell**
16 **Companies identified below;**

17 **RYAN RIDDLE, individually, as a former**
18 **manager of I Works, Inc., and as titular**
19 **principal of Defendant Diamond J Media, Inc., a**
20 **Shell Company;**

21 **TERRASON SPINKS, individually and as**
22 **principal of Defendant Jet Processing, Inc., a**
23 **Shell Company;**

24 **I WORKS, INC., a Utah Corporation;**

25 **ANTHON HOLDINGS CORP., a Utah**
26 **Corporation;**

27 **CLOUD NINE MARKETING, INC., a Nevada**
28 **Corporation;**

CPA UPSELL, INC., a California Corporation;

ELITE DEBIT, INC., a Utah Corporation;

EMPLOYEE PLUS, INC., a Utah Corporation;

INTERNET ECONOMY, INC., a Nevada
Corporation;

MARKET FUNDING SOLUTIONS, INC., a
Nevada Corporation;

NETWORK AGENDA, LLC, a Nevada limited
liability company;

1 **SUCCESS MARKETING, INC., a Utah**
2 **Corporation;**
3 **and the following Shell Companies**
4 **BIG BUCKS PRO, INC., a Nevada Corporation;**
5 **BLUE NET PROGRESS, INC., an Oklahoma**
6 **Corporation;**
7 **BLUE STREAK PROCESSING, INC., a**
8 **Delaware Corporation;**
9 **BOLT MARKETING, INC., a California**
10 **Corporation;**
11 **BOTTOM DOLLAR, INC., dba Bad**
12 **Customer.com, a Nevada Corporation;**
13 **BUMBLE MARKETING, INC., a Nevada**
14 **Corporation;**
15 **BUSINESS FIRST, INC., a Delaware**
16 **Corporation;**
17 **BUSINESS LOAN SUCCESS, INC., a Nevada**
18 **Corporation;**
19 **COLD BAY MEDIA, INC., an Oklahoma**
20 **Corporation;**
21 **COSTNET DISCOUNTS, INC., a California**
22 **Corporation;**
23 **CS PROCESSING, INC., a Nevada Corporation;**
24 **CUTTING EDGE PROCESSING, INC., a**
25 **California Corporation;**
26 **DIAMOND J MEDIA, INC., a Nevada**
27 **Corporation;**
28 **EBUSINESS FIRST, INC., a California**
Corporation;
EBUSINESS SUCCESS, INC., a New York
Corporation;
ECOM SUCCESS, INC., a Delaware
Corporation;
EXCESS NET SUCCESS, INC., a California
Corporation;

- 1 **FISCAL FIDELITY, INC., a Nevada**
- 2 **Corporation;**
- 3 **FITNESS PROCESSING, INC., a California**
- 4 **Corporation;**
- 5 **FUNDING SEARCH SUCCESS, INC., a Nevada**
- 6 **Corporation;**
- 7 **FUNDING SUCCESS, INC., a Nevada**
- 8 **Corporation;**
- 9 **GG PROCESSING, INC., a California**
- 10 **Corporation;**
- 11 **GGL REWARDS, INC., a Nevada Corporation;**
- 12 **HIGHLIGHT MARKETING, INC., a California**
- 13 **Corporation;**
- 14 **HOOPER PROCESSING, INC., a Nevada**
- 15 **Corporation;**
- 16 **INTERNET BUSINESS SOURCE, INC., a**
- 17 **California Corporation;**
- 18 **INTERNET FITNESS, INC., a Nevada**
- 19 **Corporation;**
- 20 **JET PROCESSING, INC., a Utah Corporation;**
- 21 **JRB MEDIA, INC., a Nevada Corporation;**
- 22 **LIFESTYLES FOR FITNESS, INC., a Nevada**
- 23 **Corporation;**
- 24 **MIST MARKETING, INC., a California**
- 25 **Corporation;**
- 26 **MONEY HARVEST, INC., an Oklahoma**
- 27 **Corporation;**
- 28 **MONROE PROCESSING, INC., an Oklahoma**
- 29 **Corporation;**
- 30 **NET BUSINESS SUCCESS, INC., a California**
- 31 **Corporation;**
- 32 **NET COMMERCE, INC., a New York**
- 33 **Corporation;**
- 34 **NET DISCOUNTS, INC., a Nevada**
- 35 **Corporation;**

1 **NET FIT TRENDS, INC., a California**
2 **Corporation;**
3 **OPTIMUM ASSISTANCE, INC., a Nevada**
4 **Corporation;**
5 **POWER PROCESSING, INC., an Oklahoma**
6 **Corporation;**
7 **PREMIER PERFORMANCE, INC., a New York**
8 **Corporation;**
9 **PRO INTERNET SERVICES, INC., a New York**
10 **Corporation;**
11 **RAZOR PROCESSING, INC., a California**
12 **Corporation;**
13 **REBATE DEALS, INC., a Nevada Corporation;**
14 **REVIVE MARKETING, INC., a Nevada**
15 **Corporation;**
16 **SIMCOR MARKETING, INC., a Nevada**
17 **Corporation;**
18 **SUMMIT PROCESSING, INC., a Nevada**
19 **Corporation;**
20 **THE NET SUCCESS, INC., a Nevada**
21 **Corporation;**
22 **TRANFIRST, INC., a Delaware Corporation;**
23 **TRAN VOYAGE, INC., a Delaware**
24 **Corporation;**
25 **UNLIMITED PROCESSING, INC., a New York**
26 **Corporation; and**
27 **XCEL PROCESSING, INC., a California**
28 **Corporation.**

Defendants.

Plaintiff, the Federal Trade Commission, (“FTC” or “Commission”), for its Complaint alleges that:

1 Shell Companies using maildrop addresses and straw-figures as owners and officers because they
2 knew that it was unlikely they could obtain additional merchant accounts using existing
3 companies, due to these companies' negative chargeback histories. Defendants then applied
4 through intermediaries called Payment Processors for new merchant accounts in the names of
5 these "front" companies in order to continue processing the credit and debit card charges for the
6 online memberships Defendants sell. They have also attempted to drive down their chargeback
7 rates by threatening to report consumers who seek chargebacks to an Internet consumer blacklist
8 they operate called "BadCustomer.com" that will "result in member merchants blocking [the
9 consumer] from making future purchases online!" And they have attempted to counter the large
10 number of complaints about their conduct by flooding the Internet with supposedly independent
11 positive articles and other web pages.

12 5. Defendants lure consumers into their scam through websites that claim to offer
13 free or risk-free information about products or services ("products" or "programs") such as
14 government grants to pay personal expenses and Internet-based money-making opportunities. As
15 explained in greater detail below, Defendants' government grant and money-making opportunity
16 websites are replete with misrepresentations about the availability of grants for personal expenses
17 and the likely profitability of the money-making opportunities. Moreover, the government grant
18 websites frequently feature testimonials that falsely represent that consumers who use
19 Defendants' grant program are likely to obtain grants such as those obtained by the consumers in
20 the testimonials.

21 6. Consumers who arrive at Defendants' websites fill out a form and provide their
22 credit card or bank account information under the mistaken belief that their credit cards will be
23 charged or bank accounts debited only a small fee for shipping and handling, such as \$1.99 or
24 \$2.99, to receive information about obtaining government grants or making substantial amounts
25 of money. However, buried in the fine print on the Defendants' websites (if disclosed at all) or
26 on a separate Terms page are details that completely transform the offer as understood by
27 consumers. Instead of providing a free product or service for the nominal shipping and handling
28

1 fee, Defendants immediately enroll consumers in multiple expensive online Negative Option
2 Continuity plans whereby consumers are charged recurring fees or other additional fees until they
3 affirmatively cancel enrollment in the plan (“Negative Option Plans”). Defendants enroll
4 consumers in online Negative Option Plans for both the advertised (“core”) product as well as for
5 additional products and services, which are known as “Upsells,” many of which are “Forced
6 Upsells.” Defendants’ Forced Upsells are products Defendants automatically bundle with the
7 core product and from which consumers cannot opt-out when signing up for the core product.
8 Pursuant to the Negative Option Plans, Defendants charge consumers’ credit cards (or debit their
9 bank accounts) hefty one-time fees of as much as \$189 and then recurring monthly fees of as
10 much as \$59.95 for the core product, as well as recurring monthly fees for the Forced Upsells
11 costing as much as \$39.97.

12 7. Defendants also market their products through numerous online sellers that are
13 Defendants’ marketing partners and clients. Defendants bundle their products as Upsells, usually
14 as Forced Upsells, with the core products offered on the websites of Defendants’ marketing
15 partners. Defendants then impose monthly recurring charges or debits to consumers’ accounts
16 for these Upsells. In many cases, when Defendants charge or debit consumers’ accounts for
17 Defendants’ Forced Upsells, Defendants know that their marketing partners do not disclose, or
18 do not disclose adequately, the existence of Defendants’ Forced Upsells. Defendants also
19 provide services, such as marketing, processing charges and debits, and handling customer
20 service to on-line sellers who are Defendants’ clients. In numerous instances, when Defendants
21 provide the services to their clients, Defendants bundle their products as Forced Upsells with the
22 client’s core product. Defendants then impose recurring charges and debits to consumers’
23 accounts for these Forced Upsells.

24 8. When consumers receive their credit card or bank statements, they learn that they
25 have been billed far more than the *de minimus* shipping and handling fee they agreed to pay.
26 Instead, their statements show expensive charges for the core product as well as for one or more
27 of Defendants’ Forced Upsells. Where the core product is offered by Defendants’ marketing
28

1 partners or clients, consumers find charges or debits for Defendants' Upsells as well as for the
2 marketing partner's or client's core product. Some consumers fail to notice the unauthorized
3 charges for several billing cycles, if at all.

4 9. Defendants violate the FTC Act by: (1) misrepresenting that government grants
5 are available to individuals to pay for personal expenses; (2) misrepresenting that consumers
6 using Defendants' grant product are likely to find and obtain government grants to pay personal
7 expenses; (3) misrepresenting that users of Defendants' make-money products are likely to earn
8 substantial income such as \$209-\$909 per day; (4) misrepresenting that Defendants' offers are
9 "free" and "risk-free," when in reality the offers are for expensive Negative Option Plans with
10 pricey one-time charges and monthly recurring fees; (5) failing to disclose, or disclose
11 adequately, that Defendants immediately enroll consumers, who agree to pay a small shipping or
12 processing fee, in Defendants' Negative Option Plans and bill the consumers' credit cards or
13 debit funds from their bank accounts the high one-time fee and the monthly charges associated
14 with the plans unless consumers cancel within a trial period of as few as three days; (6)
15 misrepresenting that consumers using Defendants' grant product are likely to obtain grants such
16 as those obtained by the individuals whose testimonials appear on Defendants' government grant
17 websites; (7) misrepresenting that the positive articles and other web pages about Defendants'
18 grant and money-making products posted on the Internet are independent reviews from unbiased
19 consumers who have successfully used Defendants' grant and money-making products; (8)
20 failing to disclose that the positive reviews of Defendants' grant and money-making products
21 were created and posted by Defendants or their agents; and (9) charging consumers' credit cards
22 and debiting their bank accounts without their authorization for Defendants' Forced Upsells that
23 are bundled with the core products sold by Defendants' marketing partners and clients.

24 10. Defendants also violate EFTA and Regulation E by debiting consumers' bank
25 accounts on a recurring basis without obtaining written authorization signed or similarly
26 authenticated by the consumers for preauthorized electronic fund transfers from their accounts,
27 and by failing to provide these consumers with a copy of the written authorization.

1 **PLAINTIFF**

2 11. The FTC is an independent agency of the United States Government created by
3 statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a),
4 which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also
5 enforces EFTA, 15 U.S.C. § 1693o(c), and Section 205.10(b) of Regulation E, 12 C.F.R.
6 § 205.10(b).

7 12. The FTC is authorized to initiate federal district court proceedings, by its own
8 attorneys, to enjoin violations of the FTC Act, EFTA, and Regulation E and to secure such other
9 equitable relief as may be appropriate in each case, including restitution and disgorgement.
10 15 U.S.C. §§ 53(b), 56(a)(2)(A), and 1693o(c).

11 **DEFENDANTS**

12 ***The Corporate Defendants***

13 13. **I Works, Inc.** (“I Works”) is a Utah company incorporated in 2000. Its
14 headquarters is located at 249 East Tabernacle Street, Suite 200, St. George, UT 84770, and it
15 has a satellite office at 100 Wilshire Blvd, Suite 750, Santa Monica, CA 90401. I Works is in the
16 business of Internet marketing. Its web servers are in several states, including Nevada.
17 Defendant Jeremy Johnson (“J. Johnson” or “Jeremy Johnson”), the mastermind for the I Works
18 Enterprise, is I Works’s sole owner and officer.

19 14. I Works does, or has done, business under numerous names including Acai, Blue
20 Sky Marketing, Business Funding Success, ClickNOffer, Denta-brite, Easy Grant Finder, Fast
21 Gov Grants, Fit Factory, GrantAcademy.com, GrantCreator.com, Grant Professor, Grant Master,
22 Grant Search, Grant Writer, Internet Economy, JRS Media Solutions, Living Lean, Net Pro
23 Marketing, Online Auction Solutions, Quick Grant Pro, Raven Media, Rebate Millionaire, SBA,
24 Track It Daily, Websavers, and 501c3.

25 15. I Works markets its products as both core products and as Forced Upsells.
26 I Works’s scheme typically involves the marketing of a core product with one or more Forced
27 Upsells. The same product can appear as the core product on one I Works website and as a
28

1 Forced Upsell on a different I Works website. Using numerous merchant accounts with banks
2 such as Wells Fargo, N.A., HSBC Bank USA, First Regional Bank, Harris National Association,
3 and Columbus Bank and Trust Company, I Works has processed millions of credit and debit card
4 charges.

5 16. I Works also bundles its products as Upsells with the core products offered on the
6 websites of numerous marketing partners. In most instances, I Works requires that its products
7 be bundled as Forced Upsells with the marketing partner's core product.

8 17. I Works also provides numerous other on-line sellers with various services
9 including marketing the seller's product, processing credit and debit card charges for the product
10 through I Works's merchant accounts, responding to inquiries from Payment Processors and
11 banks, and/or handling customer service for these on-line sellers ("clients"). In numerous
12 instances, I Works bundles its products as Forced Upsells with the client's core product.

13 18. I Works markets its products and those of its clients on its own websites, on the
14 websites of its marketing partners, and through network marketing groups. Most of I Works's
15 offers fall into one of three lines: Government Grants for personal expenses, Make-Money
16 schemes, and Stay Healthy programs. I Works markets and sells these products under hundreds
17 of different names including Cost Smashers, Diet Central For Life, Express Business Funding,
18 Everyday Legal Forms, Fast Funding Solutions, Fit Factory, Funding Accelerator, Google Money
19 Profit, Grant Resource Center, Living Lean, Network Agenda, Personal Wealth, and Rebate
20 Millionaire.

21 19. I Works also operates, through Bottom Dollar, a Shell Company, the website
22 BadCustomer.com, which Defendants identify as an Internet consumer blacklist. Defendants
23 claim that consumers who seek chargebacks for the charges Defendants post to consumers' credit
24 card accounts will be reported to BadCustomer.com, which "will result in member merchants
25 blocking [the consumer] from making future purchases online!"

26 20. I Works also sells to telemarketers and list brokers "leads" that are consumers'
27 personal information, including sometimes consumers' billing information.

1 21. I Works has at least 18 active depository accounts in its own name at six different
2 banks. Since 2006, Defendants' sale of core products, Upsells (including Forced Upsells) and
3 consumer leads has generated more than \$350 million in sales.

4 22. I Works transacts or has transacted business in this District and throughout the
5 United States.

6 23. **Anthon Holdings Corp.** ("Anthon"), a company incorporated in Utah in 2003, is
7 located at 249 East Tabernacle Street, Suite 105, St. George, UT 84770. Defendant Duane
8 Fielding is Anthon's sole owner and officer.

9 24. Anthon does, or has done, business under various fictitious names, including
10 Network Agenda, Office Agenda, and PC Passport. These are also the names of products that
11 I Works includes as Forced Upsells with the core products that I Works markets.

12 25. In 2008, Anthon entered into an agreement with the Payment Processor Litle &
13 Co. through which it obtained merchant accounts in the name of various fictitious entities so that
14 Defendants could process the credit and debit card charges for I Works's sale of core products
15 and Upsells, many of which were Forced Upsells bundled with core products sold by I Works's
16 marketing partners and clients. Anthon was in VISA's Merchant Chargeback Monitoring
17 Program because of high chargeback levels associated with these accounts.

18 26. Anthon transacts or has transacted business in this District and throughout the
19 United States.

20 27. **Cloud Nine Marketing, Inc.** ("Cloud Nine"), a company incorporated in Nevada
21 in 2008, uses a maildrop address at 2232 South Nellis Blvd., Box # 333, Las Vegas, NV 89104.
22 Defendant Jeremy Johnson is Cloud Nine's sole owner and officer.

23 28. Cloud Nine does, or has done business, under various fictitious names, including
24 Fit Factory and Acai.

25 29. Cloud Nine obtained one or more merchant accounts in the name of various
26 fictitious entities, including Fitness Factory and Try Genuine Acai, so that Defendants could
27 process credit and debit card charges for I Works's sale of core products and Upsells, many of
28

1 which were Forced Upsells bundled with core products sold by I Works’s marketing partners and
2 clients. Cloud Nine used various Payment Processors, including Litle & Co. and ECHO, to
3 obtain these merchant accounts.

4 30. In September 2008, I Works employees, using funds from I Works, opened one or
5 more depository accounts in the name of Cloud Nine, including an account at The Village Bank.
6 Since that time, Cloud Nine has transferred funds to I Works.

7 31. Cloud Nine transacts or has transacted business in this District and throughout the
8 United States.

9 32. **CPA Upsell, Inc.** (“CPA Upsell”), a company incorporated in California in
10 January 2009, is located at 100 Wilshire Blvd., Suite 750, Santa Monica, CA 90401, which is
11 also the address for I Works’s satellite office. Defendant Jeremy Johnson is CPA Upsell’s sole
12 owner and officer.

13 33. In 2009, some or all of I Works’s in-house sales agents moved from the I Works
14 headquarters in St. George, Utah, to the offices of I Works and CPA Upsell in Santa Monica,
15 California.

16 34. CPA Upsell markets numerous products to on-line sellers to place on their own
17 websites as Upsells. On-line sellers that do so become I Works’ marketing partners. I Works
18 processes the monthly charges or debits, and handles the customer service, for these Upsells.
19 These products include, but are not limited to, Calling Card Solutions, Credit Repair Toolkit,
20 Easy Google Profit, Express Business Funding, GetLoving.com, Grant Writer Pro, Grant
21 Master/Grant Search Assistant, Network Agenda, Rebate Millionaire, and Self Help Works.

22 35. CPA Upsell provides technical support to I Works’s marketing partners in
23 connection with the I Works Upsells.

24 36. In 2009, I Works employees, using funds from I Works, opened one or more
25 depository accounts in the name of CPA Upsell, including an account at The Village Bank.
26 Since that time, CPA Upsell has continued to receive infusions of cash from I Works. CPA
27
28

1 Upsell's bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200,
2 St. George, UT 84770.

3 37. CPA Upsell transacts or has transacted business in this District and throughout the
4 United States.

5 38. **Elite Debit, Inc.** ("Elite Debit"), a company incorporated in Utah in December
6 2009, is located at 249 East Tabernacle, Suite 200, St. George, UT 84770. Defendant Jeremy
7 Johnson is Elite Debit's sole owner and officer.

8 39. Elite Debit processes credit and debit card charges, and uses remotely-created
9 payment orders, to charge or debit consumers' accounts for I Works's sale of core products and
10 Upsells, many of which are Forced Upsells bundled with core products sold by I Works'
11 marketing partners and clients.

12 40. In December 2009, I Works employees, using funds from I Works, opened one or
13 more depository accounts in the name of Elite Debit, including an account at the SunFirst Bank.
14 Elite Debit's bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite
15 200, St. George UT 84770.

16 41. Elite Debit transacts or has transacted business in this District and throughout the
17 United States.

18 42. **Employee Plus, Inc.** ("Employee Plus"), a company incorporated in Utah in 2003,
19 is located at 249 East Tabernacle Street, Suite 301, St. George, UT 84770. Employee Plus is
20 owned by Defendant Scott Leavitt.

21 43. Employee Plus obtained one or more merchant accounts in the name of various
22 fictitious entities, including Grant Search Assistant, so that Defendants could process the credit
23 and debit card charges for I Works's sale of core products and Upsells, many of which were
24 Forced Upsells bundled with core products sold by I Works's marketing partners and clients.
25 Employee Plus paid more than \$167,000 in fines to its processing banks in 2007 because of the
26 high chargeback rates associated with these accounts.

1 44. Employee Plus also provides payroll services to I Works and other companies that
2 are part of the I Works Enterprise. I Works employees are paid by Employee Plus and receive pay
3 stubs in the name of Employee Plus.

4 45. Employee Plus transacts or has transacted business in this District and throughout
5 the United States.

6 46. **Internet Economy, Inc.** (“Internet Economy”), a company incorporated in Nevada
7 in 2002, uses a maildrop address at 2620 South Maryland Parkway, Box # 859-A, Las Vegas, NV
8 89109. Defendant Jeremy Johnson is Internet Economy’s sole owner and officer.

9 47. Internet Economy obtained one or more merchant accounts in the name of various
10 fictitious entities, including Grant Search, so that Defendants could process the credit and debit
11 card charges for I Works’s sale of core products and Upsells, many of which were Forced Upsells
12 bundled with core products sold by I Works’s marketing partners and clients. Internet Economy
13 paid more than \$1 million in fines to its processing banks between December 2007 and March
14 2009 because of the high chargeback rates associated with these accounts.

15 48. Internet Economy does not have its own bank account. All of Internet Economy’s
16 finances are handled through one or more of I Works’s bank accounts.

17 49. Internet Economy transacts or has transacted business in this District and
18 throughout the United States.

19 50. **Market Funding Solutions, Inc.** (“Market Funding”), a company incorporated in
20 Nevada in 2008, uses a maildrop address at 4790 Caughlin Parkway, Box # 735, Reno, NV
21 89509. Defendant Jeremy Johnson is Market Funding’s sole owner and officer.

22 51. Market Funding obtained merchant accounts in the name of various fictitious
23 entities, including My Auction Tutor, Nature’s Best Acai, and Personal Wealth Academy, so that
24 Defendants could process the credit and debit card charges for I Works’s sale of core products and
25 Upsells, many of which were Forced Upsells bundled with core products sold by I Works’s
26 marketing partners and clients. Market Funding paid more than \$280,850 in fines in August 2009
27 to its processing banks because of the high chargeback rates associated with these accounts.
28

1 52. In 2008, I Works employees, using funds from I Works, opened one or more
2 depository accounts in the name of Marketing Funding, including an account at The Village Bank.

3 53. Market Funding transacts or has transacted business in this District and throughout
4 the United States.

5 54. **Network Agenda, LLC** (“Network Agenda”), a Nevada limited liability company
6 established in January 2009, uses a maildrop address at 2780 S. Jones Blvd., Suite 3407, Las
7 Vegas, NV 89146. Its office address is located at 249 East Tabernacle St., Suite 105, St. George,
8 UT 84770. The sole members and managers of Network Agenda are Defendants Duane Fielding
9 and Jeremy Johnson.

10 55. Network Agenda provides or has provided to I Works products by the name of
11 Network Agenda and Office Agenda. Defendant I Works includes these products as Forced
12 Upsells on the websites on which I Works offers a core product; I Works also arranges to bundle
13 as Upsells the Network Agenda products with the core products sold by I Works’s marketing
14 partners and clients.

15 56. Network Agenda obtained one or more merchant accounts so that Defendants
16 could continue to process the credit and debit card charges for I Works’s sale of core products and
17 Upsells, many of which were Forced Upsells automatically bundled with core products sold by I
18 Works’s marketing partners and clients. Network Agenda was placed in the VISA Chargeback
19 Monitoring Program because of high chargeback levels associated with these accounts.

20 57. Network Agenda transacts or has transacted business in this District and
21 throughout the United States.

22 58. **Success Marketing, Inc** (“Success Marketing”), a company incorporated in Utah
23 in 2003, uses as an address 249 East Tabernacle, Suite 200, St. George, UT 84770. Defendant
24 Jeremy Johnson is Success Marketing’s sole owner and officer.

25 59. Success Marketing obtained one or more merchant accounts in the name of various
26 fictitious entities so that Defendants could process the credit and debit card charges for I Works’s
27
28

1 sale of core products and Upsells, many of which were Forced Upsells bundled with core products
2 sold by I Works's marketing partners and clients.

3 60. Success Marketing transacts or has transacted business in this District and
4 throughout the United States.

5 ***The Defendant Shell Companies***

6 61. In addition to the corporations listed above, Defendants have conducted the
7 business of the I Works Enterprise through the following Shell Companies, using maildrops as
8 addresses and straw-figures who are officers and owners in name only. The undisclosed principal
9 behind the Shell Companies is Defendant Jeremy Johnson. J. Johnson directed I Works's
10 employees to create the Shell Companies, open their bank accounts, and obtain maildrops to use
11 as addresses.

12 62. Defendants used the following Shell Companies as fronts, applying for new
13 merchant accounts in the names of these companies so that the Defendants would have merchant
14 accounts through which to process the credit and debit card charges from the sale of core products
15 and Upsells by the I Works Enterprise.

16 63. **Big Bucks Pro, Inc.** ("Big Bucks Pro"), a company incorporated in Nevada in
17 September 2009, uses a maildrop address at 4780 West Ann Road, Box #5-431, North Las Vegas,
18 NV 89031. Defendant Scott Muir is the titular owner and officer of Big Bucks Pro.

19 64. Big Bucks Pro is one of the shell corporations that J. Johnson and I Works
20 established to act as a front on applications to obtain new merchant accounts. In September 2009,
21 I Works employees, using funds from I Works, opened one or more depository accounts in the
22 name of Big Bucks Pro, including an account at Town & Country Bank. Big Bucks Pro's bank
23 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
24 84770.

25 65. Defendants used Big Bucks Pro to obtain one or more merchant accounts in the
26 name of various fictitious entities so that Defendants could continue to process credit and debit
27
28

1 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
2 bundled with core products sold by I Works's marketing partners and clients.

3 66. Big Bucks Pro transacts or has transacted business in this District and throughout
4 the United States.

5 67. **Blue Net Progress, Inc.** ("Blue Net "), a company incorporated in Oklahoma in
6 November 2009, uses a maildrop address at 5030 North May Ave., Box #284, Oklahoma City,
7 OK 73112. Defendant Scott Muir is the titular owner and officer of Blue Net.

8 68. Blue Net is one of the shell corporations that J. Johnson and I Works established to
9 act as a front on applications to obtain new merchant accounts. In December 2009, I Works
10 employees, using funds from I Works, opened one or more depository accounts in the name of
11 Blue Net, including an account at Sun First Bank. Blue Net's bank statements are sent to
12 I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

13 69. Defendants used Blue Net to obtain one or more merchant accounts in the name of
14 various fictitious entities so that Defendants could continue to process credit and debit card
15 charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
16 bundled with core products sold by I Works's marketing partners and clients.

17 70. Blue Net Progress transacts or has transacted business in this District and
18 throughout the United States.

19 71. **Blue Streak Processing, Inc.** ("Blue Streak Processing"), a company incorporated
20 in Delaware in November 2009, uses a maildrop address at 40 East Main St., Box #320, Newark,
21 DE 19711. Defendant Loyd Johnston is the titular owner and officer of Blue Streak Processing.

22 72. Blue Streak Processing is one of the shell corporations that J. Johnson and
23 I Works established to act as a front on applications to obtain new merchant accounts. In
24 December 2009, an account titled in the name of Blue Streak Processing was opened at the
25 SunFirst Bank using funds from Power Processing, another Shell Company. Blue Streak
26 Processing's bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite
27 200, St. George, UT 84770.

1 73. Defendants used Blue Streak Processing to obtain one or more merchant accounts
2 in the name of various fictitious entities so that Defendants could continue to process credit and
3 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
4 Upsells bundled with core products sold by I Works's marketing partners and clients.

5 74. Blue Streak Processing transacts or has transacted business in this District and
6 throughout the United States.

7 75. **Bolt Marketing, Inc.** ("Bolt Marketing"), a company incorporated in California in
8 September 2009, uses a maildrop address at 6520 Platt, Box #552, West Hills, CA 91307.
9 Defendant Scott Muir is the titular owner and officer of Bolt Marketing.

10 76. Bolt Marketing is one of the shell corporations that J. Johnson and I Works
11 established to act as a front on applications to obtain new merchant accounts. In November 2009,
12 I Works employees, using funds from I Works, opened one or more depository accounts in the
13 name of Bolt Marketing, including an account at SunFirst Bank. Bolt Marketing's bank
14 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
15 84770.

16 77. Defendants used Bolt Marketing to obtain one or more merchant accounts in the
17 name of various fictitious entities so that Defendants could continue to process credit and debit
18 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
19 bundled with core products sold by I Works's marketing partners and clients.

20 78. Bolt Marketing transacts or has transacted business in this District and throughout
21 the United States.

22 79. **Bottom Dollar, Inc.** ("Bottom Dollar"), a company incorporated in Nevada in July
23 2009, uses a maildrop address at 4080 Paradise Road, Bldg. 15, Suite 425, Las Vegas, NV 89109.
24 Defendant Kevin Pilon is the titular owner and officer of Bottom Dollar.

25 80. Bottom Dollar is one of the shell corporations that I Works and J. Johnson
26 established to act as a front on applications to obtain new merchant accounts. In July 2009,
27
28

1 I Works employees, using funds from I Works, opened one or more depository accounts in the
2 name of Bottom Dollar, including an account at Zions Bank.

3 81. Defendants used Bottom Dollar to obtain one or more merchant accounts in the
4 name of various fictitious entities so that Defendants could continue to process credit and debit
5 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
6 bundled with core products sold by I Works's marketing partners and clients.

7 82. Bottom Dollar transacts or has transacted business in this District and throughout
8 the United States.

9 83. **Bumble Marketing, Inc.** ("Bumble Marketing"), a company incorporated in
10 Nevada in September 2009, uses a maildrop address at 2764 North Green Valley Parkway, Box
11 #667, Henderson, NV 89104. Defendant Kevin Pilon is the titular owner and officer of Bumble
12 Marketing.

13 84. Bumble Marketing is one of the shell corporations that J. Johnson and I Works
14 established to act as a front on applications to obtain new merchant accounts. In September 2009,
15 I Works employees, using funds from I Works, opened one or more depository accounts in the
16 name of Bumble Marketing, including an account at Town & Country Bank.

17 85. Defendants used Bumble Marketing to obtain one or more merchant accounts in
18 the name of various fictitious entities so that Defendants could continue to process credit and
19 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
20 Upsells bundled with core products sold by I Works's marketing partners and clients.

21 86. Bumble Marketing transacts or has transacted business in this District and
22 throughout the United States.

23 87. **Business First, Inc.** ("Business First"), a company incorporated in Delaware in
24 August 2009, uses a maildrop address at 1148 Pulaski Highway, Box #468, Bear, DE 19701.
25 Defendant Loyd Johnston is the titular owner and officer of Business First.

26 88. Business First is one of the shell corporations that J. Johnson and I Works
27 established to act as a front on applications to obtain new merchant accounts. In October 2009,
28

1 I Works employees, using funds from I Works, opened one or more depository accounts in the
2 name of Business First, including an account at Town & Country Bank. Business First's bank
3 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
4 84770.

5 89. Defendants used Business First to obtain one or more merchant accounts in the
6 name of various fictitious entities so that Defendants could continue to process credit and debit
7 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
8 bundled with core products sold by I Works's marketing partners and clients.

9 90. Business First transacts or has transacted business in this District and throughout
10 the United States.

11 91. **Business Loan Success, Inc.** ("Business Loan Success"), a company incorporated
12 in Nevada in June 2009, uses a maildrop address at 8174 South Las Vegas Boulevard, #109 PMB
13 24, Las Vegas, NV 89123. Defendant Scott Muir is the titular owner and officer of Business Loan
14 Success.

15 92. Business Loan Success is one of the shell corporations that J. Johnson and
16 I Works established to act as a front on applications to obtain new merchant accounts. In June
17 2009, I Works employees, using funds from I Works, opened one or more depository accounts in
18 the name of Business Loan Success, including an account at Far West Bank. Business Loan
19 Success's bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200,
20 St. George, UT 84770.

21 93. Defendants used Business Loan Success to obtain one or more merchant accounts
22 in the name of various fictitious entities so that Defendants could continue to process credit and
23 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
24 Upsells bundled with core products sold by I Works's marketing partners and clients.

25 94. Business Loan Success transacts or has transacted business in this District and
26 throughout the United States.

1 95. **Cold Bay Media, Inc.** (“Cold Bay Media”), a company incorporated in Oklahoma
2 in October 2009, uses a maildrop address at 1050 East 2nd Street, Box #500, Edmond, OK 73034.
3 Defendant Loyd Johnston is the titular owner and officer of Cold Bay Media.

4 96. Cold Bay Media is one of the shell corporations that J. Johnson and I Works
5 established to act as a front on applications to obtain new merchant accounts. In November 2009,
6 I Works employees, using funds from I Works, opened one or more depository accounts in the
7 name of Cold Bay Media, including an account at SunFirst Bank. Cold Bay Media’s bank
8 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
9 84770.

10 97. Defendants used Cold Bay Media to obtain one or more merchant accounts in the
11 name of various fictitious entities so that Defendants could continue to process credit and debit
12 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
13 bundled with core products sold by I Works’s marketing partners and clients.

14 98. Cold Bay Media transacts or has transacted business in this District and throughout
15 the United States.

16 99. **Costnet Discounts, Inc.** (“Costnet Discounts”), a company incorporated in
17 California in July 2009, uses a maildrop address at 4712 Admiralty Way, Box #572, Marina Del
18 Ray, CA 90292. Defendant Kevin Pilon is the titular owner and officer of Costnet Discounts.

19 100. Costnet Discounts is one of the shell corporations that J. Johnson and I Works
20 established to act as a front on applications to obtain new merchant accounts.

21 101. Defendants used Costnet Discounts to obtain one or more merchant accounts in the
22 name of various fictitious entities so that Defendants could continue to process credit and debit
23 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
24 bundled with core products sold by I Works’s marketing partners and clients.

25 102. Costnet Discounts transacts or has transacted business in this District and
26 throughout the United States.

1 103. **CS Processing, Inc.** (“CS Processing”), a company incorporated in Nevada in
2 April 2009, uses a maildrop address at 18124 Wedge Parkway, PMB 434, Reno, NV 89511.
3 Defendant Scott Muir is the titular owner and officer of CS Processing.

4 104. CS Processing is one of the shell corporations that J. Johnson and I Works
5 established to act as a front on applications to obtain new merchant accounts. In October 2009, a
6 depository account titled in the name of CS Processing was opened at the Town & Country Bank
7 using funds from xCel Processing, another Shell Company.

8 105. Defendants used CS Processing to obtain one or more merchant accounts in the
9 name of various fictitious entities so that Defendants could continue to process credit and debit
10 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
11 bundled with core products sold by I Works’s marketing partners and clients.

12 106. CS Processing transacts or has transacted business in this District and throughout
13 the United States.

14 107. **Cutting Edge Processing, Inc.** (“Cutting Edge Processing”), a company
15 incorporated in California in July 2009, uses a maildrop address at 11301 West Olympic
16 Boulevard, Box #510, Los Angeles, CA 90064. Defendant Kevin Pilon is the titular owner and
17 officer of Cutting Edge Processing.

18 108. Cutting Edge Processing is one of the shell corporations that J. Johnson and
19 I Works established to act as a front on applications to obtain new merchant accounts. In August
20 2009, I Works employees, using funds from I Works, opened one or more depository accounts in
21 the name of Cutting Edge Processing, including an account at Zions Bank.

22 109. Defendants used Cutting Edge Processing to obtain one or more merchant accounts
23 in the name of various fictitious entities so that Defendants could continue to process credit and
24 debit card charges for I Works’s sale of core products and Upsells, many of which are Forced
25 Upsells bundled with core products sold by I Works’s marketing partners and clients.

26 110. Cutting Edge Processing transacts or has transacted business in this District and
27 throughout the United States.

1 111. **Diamond J Media, Inc.** (“DJM”), a company incorporated in Nevada in 2009,
2 uses a maildrop address at 1285 Baring Blvd., Box # 506, Sparks, NV 87434. Defendant Ryan
3 Riddle is the titular owner and officer of DJM.

4 112. DJM is one of the shell corporations that J. Johnson and I Works established to act
5 as a front on applications to obtain new merchant accounts. In 2009, I Works employees, using
6 funds from I Works, opened one or more depository accounts in the name of DJM, including an
7 account at The Village Bank. DJM’s bank statements are sent to I Works’s headquarters at 249
8 East Tabernacle, Suite 200, St. George, UT 84770.

9 113. Defendants used DJM to obtain one or more merchant accounts in the name of
10 various fictitious entities so that Defendants could process the credit and debit card charges for
11 I Works’s sale of core products and Upsells, many of which are Forced Upsells bundled with core
12 products sold by I Works’s marketing partners and clients. In 2009, DJM paid more than \$86,000
13 in fines to its processing banks because of the high chargeback rates associated with these
14 accounts.

15 114. DJM transacts or has transacted business in this District and throughout the United
16 States.

17 115. **Ebusiness First, Inc.** (“Ebusiness First”), a company incorporated in California in
18 2009, uses a maildrop address at 2828 Cochran Street, Box #508, Simi Valley, CA 93065.
19 Defendant Kevin Pilon is the titular owner and officer of Ebusiness First.

20 116. Ebusiness First is one of the shell corporations that J. Johnson and I Works
21 established to act as a front on applications to obtain new merchant accounts.

22 117. Defendants used Ebusiness First to obtain one or more merchant accounts in the
23 name of various fictitious entities so that Defendants could continue to process credit and debit
24 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
25 bundled with core products sold by I Works’s marketing partners and clients.

26 118. Ebusiness First transacts or has transacted business in this District and throughout
27 the United States.

1 119. **Ebusiness Success, Inc.** (“Ebusiness Success”), a company incorporated in New
2 York in July 2009, uses a maildrop address at 163 Amsterdam Avenue, Box #324, New York, NY
3 10023. Defendant Loyd Johnston is the titular owner and officer of Ebusiness Success.

4 120. Ebusiness Success is one of the shell corporations that J. Johnson and I Works
5 established to act as a front on applications to obtain new merchant accounts. In August 2009,
6 I Works employees, using funds from I Works, opened one or more depository accounts in the
7 name of Ebusiness Success, including an account at The Village Bank. Ebusiness Success’s bank
8 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
9 84770.

10 121. Defendants used Ebusiness Success to obtain one or more merchant accounts in the
11 name of various fictitious entities so that Defendants could continue to process credit and debit
12 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
13 bundled with core products sold by I Works’s marketing partners and clients.

14 122. Ebusiness Success transacts or has transacted business in this District and
15 throughout the United States.

16 123. **eCom Success, Inc.** (“eCom Success”), a company incorporated in Delaware in
17 August 2009, uses a maildrop address at 364 East Main Street, Suite 155, Middletown, DE 19709.
18 Defendant Loyd Johnston is the titular owner and officer of eCom Success.

19 124. eCom Success is one of the shell corporations that J. Johnson and I Works
20 established to act as a front on applications to obtain new merchant accounts. In October 2009,
21 I Works employees, using funds from I Works, opened one or more depository accounts in the
22 name of eCom Success, including an account at Town & Country Bank. eCom Success’s bank
23 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
24 84770.

25 125. Defendants used eCom Success to obtain one or more merchant accounts in the
26 name of various fictitious entities so that Defendants could continue to process credit and debit
27
28

1 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
2 bundled with core products sold by I Works's marketing partners and clients.

3 126. eCom Success transacts or has transacted business in this District and throughout
4 the United States.

5 127. **Excess Net Success, Inc.** ("Excess Net Success"), a company incorporated in
6 California in July 2009, uses a maildrop address at 10573 West Pico Boulevard, Box #815, Los
7 Angeles, CA 90064. Defendant Kevin Pilon is the titular owner and officer of Excess Net
8 Success.

9 128. Excess Net Success is one of the shell corporations that J. Johnson and I Works
10 established to act as a front on applications to obtain new merchant accounts. In September 2009,
11 I Works employees, using funds from I Works, opened one or more depository accounts in the
12 name of Excess Net Success, including an account at Zions Bank.

13 129. Defendants used Excess Net Success to obtain one or more merchant accounts in
14 the name of various fictitious entities so that Defendants could continue to process credit and
15 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
16 Upsells bundled with core products sold by I Works's marketing partners and clients.

17 130. Excess Net Success transacts or has transacted business in this District and
18 throughout the United States.

19 131. **Fiscal Fidelity, Inc.** ("Fiscal Fidelity"), a company incorporated in Nevada in July
20 2009, uses a maildrop address at 748 South Meadow Parkway, Ste. A9 #328, Reno, NV 89521.
21 Defendant Kevin Pilon is the titular owner and officer of Fiscal Fidelity.

22 132. Fiscal Fidelity is one of the shell corporations that J. Johnson and I Works
23 established to act as a front on applications to obtain new merchant accounts.

24 133. Defendants used Fiscal Fidelity to obtain one or more merchant accounts in the
25 name of various fictitious entities so that Defendants could continue to process credit and debit
26 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
27 bundled with the core products sold by I Works's marketing partners and clients.

1 134. Fiscal Fidelity transacts or has transacted business in this District and throughout
2 the United States.

3 135. **Fitness Processing, Inc.** (“Fitness Processing”), a company incorporated in
4 California in July 2009, uses a maildrop address at 13428 Maxella Avenue, Box #663, Marina Del
5 Ray, CA 90292. Defendant Kevin Pilon is the titular owner and officer of Fitness Processing.

6 136. Fitness Processing is one of the shell corporations that J. Johnson and I Works
7 established to act as a front on applications to obtain new merchant accounts. In August 2009,
8 I Works employees, using funds from I Works, opened one or more depository accounts in the
9 name of Fitness Processing, including an account at Zions Bank.

10 137. Defendants used Fitness Processing to obtain one or more merchant accounts in the
11 name of various fictitious entities so that Defendants could continue to process credit and debit
12 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
13 bundled with core products sold by I Works’s marketing partners and clients.

14 138. Fitness Processing transacts or has transacted business in this District and
15 throughout the United States.

16 139. **Funding Search Success, Inc.** (“Funding Search Success”), a company
17 incorporated in Nevada in July 2009, uses a maildrop address at 2764 N. Green Valley Parkway,
18 Ste. 827, Henderson, NV 89014. Margaret L. Holm is the titular owner and officer of Funding
19 Search Success.

20 140. Funding Search Success is one of the shell corporations that J. Johnson and
21 I Works established to act as a front on applications to obtain new merchant accounts. In August
22 2009, I Works employees, using funds from I Works, opened one or more depository accounts in
23 the name of Funding Search Success, including an account at The Village Bank. Funding Search
24 Success’s bank statements are sent to I Work’s headquarters at 249 East Tabernacle, Suite 200, St.
25 George, UT 84770.

26 141. Defendants used Funding Search Success to obtain one or more merchant accounts
27 in the name of various fictitious entities so that Defendants could continue to process credit and
28

1 debit card charges for I Works’s sale of core products and Upsells, many of which are Forced
2 Upsells bundled with core products sold by I Works’s marketing partners and clients.

3 142. Funding Search Success transacts or has transacted business in this District and
4 throughout the United States.

5 143. **Funding Success, Inc.** (“Funding Success”), a company incorporated in Nevada in
6 June 2009, uses a maildrop address at 10580 North McCarren Boulevard, 115 Ste. 368, Reno, NV
7 89503. Defendant Andy Johnson is the titular owner and officer of Funding Success.

8 144. Funding Success is one of the shell corporations that J. Johnson and I Works
9 established to act as a front on applications to obtain new merchant accounts. In June 2009,
10 I Works employees, using funds from I Works, opened one or more depository accounts in the
11 name of Funding Success, including an account at Far West Bank. Funding Success’s bank
12 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
13 84770.

14 145. Defendants used Funding Success to obtain one or more merchant accounts in the
15 name of various fictitious entities so that Defendants could continue to process credit and debit
16 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
17 bundled with core products sold by I Works’s marketing partners and clients.

18 146. Funding Success transacts or has transacted business in this District and throughout
19 the United States.

20 147. **GG Processing, Inc.** (“GG Processing”), a company incorporated in California in
21 August 2009, uses a maildrop address at 214 Main Street, Box #329, El Segundo, CA 90245.
22 Defendant Kevin Pilon is the titular owner and officer of GG Processing.

23 148. GG Processing is one of the shell corporations that J. Johnson and I Works
24 established to act as a front on applications to obtain new merchant accounts. In September 2009,
25 a depository account titled in the name of GG Processing was opened at the Town & Country
26 Bank using funds from xCel Processing, another Shell Company. GG Processing’s bank
27
28

1 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
2 84770.

3 149. Defendants used GG Processing to obtain one or more merchant accounts in the
4 name of various fictitious entities so that Defendants could continue to process credit and debit
5 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
6 bundled with core products sold by I Works's marketing partners and clients.

7 150. GG Processing transacts or has transacted business in this District and throughout
8 the United States.

9 151. **GGL Rewards, Inc.** ("GGL Rewards"), a company incorporated in Nevada in
10 June 2009, uses a maildrop address at 848 North Rainbow Boulevard 2984, Las Vegas NV 89107.
11 Defendant Scott Muir is the titular owner and officer of GGL Rewards.

12 152. GGL Rewards is one of the shell corporations that J. Johnson and I Works
13 established to act as a front on applications to obtain new merchant accounts. GGL Reward's
14 bank statements are sent to I Works' headquarters at 249 East Tabernacle, Suite 200, St. George,
15 UT 84770.

16 153. Defendants used GGL Rewards to obtain one or more merchant accounts in the
17 name of various fictitious entities so that Defendants could continue to process credit and debit
18 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
19 bundled with core products sold by I Works's marketing partners and clients.

20 154. GGL Rewards transacts or has transacted business in this District and throughout
21 the United States.

22 155. **Highlight Marketing, Inc.** ("Highlight Marketing"), a company incorporated in
23 California in September 2009, uses a maildrop address at 15218 Summit Avenue, Suite 300,
24 Fontana, CA 92336. Defendant Scott Muir is the titular owner and officer of Highlight
25 Marketing.

26 156. Highlight Marketing is one of the shell corporations that J. Johnson and I Works
27 established to act as a front on applications to obtain new merchant accounts. In November 2009,
28

1 I Works employees, using funds from I Works, opened one or more depository accounts in the
2 name of Highlight Marketing, including an account at SunFirst Bank. Highlight Marketing's bank
3 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
4 84770.

5 157. Defendants used Highlight Marketing to obtain one or more merchant accounts in
6 the name of various fictitious entities so that Defendants could continue to process credit and
7 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
8 Upsells bundled with core products sold by I Works's marketing partners and clients.

9 158. Highlight Marketing transacts or has transacted business in this District and
10 throughout the United States.

11 159. **Hooper Processing, Inc.** ("Hooper Processing"), a company incorporated in
12 Nevada in September 2009, uses a maildrop address at 1894 HWY 50 East, Suite 4 Box #182,
13 Carson City, NV 89701. Defendant Andy Johnson is the titular owner and officer of Hooper
14 Processing.

15 160. Hooper Processing is one of the shell corporations that J. Johnson and I Works
16 established to act as a front on applications to obtain new merchant accounts. In September 2009,
17 I Works employees, using funds from I Works, opened one or more depository accounts in the
18 name of Hooper Processing, including an account at Town & Country Bank. Hooper Processing's
19 bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George,
20 UT 84770.

21 161. Defendants used Hooper Processing to obtain one or more merchant accounts in
22 the name of various fictitious entities so that Defendants could continue to process credit and
23 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
24 Upsells bundled with core products sold by I Works's marketing partners and clients.

25 162. Hooper Processing transacts or has transacted business in this District and
26 throughout the United States.

1 163. **Internet Business Source, Inc.** (“Internet Business Source”), a company
2 incorporated in California in July 2009, uses a maildrop address at 10401-106 Venice Boulevard,
3 Los Angeles, CA 90034. Defendant Kevin Pilon is the titular owner and officer of Internet
4 Business Source.

5 164. Internet Business Source is one of the shell corporations that J. Johnson and
6 I Works established to act as a front on applications to obtain new merchant accounts. In August
7 2009, I Works employees, using funds from I Works, opened one or more depository accounts in
8 the name of Internet Business Success, including an account at Zions Bank.

9 165. Defendants used Internet Business Source to obtain one or more merchant accounts
10 in the name of various fictitious entities so that Defendants could continue to process credit and
11 debit card charges for I Works’s sale of core products and Upsells, many of which are Forced
12 Upsells bundled with core products sold by I Works’s marketing partners and clients.

13 166. Internet Business Source transacts or has transacted business in this District and
14 throughout the United States.

15 167. **Internet Fitness, Inc.** (“Internet Fitness”), a company incorporated in Nevada in
16 June 2009, uses a maildrop address at 2510 East Sunset Road, Bldg. 5 Suite 527, Las Vegas, NV
17 89120. Defendant Andy Johnson is the titular owner and officer of Internet Fitness.

18 168. Internet Fitness is one of the shell corporations that J. Johnson and I Works
19 established to act as a front on applications to obtain new merchant accounts. In August 2009,
20 I Works employees, using funds from I Works, opened one or more depository accounts in the
21 name of Internet Fitness, including an account at Town & Country Bank. Internet Fitness’s bank
22 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
23 84770.

24 169. Defendants used Internet Fitness to obtain one or more merchant accounts in the
25 name of various fictitious entities so that Defendants could continue to process credit and debit
26 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
27 bundled with core products sold by I Works’s marketing partners and clients.

1 170. Internet Fitness transacts or has transacted business in this District and throughout
2 the United States.

3 171. **Jet Processing, Inc.** (“Jet Processing”), a company incorporated in Nevada in
4 February 2009, uses a maildrop address at 2644 East 1300 South, St. George, UT 84790.
5 Defendant Terrason Spinks is the owner and officer of Jet Processing.

6 172. Jet Processing is one of the shell corporations that J. Johnson and I Works
7 established to act as a front on applications to obtain new merchant accounts. In September 2009,
8 I Works employees, using funds from I Works, opened one or more depository accounts in the
9 name of Jet Processing, including an account at The Village Bank. Jet Processing’s bank
10 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
11 84770.

12 173. Defendants used Jet Processing to obtain one or more merchant accounts in the
13 name of various fictitious entities so that Defendants could continue to process credit and debit
14 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
15 bundled with core products sold by I Works’s marketing partners and clients.

16 174. Jet Processing transacts or has transacted business in this District and throughout
17 the United States.

18 175. **JRB Media, Inc.** (“JRB Media”), a company incorporated in Nevada in January
19 2009, uses a maildrop address at 18124 Wedge Parkway, Box #519, Reno, NV 89511. Defendant
20 Bryce Payne is the titular owner and officer of JRB Media.

21 176. JRB Media is one of the shell corporations that J. Johnson and I Works established
22 to act as a front on applications to obtain new merchant accounts. In January 2009, I Works
23 employees, using funds from I Works, opened one or more depository accounts in the name of
24 JRB Media, including an account at The Village Bank. JRB Media’s bank statements are sent to I
25 Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

26 177. Defendants used JRB Media to obtain one or more merchant accounts in the name
27 of various fictitious entities so that Defendants could continue to process credit and debit card
28

1 charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
2 bundled with core products sold by I Works's marketing partners and clients.

3 178. JRB Media transacts or has transacted business in this District and throughout the
4 United States.

5 179. **Lifestyles For Fitness, Inc.** ("Lifestyles For Fitness"), a company incorporated in
6 Nevada in June 2009, uses a maildrop address at 1805 North Carson Street, Suite 313, Carson
7 City, NV 89701. Margaret L. Holm is the titular owner and officer of Lifestyles for Fitness.

8 180. Lifestyles For Fitness is one of the shell corporations that J. Johnson and I Works
9 established to act as a front on applications to obtain new merchant accounts. In July 2009,
10 I Works employees, using funds from I Works, opened one or more depository accounts in the
11 name of Lifestyles For Fitness, including an account at Far West Bank. Lifestyles For Fitness's
12 bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George,
13 UT 84770.

14 181. Defendants used Lifestyles For Fitness to obtain one or more merchant accounts in
15 the name of various fictitious entities so that Defendants could continue to process credit and
16 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
17 Upsells bundled with core products sold by I Works's marketing partners and clients.

18 182. Lifestyles For Fitness transacts or has transacted business in this District and
19 throughout the United States.

20 183. **Mist Marketing, Inc.** ("Mist Marketing"), a company incorporated in California
21 in September 2009, uses a maildrop address at 11230 Gold Express Drive, Suite 310-157, Gold
22 River, CA 92336. Defendant Scott Muir is the titular owner and officer of Mist Marketing.

23 184. Mist Marketing is one of the shell corporations that J. Johnson and I Works
24 established to act as a front on applications to obtain new merchant accounts. In November 2009,
25 I Works employees, using funds from I Works, opened one or more depository accounts in the
26 name of Mist Marketing, including an account at SunFirst Bank. Mist Marketing's bank
27
28

1 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
2 84770.

3 185. Defendants used Mist Marketing to obtain one or more merchant accounts in the
4 name of various fictitious entities so that Defendants could continue to process credit and debit
5 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
6 bundled with core products sold by I Works’s marketing partners and clients.

7 186. Mist Marketing transacts or has transacted business in this District and throughout
8 the United States.

9 187. **Money Harvest, Inc.** (“Money Harvest”), a company incorporated in Oklahoma in
10 October 2009, uses a maildrop address at 16111 South Utica, Box # 137, Tulsa, OK 74104.
11 Defendant Loyd Johnston is the titular owner and officer of Money Harvest.

12 188. Money Harvest is one of the shell corporations that J. Johnson and I Works
13 established to act as a front on applications to obtain new merchant accounts. In November 2009,
14 I Works employees, using funds from I Works, opened one or more depository accounts in the
15 name of Money Harvest, including an account at SunFirst Bank. Money Harvest’s bank
16 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
17 84770.

18 189. Defendants used Money Harvest to obtain one or more merchant accounts in the
19 name of various fictitious entities so that Defendants could continue to process credit and debit
20 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
21 bundled with core products sold by I Works’s marketing partners and clients.

22 190. Money Harvest transacts or has transacted business in this District and throughout
23 the United States.

24 191. **Monroe Processing, Inc.** (“Monroe Processing”), a company incorporated in
25 Oklahoma in October 2009, uses a maildrop address at 7107 South Yale, Box #332, Tulsa, OK
26 74136. Defendant Loyd Johnston is the titular owner and officer of Monroe Processing.

1 192. Monroe Processing is one of the shell corporations that J. Johnson and I Works
2 established to act as a front on applications to obtain new merchant accounts. In November 2009,
3 I Works employees, using funds from I Works, opened one or more depository accounts in the
4 name of Monroe Processing, including an account at SunFirst Bank. Monroe Processing's bank
5 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
6 84770.

7 193. Defendants used Monroe Processing to obtain one or more merchant accounts in
8 the name of various fictitious entities so that Defendants could continue to process credit and
9 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
10 Upsells bundled with core products sold by I Works's marketing partners and clients.

11 194. Monroe Processing transacts or has transacted business in this District and
12 throughout the United States.

13 195. **Net Business Success, Inc.** ("Net Business Success"), a company incorporated in
14 California in July 2009, uses a maildrop address at 1171 South Robertson Boulevard, Box #397,
15 Los Angeles, CA 90034. Defendant Kevin Pilon is the titular owner and officer of Net Business
16 Success.

17 196. Net Business Success is one of the shell corporations that J. Johnson and I Works
18 established to act as a front on applications to obtain new merchant accounts. In August 2009,
19 I Works employees, using funds from I Works, opened one or more depository accounts in the
20 name of Net Business Success, including an account at Zions Bank. Net Business Success' bank
21 statements are sent to I Works' headquarters at 249 East Tabernacle, Suite 200, St. George, UT
22 84770.

23 197. Defendants used Net Business Success to obtain one or more merchant accounts in
24 the name of various fictitious entities so that Defendants could continue to process credit and
25 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
26 Upsells bundled with core products sold by I Works's marketing partners and clients.

1 198. Net Business Success transacts or has transacted business in this District and
2 throughout the United States.

3 199. **Net Commerce, Inc.** (“Net Commerce”), a company incorporated in New York in
4 March 2009, uses a maildrop address at 954 Lexington Avenue, Box #516, New York, NY 10011.
5 Defendant Loyd Johnston is the titular owner and officer of Net Commerce.

6 200. Net Commerce is one of the shell corporations that J. Johnson and I Works
7 established to act as a front on applications to obtain new merchant accounts. In August 2009,
8 I Works employees, using funds from I Works, opened one or more depository accounts in the
9 name of Net Commerce, including an account at The Village Bank. Net Commerce’s bank
10 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
11 84770.

12 201. Defendants used Net Commerce to obtain one or more merchant accounts in the
13 name of various fictitious entities so that Defendants could continue to process credit and debit
14 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
15 bundled with core products sold by I Works’s marketing partners and clients.

16 202. Net Commerce transacts or has transacted business in this District and throughout
17 the United States.

18 203. **Net Discounts, Inc.** (“Net Discounts”), a company incorporated in Nevada in June
19 2009, uses a maildrop address at 2764 North Green Valley Parkway, Suite 706, Henderson, NV
20 89104. Defendant Scott Muir is the titular owner and officer of Net Discounts.

21 204. Net Discounts is one of the shell corporations that J. Johnson and I Works
22 established to act as a front on applications to obtain new merchant accounts. In June 2009,
23 I Works employees, using funds from I Works, opened one or more depository accounts in the
24 name of Net Discount, including an account at Far West Bank. Net Discounts’s bank statements
25 are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

26 205. Defendants used Net Discounts to obtain one or more merchant accounts in the
27 name of various fictitious entities so that Defendants could continue to process credit and debit
28

1 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
2 bundled with core products sold by I Works’s marketing partners and clients.

3 206. Net Discounts transacts or has transacted business in this District and throughout
4 the United States.

5 207. **Net Fit Trends, Inc.** (“Net Fit Trends”), a company incorporated in California in
6 July 2009, uses a maildrop address at 8581 Santa Monica Boulevard, Box #443, West Hollywood,
7 CA 90069. Defendant Kevin Pilon is the titular owner and officer of Net Fit Trends.

8 208. Net Fit Trends is one of the shell corporations that J. Johnson and I Works
9 established to act as a front on applications to obtain new merchant accounts. In August 2009,
10 I Works employees, using funds from I Works, opened one or more depository accounts in the
11 name of Net Fit Trends, including an account at Zions Bank.

12 209. Defendants used Net Fit Trends to obtain one or more merchant accounts in the
13 name of various fictitious entities so that Defendants could continue to process credit and debit
14 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
15 bundled with core products sold by I Works’s marketing partners and clients.

16 210. Net Fit Trends transacts or has transacted business in this District and throughout
17 the United States.

18 211. **Optimum Assistance, Inc.** (“Optimum Assistance”), a company incorporated in
19 Nevada in September 2009, uses a maildrop address at 963 Topsy Lane, Suite 306 #312, Carson
20 City, NV 89705. Defendant Scott Muir is the titular owner and officer of Optimum Assistance.

21 212. Optimum Assistance is one of the shell corporations that J. Johnson and I Works
22 established to act as a front on applications to obtain new merchant accounts. In October 2009, a
23 depository account titled in the name of Optimum Assistance was opened at the Town & Country
24 Bank using funds from xCel Processing, another Shell Company. Optimum Assistance’s bank
25 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
26 84770.

1 213. Defendants used Optimum Assistance to obtain merchant accounts in the name of
2 various fictitious entities so that Defendants could continue to process credit and debit card
3 charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
4 bundled with core products sold by I Works's marketing partners and clients.

5 214. Optimum Assistance transacts or has transacted business in this District and
6 throughout the United States.

7 215. **Power Processing, Inc.** ("Power Processing"), a company incorporated in
8 Oklahoma in October 2009, uses a maildrop address at 7380 South Olympia Avenue, Box #304,
9 Tulsa, OK 74132. Defendant Kevin Pilon is the titular owner and officer of Power Processing.

10 216. Power Processing is one of the shell corporations that J. Johnson and I Works
11 established to act as a front on applications to obtain new merchant accounts. In November 2009,
12 I Works employees, using funds from I Works, opened one or more depository accounts in the
13 name of Power Processing, including an account at SunFirst Bank. Power Processing's bank
14 statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT
15 84770.

16 217. Defendants used Power Processing to obtain one or more merchant accounts in the
17 name of various fictitious entities so that Defendants could continue to process credit and debit
18 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
19 bundled with core products sold by I Works's marketing partners and clients.

20 218. Power Processing transacts or has transacted business in this District and
21 throughout the United States.

22 219. **Premier Performance, Inc.** ("Premier Performance"), a company incorporated in
23 New York in August 2009, uses a maildrop address at 245 Eighth Avenue, Box #228, New York,
24 NY 10011. Defendant Loyd Johnston is the titular owner and officer of Net Business Success.

25 220. Premier Performance is one of the shell corporations that J. Johnson and I Works
26 established to act as a front on applications to obtain new merchant accounts. In August 2009,
27 I Works employees, using funds from I Works, opened one or more depository accounts in the
28

1 name of Premier Processing, including an account at The Village Bank. Premier Performance's
2 bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George,
3 UT 84770.

4 221. Defendants used Premier Performance to obtain one or more merchant accounts in
5 the name of various fictitious entities so that Defendants could continue to process credit and
6 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
7 Upsells bundled with core products sold by I Works's marketing partners and clients.

8 222. Premier Performance transacts or has transacted business in this District and
9 throughout the United States.

10 223. **Pro Internet Services, Inc.** ("Pro Internet Services"), a company incorporated in
11 New York in March 2009, uses a maildrop address at 331 West 57th Street, Box #183, New York,
12 NY 10019. Defendant Loyd Johnston is the titular owner and officer of Pro Internet Services.

13 224. Pro Internet Services is one of the shell corporations that J. Johnson and I Works
14 established to act as a front on applications to obtain new merchant accounts. In August 2009,
15 I Works employees, using funds from I Works, opened one or more depository accounts in the
16 name of Pro Internet Services. Pro Internet Services's bank statements are sent to I Works's
17 headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

18 225. Defendants used Pro Internet Services to obtain one or more merchant accounts in
19 the name of various fictitious entities so that Defendants could continue to process credit and
20 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
21 Upsells bundled with core products sold by I Works's marketing partners and clients.

22 226. Pro Internet Services transacts or has transacted business in this District and
23 throughout the United States.

24 227. **Razor Processing, Inc.** ("Razor Processing"), a company incorporated in
25 California in June 2009, uses a maildrop address at 20258 Highway 18, Suite 430 #418, Apple
26 Valley, CA 92307. Defendant Scott Muir is the titular owner and officer of Razor Processing.

1 228. Razor Processing is one of the shell corporations that J. Johnson and I Works
2 established to act as a front on applications to obtain new merchant accounts. In July 2009, a
3 depository account titled in the name of Razor Processing was opened at the Town & Country
4 Bank using funds from xCel Processing, another Shell Company. Razor Processing's bank
5 statements are sent to I Works' headquarters at 249 East Tabernacle, Suite 200, St. George, UT
6 84770.

7 229. Defendants used Razor Processing to obtain one or more merchant accounts in the
8 name of various fictitious entities so that Defendants could continue to process credit and debit
9 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
10 bundled with core products sold by I Works's marketing partners and clients.

11 230. Razor Processing transacts or has transacted business in this District and
12 throughout the United States.

13 231. **Rebate Deals, Inc.** ("Rebate Deals"), a company incorporated in Nevada in June
14 2009, uses a maildrop address at 4080 Paradise Road, Box #15-904, Las Vegas, NV 89109.
15 Defendant Kevin Pilon is the titular owner and officer of Rebate Deals.

16 232. Rebate Deals is one of the shell corporations that J. Johnson and I Works
17 established to act as a front on applications to obtain new merchant accounts. In June 2009,
18 I Works employees, using funds from I Works, opened one or more depository accounts in the
19 name of Rebate Deals, including an account at Far West Bank. Rebate Deals's bank statements
20 are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

21 233. Defendants used Rebate Deals to obtain one or more merchant accounts in the
22 name of various fictitious entities so that Defendants could continue to process credit and debit
23 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
24 bundled with core products sold by I Works's marketing partners and clients.

25 234. Rebate Deals transacts or has transacted business in this District and throughout
26 the United States.

1 235. **Revive Marketing, Inc.** (“Revive Marketing”), a company incorporated in Nevada
2 in 2009, uses a maildrop address at 561 Keystone Avenue, Box #301, Reno, NV 89503.
3 Defendant Loyd Johnston is the titular owner and officer of Revive Marketing.

4 236. Revive Marketing is one of the shell corporations that J. Johnson and I Works
5 established to act as a front on applications to obtain new merchant accounts. In September 2009,
6 I Works employees, using funds from I Works, opened one or more depository accounts in the
7 name of Revive Marketing, including an account at Town & Country Bank. Revive Marketing’s
8 bank statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George,
9 UT 84770.

10 237. Defendants used Revive Marketing to obtain one or more merchant accounts in the
11 name of various fictitious entities so that Defendants could continue to process credit and debit
12 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
13 bundled with core products sold by I Works’s marketing partners and clients.

14 238. Revive Marketing transacts or has transacted business in this District and
15 throughout the United States.

16 239. **Simcor Marketing, Inc.** (“Simcor Marketing”), a company incorporated in
17 Nevada in September 2009, uses a maildrop address at 8550 West Desert Inn Road, Suite 102-
18 379, Las Vegas, NV 89117. Defendant Scott Muir is the titular owner and officer of Simcor
19 Marketing.

20 240. Simcor Marketing is one of the shell corporations that J. Johnson and I Works
21 established to act as a front on applications to obtain new merchant accounts. In September 2009,
22 I Works employees, using funds from I Works, opened one or more depository accounts in the
23 name of Simcor Marketing, including an account at Town & Country Bank. Simcor Marketing’s
24 bank statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George,
25 UT 84770.

26 241. Defendants used Simcor Marketing to obtain one or more merchant accounts in the
27 name of various fictitious entities so that Defendants could continue to process credit and debit
28

1 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
2 bundled with core products sold by I Works’s marketing partners and clients.

3 242. Simcor Marketing transacts or has transacted business in this District and
4 throughout the United States.

5 243. **Summit Processing, Inc.** (“Summit Processing”), a company incorporated in
6 Nevada in September 2009, uses a maildrop address at 9 Retail Road, Suite 8 Box #438, Dayton,
7 NV 89403. Defendant Loyd Johnston is the titular owner and officer of Summit Processing.

8 244. Summit Processing is one of the shell corporations that J. Johnson and I Works
9 established to act as a front on applications to obtain new merchant accounts. In September 2009,
10 I Works employees, using funds from I Works, opened one or more depository accounts in the
11 name of Summit Processing, including an account at Town & Country Bank. Summit
12 Processing’s bank statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite
13 200, St. George, UT 84770.

14 245. Defendants used Summit Processing to obtain one or more merchant accounts in
15 the name of various fictitious entities so that Defendants could continue to process credit and
16 debit card charges for I Works’s sale of core products and Upsells, many of which are Forced
17 Upsells bundled with core products sold by I Works’s marketing partners and clients.

18 246. Summit Processing transacts or has transacted business in this District and
19 throughout the United States.

20 247. **The Net Success, Inc.** (“The Net Success”), a company incorporated in Nevada in
21 July 2009, uses a maildrop address at 59 Damonte Ranch Parkway, Suite B-289, Reno, NV
22 89521. Defendant Kevin Pilon is the titular owner and officer of The Net Success.

23 248. The Net Success is one of the shell corporations that J. Johnson and I Works
24 established to act as a front on applications to obtain new merchant accounts. In July 2009,
25 I Works employees, using funds from I Works, opened one or more depository accounts in the
26 name of The Net Success, including an account at Zions Bank.

1 249. Defendants used The Net Success to obtain one or more merchant accounts in the
2 name of various fictitious entities so that Defendants could continue to process credit and debit
3 card charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
4 bundled with core products sold by I Works's marketing partners and clients.

5 250. The Net Success transacts or has transacted business in this District and throughout
6 the United States.

7 251. **Tranfirst, Inc.** ("Tranfirst"), a company incorporated in Delaware in August 2009,
8 uses a maildrop address at 4142 Olgtown Stranton Road, Box #614, Newark, DE 19713.
9 Defendant Loyd Johnston is the titular owner and officer of Tranfirst.

10 252. Tranfirst is one of the shell corporations that J. Johnson and I Works established to
11 act as a front on applications to obtain new merchant accounts. In October 2009, I Works
12 employees, using funds from I Works, opened one or more depository accounts in the name of
13 Tranfirst, including an account at Town & Country Bank. Tranfirst's bank statements are sent to I
14 Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

15 253. Defendants used Tranfirst to obtain one or more merchant accounts in the name of
16 various fictitious entities so that Defendants could continue to process credit and debit card
17 charges for I Works's sale of core products and Upsells, many of which are Forced Upsells
18 bundled with core products sold by I Works's marketing partners and clients.

19 254. Tranfirst transacts or has transacted business in this District and throughout the
20 United States.

21 255. **Tran Voyage, Inc.** ("Tran Voyage"), a company incorporated in Delaware in
22 November 2009, uses a maildrop address at 18766 John J. Williams Highway, PMB #331,
23 Rehoboth, DE 19971. Defendant Loyd Johnston is the titular owner and officer of Tran Voyage.

24 256. Tran Voyage is one of the shell corporations that J. Johnson and I Works
25 established to act as a front on applications to obtain new merchant accounts. In December 2009,
26 a depository account titled in the name of Tran Voyage was opened at SunFirst Bank using funds
27
28

1 from Power Processing, another Shell Company. Tran Voyage's bank statements are sent to
2 I Works's headquarters at 249 East Tabernacle, Suite 200, St. George, UT 84770.

3 257. Defendants used Tran Voyage to obtain merchant accounts in the name of various
4 fictitious entities so that Defendants could continue to process credit and debit card charges for
5 I Works's sale of core products and Upsells, many of which are Forced Upsells bundled with core
6 products sold by I Works's marketing partners and clients.

7 258. Tran Voyage transacts or has transacted business in this District and throughout the
8 United States.

9 259. **Unlimited Processing, Inc.** ("Unlimited Processing"), a company incorporated in
10 New York in July 2009, uses a maildrop address at 111 East 14th Street, Box #320, New York,
11 NY 10003. Defendant Loyd Johnston is the titular owner and officer of Unlimited Processing.

12 260. Unlimited Processing is one of the shell corporations that J. Johnson and I Works
13 established to act as a front on applications to obtain new merchant accounts. In August 2009,
14 I Works employees, using funds from I Works, opened one or more depository accounts in the
15 name of Unlimited Processing, including an account at The Village Bank. Unlimited Processing's
16 bank statements are sent to I Works's headquarters at 249 East Tabernacle, Suite 200, St. George,
17 UT 84770.

18 261. Defendants used Unlimited Processing to obtain one or more merchant accounts in
19 the name of various fictitious entities so that Defendants could continue to process credit and
20 debit card charges for I Works's sale of core products and Upsells, many of which are Forced
21 Upsells bundled with core products sold by I Works's marketing partners and clients.

22 262. Unlimited Processing transacts or has transacted business in this District and
23 throughout the United States.

24 263. **xCel Processing, Inc.** ("xCel Processing"), a company incorporated in California
25 in June 2009, uses a maildrop address at 12127 Mall Boulevard, Suite A-323, Victorville, CA
26 92392. Defendant Kevin Pilon is the titular owner and officer xCel Processing.

1 264. xCel Processing is one of the shell corporations that J. Johnson and I Works
2 established to act as a front on applications to obtain new merchant accounts. In July 2009,
3 I Works employees, using funds from I Works, opened one or more depository accounts in the
4 name of xCel Processing, including an account at Town & Country Bank. xCel Processing’s bank
5 statements are sent to I Works’s headquarters at 249 East Tabernacle, Suite 200, St. George, UT
6 84770.

7 265. Defendants used xCel Processing to obtain one or more merchant accounts in the
8 name of various fictitious entities so that Defendants could continue to process credit and debit
9 card charges for I Works’s sale of core products and Upsells, many of which are Forced Upsells
10 bundled with core products sold by I Works’s marketing partners and clients.

11 266. Xcel Processing transacts or has transacted business in this District and throughout
12 the United States.

13 267. The Defendants described in Paragraphs 63 through 266 of this Complaint
14 collectively are referred to as the “**Shell Companies.**”

15 268. I Works, Anthon, Cloud Nine, CPA Upsell, Elite Debit, Employee Plus, Internet
16 Economy, Market Funding, Network Agenda, Success Marketing and the Shell Companies
17 collectively are referred to as the “**Corporate Defendants**” or the “**I Works Enterprise.**”

18 ***The Individual Defendants***

19 269. **Jeremy Johnson** (“J. Johnson”) is the sole owner and officer of Corporate
20 Defendants I Works, Cloud Nine, CPA Upsell, Elite Debit, Internet Economy, Market Funding,
21 and Success Marketing, a member and manager of Corporate Defendant Network Agenda, and the
22 *de facto* principal behind the Shell Companies that he established, using I Works employees and
23 business associates, to act as fronts for I Works. J. Johnson is the mastermind behind the I Works
24 Enterprise.

25 270. J. Johnson hires and supervises the managers working at his companies. He has
26 the authority to approve the websites offering the products sold by I Works. He signs legal
27
28

1 documents on behalf of I Works, including contracts with marketing partners and network
2 marketing groups, court settlements, and corporate resolutions.

3 271. On behalf of I Works, J. Johnson used various Payment Processors, including First
4 Data, ECHO, Global Payment Systems, Litle & Co., Moneris, Payment Tech, Trident, and Vital,
5 as well as several Independent Sales Organizations (“ISOs”), including CardFlex, RDK, Inc.,
6 Merchant eSolutions, Pivotal Payments, PowerPay, and Swipe Merchant Solutions, which act as
7 sales agents for the Payment Processors and the merchant banks. J. Johnson and I Works worked
8 with these Payment Processors and ISOs to obtain numerous merchant accounts at various
9 merchant banks, including Wells Fargo, N.A., HSBC Bank USA, First Regional Bank, Harris
10 National Association, and Columbus Bank and Trust Company. Defendants used these accounts
11 with the Payment Processors and merchant banks to process the credit and debit card charges for
12 I Works’s sale of core products and Upsells.

13 272. As described in detail below, after the banks began to terminate the merchant
14 accounts in the name of I Works or the other Corporate Defendants where J. Johnson was listed as
15 an officer, J. Johnson directed I Works’s employees to create numerous corporations to act as
16 fronts on new merchant account applications so that Defendants could continue to process the
17 credit and debit card charges for I Works’s sale of core products and Upsells. The straw-figure
18 principals of these Shell Companies are or were I Works employees or J. Johnson’s business
19 associates. The only purpose of these Shell Companies was to obtain merchant accounts in their
20 own names because banks would no longer open merchant accounts in the name of I Works or
21 with J. Johnson listed as the principal due to the negative history associated with their earlier
22 merchant accounts, including the high chargeback rates, the more than \$2.8 million in chargeback
23 fines paid by I Works and the other J. Johnson-owned Corporate Defendants, and the numerous
24 terminated merchant accounts. Jeremy Johnson has directed at least one Shell Company to pay
25 his personal income taxes.

1 273. J. Johnson also created companies, including Corporate Defendant Elite Debit, that
2 use remotely-created payment orders to debit consumers' bank accounts for I Works's sale of core
3 products and Upsells.

4 274. J. Johnson has signatory authority over numerous accounts at financial institutions
5 that contain funds from I Works's sale of core products and Upsells.

6 275. Since 2006, J. Johnson has personally received more than \$48 million in
7 distributions and salary from the Corporate Defendants.

8 276. J. Johnson received reports from the I Works call centers about consumer
9 complaints, and communications from Payment Processors, VISA, MasterCard, and others about
10 the high level of chargebacks, related to I Works's marketing of its core products and Upsells.
11 Chargeback fines totaling more than \$2 million were levied by merchant banks against Johnson's
12 companies, including Defendants I Works, Internet Economy, and Market Funding.

13 277. At all times material to this Complaint, acting alone or in concert with others,
14 J. Johnson has formulated, directed, controlled, had the authority to control, or participated in the
15 acts and practices of I Works and/or one or more of the Corporate Defendants named herein,
16 including the acts and practices set forth in this Complaint.

17 278. J. Johnson transacts or has transacted business in this District and throughout the
18 United States in connection with the matters alleged herein.

19 279. **Duane Fielding** ("Fielding") is a member and manager of Defendant Network
20 Agenda and the sole owner and officer of Defendant Anthon. Both companies are located at
21 I Works's headquarters at 249 East Tabernacle, St. George, UT 84770.

22 280. In June 2008, Fielding signed an agreement with the Payment Processor Litle &
23 Co. in order to obtain merchant accounts on behalf of Defendant Anthon. On behalf of I Works,
24 Fielding obtained merchant accounts in the names of Network Agenda and Office Assistant so
25 that Defendants could process the credit and debit card charges for I Works's sale of core products
26 and Upsells. These accounts incurred such excessive chargebacks that Fielding had to submit
27 Chargeback Reduction Plans to Payment Processors on behalf of Network Agenda. Chargeback
28

1 Reduction Plans set forth the reasons for the excessive chargebacks and outline the steps that will
2 be taken to reduce the chargeback rates.

3 281. Fielding has signatory authority over bank accounts titled in the name of Anthon
4 and Network Agenda, which accounts received funds from I Works directly, and/or contain funds
5 from I Works's sale of core products and Upsells.

6 282. Fielding received reports from the I Works call centers about consumer complaints,
7 and communications from Payment Processors, VISA, MasterCard, and others about the high
8 level of chargebacks, related to I Works's marketing of its core products and Upsells.

9 283. At all times material to this Complaint, acting alone or in concert with others,
10 Fielding has formulated, directed, controlled, had the authority to control, or participated in the
11 acts and practices of I Works, Anthon, Network Agenda, and/or one or more of the Corporate
12 Defendants named herein, including the acts and practices set forth in this Complaint.

13 284. Fielding transacts or has transacted business in this District and throughout the
14 United States in connection with the matters alleged herein.

15 285. **Andy Johnson** ("A. Johnson"), J. Johnson's brother, is the manager of the
16 Research and Development department at I Works. As part of his official duties at I Works, A.
17 Johnson created, or arranged for the creation of, and manages, several products, including Rebate
18 Millionaire and Cost Smashers, which I Works markets and sells directly and through its
19 marketing partners and clients.

20 286. A. Johnson is the titular owner and officer of at least three defendant Shell
21 Companies, including Funding Success, Hooper Processing, and Internet Fitness, that I Works and
22 J. Johnson established to act as fronts on applications to obtain new merchant accounts.

23 A. Johnson also was, during at least part of the time period relevant to this Complaint, the titular
24 owner of Defendant xCel Processing, one of the defendant Shell Companies.

25 287. On behalf of I Works, A. Johnson obtained merchant accounts under the names of
26 several Shell Companies, including Defendants Funding Success and xCel Processing, so that
27
28

1 Defendants could continue to process the credit and debit card charges for I Works’s sale of core
2 products and Upsells.

3 288. A. Johnson has signatory authority over bank accounts titled in the name of
4 Defendants Funding Success and xCel Processing, as well as over bank accounts titled in the
5 name of other Shell Companies, which accounts received funds from I Works directly, and/or
6 contain funds from I Works’s sale of core products and Upsells.

7 289. As a manager at I Works, A. Johnson received information regarding the high
8 number of consumer complaints and chargebacks related to I Works’s marketing of its core
9 products and Upsells.

10 290. At all times material to this Complaint, acting alone or in concert with others,
11 A. Johnson has formulated, directed, controlled, had the authority to control, or participated in the
12 acts and practices of I Works and/or one or more of the Corporate Defendants named herein,
13 including the acts and practices set forth in this Complaint.

14 291. A. Johnson transacts or has transacted business in this District and throughout the
15 United States in connection with the matters alleged herein.

16 292. **Loyd Johnston** (“Johnston”) is the manager of the Merchant Account department
17 at I Works.

18 293. In that role, Johnston manages the relationships with the Payment Processors and
19 banks that I Works uses or used to process credit and debit card charges for I Works’s sale of core
20 products and Upsells. Johnston’s email address, loyd@iworks.com, is the contact on numerous
21 merchant account applications submitted on behalf of one or more of the Corporate Defendants.
22 Johnston sent Chargeback Reduction Plans on behalf of one or more Corporate Defendants,
23 including the Shell Companies, to Payment Processors.

24 294. Johnston has the authority to hire, and has hired, I Works employees.

25 295. Johnston has opened maildrops in various states at which complaints about
26 I Works’s marketing of its core products and Upsells are received and then forwarded to I
27 Works’s headquarters in St. George, Utah. Johnston has used a business credit card to pay the
28

1 rental fee for at least 50 maildrops in 13 states used by the I Works Enterprise between August
2 2009 and April 2010.

3 296. Johnston is the titular owner and officer of at least 15 Shell Companies that
4 I Works and J. Johnson established to act as fronts on applications to obtain new merchant
5 accounts. These Shell Companies include Defendants Blue Streak Processing, Business First,
6 Cold Bay Media, Ebusiness Success, Ecom Success, Money Harvest, Monroe Processing, Net
7 Commerce, Premier Performance, Pro Internet Services, Revive Marketing, Summit Processing,
8 Tranfirst, Tran Voyage, and Unlimited Processing.

9 297. On behalf of I Works, Johnston obtained one or more merchant accounts in the
10 name of numerous Shell Companies so that Defendants could continue to process the credit and
11 debit card charges for I Works's sale of core products and Upsells.

12 298. Johnston has signatory authority over bank accounts titled in the name of various
13 Shell Companies that received funds from I Works directly, and/or contain funds from I Works's
14 sale of core products and Upsells.

15 299. Johnston received reports from the I Works call centers about consumer
16 complaints, and communications from Payment Processors, VISA, MasterCard, and others about
17 the high level of chargebacks, related to I Works's marketing of its core products and Upsells.

18 300. At all times material to this Complaint, acting alone or in concert with others,
19 Johnston has formulated, directed, controlled, had the authority to control, or participated in the
20 acts and practices of I Works, and/or one or more of the business entities named herein, including
21 the acts and practices set forth in this Complaint.

22 301. Johnston transacts or has transacted business in this District and throughout the
23 United States in connection with the matters alleged herein.

24 302. **Scott Leavitt** ("Leavitt") is the Finance Manager for I Works.

25 303. In that role, Leavitt keeps the financial books of the I Works Enterprise. He
26 provides payroll and accounting services to I Works through Defendant Employee Plus, and
27 another company, Leavitt, Musgrave & Associates, both of which Leavitt owns.

1 304. On behalf of I Works, Leavitt obtained one or more merchant accounts in the name
2 of Employee Plus d/b/a Grant Search Assistant so that Defendants could continue to process the
3 credit and debit card charges for I Works's sale of core products and Upsells.

4 305. Leavitt communicates with the Payment Processors and banks I Works uses or
5 used to process sales for its core products and Upsells.

6 306. Leavitt has signatory authority over more than 90 bank accounts titled in the name
7 of various Corporate Defendants. These accounts received funds from I Works directly and/or
8 contain funds from I Works's sale of core products and Upsells. Leavitt's signature appears on
9 thousands of checks written on behalf of the Corporate Defendants and he also arranges for the
10 electronic transfer of funds from the Shell Companies to I Works and vice-versa.

11 307. Leavitt received reports from the I Works call centers about consumer complaints,
12 and communications from Payment Processors, VISA, MasterCard, and others about the high
13 level of chargebacks, related to I Works's marketing of its core products and Upsells. His
14 company, Employee Plus, paid fines to its processing banks because of high chargeback levels.
15 As the Finance Manager, Leavitt was in a position to see the bank statements reflecting the
16 thousands of chargebacks associated with I Works's sale of core products and Upsells.

17 308. At all times material to this Complaint, acting alone or in concert with others,
18 Leavitt has formulated, directed, controlled, had the authority to control, or participated in the acts
19 and practices of I Works, Employee Plus, and/or one or more of the other business entities named
20 herein, including the acts and practices set forth in this Complaint.

21 309. Leavitt transacts or has transacted business in this District and throughout the
22 United States in connection with the matters alleged herein.

23 310. **Scott Muir** ("Muir"), Jeremy and Andy Johnson's uncle, is a former employee of
24 I Works and is currently employed by BadCustomer.com, an affiliate company of I Works. Muir
25 is the titular owner and officer of at least 12 Shell Companies that I Works and J. Johnson
26 established to act as fronts on applications to obtain new merchant accounts. These Shell
27 Companies include Big Bucks Pro, Blue Net Progress, Bolt Marketing, Business Loan Success,
28

1 CS Processing, GGL Rewards, Highlight Marketing, Mist Marketing, Net Discounts, Optimum
2 Assistance, Razor Processing, and Simcor Processing.

3 311. On behalf of I Works, Muir obtained merchant accounts in the name of one or
4 more of the Shell Companies so that Defendants could continue to process the credit and debit
5 card charges for I Works's sale of core products and Upsells.

6 312. Muir has signatory authority over at least 12 accounts at three different banks, all
7 of which are titled in the name of Shell Companies. These accounts received funds from I Works
8 directly and/or contain funds from I Works's sale of core products and Upsells.

9 313. As a former employee of I Works, and through his current work for
10 BadCustomer.com, Defendants' Internet blacklist of consumers who have sought chargebacks of
11 Defendants' charges and debits, Muir learned of the high level of chargebacks related to
12 I Works's marketing of its core products and Upsells. Moreover, some of the bank accounts over
13 which Muir has signatory authority received large numbers of debits because of chargebacks.

14 314. At all times material to this Complaint, acting alone or in concert with others, Muir
15 has formulated, directed, controlled, had the authority to control, or participated in the acts and
16 practices of I Works and/or one or more of the other business entities named herein, including the
17 acts and practices set forth in this Complaint.

18 315. Muir transacts or has transacted business in this District and throughout the United
19 States in connection with the matters alleged herein.

20 316. **Bryce Payne** ("Payne") is the current General Manager of I Works.

21 317. Payne has authority to hire and fire persons who work for I Works.

22 318. Payne has signed contracts on behalf of I Works.

23 319. Payne has the authority to approve websites offering the products I Works sells.

24 320. Payne is the titular owner and officer of Defendant JRB Media, one of the Shell
25 Companies that I Works and J. Johnson established to act as a front on applications to obtain new
26 merchant accounts.

1 321. On behalf of I Works, Payne obtained one or more merchants accounts in the name
2 of JRB Media so that Defendants could continue to process the credit and debit card charges for
3 I Works' sale of core products and Upsells.

4 322. Payne has signatory authority over a bank account titled in the name of Defendant
5 JRB Media, which account received funds from I Works directly and/or contains funds from
6 I Works's sale of core products and Upsells.

7 323. Payne received reports from the I Works call centers about consumer complaints,
8 and communications from Payment Processors, VISA, MasterCard, and others about the high
9 level of chargebacks, related to I Works's marketing of its core products and Upsells.

10 324. At all times material to this Complaint, acting alone or in concert with others,
11 Payne has formulated, directed, controlled, had the authority to control, or participated in the acts
12 and practices of I Works and/or one or more of the other business entities named herein, including
13 the acts and practices set forth in this Complaint.

14 325. Payne transacts or has transacted business in this District and throughout the
15 United States in connection with the matters alleged herein.

16 326. **Kevin Pilon** ("Pilon") works at I Works where he facilitates I Works's credit and
17 debit card processing for I Works's sale of core products and Upsells. He is part of the Merchant
18 Account department and is or was responsible for working with Payment Processors.

19 327. Pilon is the titular owner and officer of at least 16 Shell Companies that I Works
20 and J. Johnson established to act as fronts on applications to obtain merchant accounts. These
21 Shell Companies include Bottom Dollar, Bumble Marketing, Costnet Discounts, Cutting Edge
22 Processing, Ebusiness First, Excess Net Success, Fiscal Fidelity, Fitness Processing, GG
23 Processing, Internet Business Source, Net Business Success, Net Fit Trends, Power Processing,
24 Rebate Deals, The Net Success, and xCel Processing.

25 328. Pilon has opened maildrops in various states at which complaints about I Works's
26 marketing of core products and Upsells are received, which are then forwarded to I Works's
27 headquarters in St. George, Utah. Pilon has used a business credit card to pay the rental fee for at
28

1 least 27 maildrops in nine states used by the I Works Enterprise between August 2009 and May
2 2010.

3 329. Pilon is the titular owner and officer of Shell Company Bottom Dollar which does
4 business as BadCustomer.com. In connection with BadCustomer.com, Pilon works closely with
5 Defendant Jeremy Johnson.

6 330. On behalf of I Works, Pilon obtained merchant accounts in the name of one or
7 more Shell Companies so that Defendants could continue to process the credit and debit card
8 charges for I Works's sale of core products and Upsells.

9 331. Pilon has signatory authority over bank accounts titled in the name of numerous
10 Shell Companies, which accounts received funds from I Works directly and/or contain funds from
11 I Works's sale of core products and Upsells.

12 332. Pilon, as a member of the Merchant Account department, attended meetings at
13 which the high number of chargebacks related to I Works's marketing of its core products and
14 Upsells was discussed. Pilon received reports from the I Works call centers about consumer
15 complaints, and communications from Payment Processors, VISA, MasterCard, and others about
16 the high level of chargebacks, related to I Works's marketing of its core products and Upsells.

17 333. At all times material to this Complaint, acting alone or in concert with others, Pilon
18 has formulated, directed, controlled, had the authority to control, or participated in the acts and
19 practices of I Works and/or one or more of the other business entities named herein, including the
20 acts and practices set forth in this Complaint.

21 334. Pilon transacts or has transacted business in this District and throughout the United
22 States in connection with the matters alleged herein.

23 335. **Ryan Riddle** ("Riddle") was, until November 2009, the General Manager of
24 I Works.

25 336. While General Manager, Riddle exercised supervisory authority over I Works
26 employees. Riddle hired and fired I Works employees. Riddle supervised managers and sent
27 directions to employees via email and otherwise.

1 337. Riddle approved websites offering the core products and Upsells sold by I Works.

2 338. Riddle entered into marketing and other contracts on behalf of I Works.

3 339. Riddle communicated with I Works's merchant banks and Payment Processors.

4 Riddle sent Progress Reports and Chargeback Reduction Plans on behalf of I Works to banks and
5 Payment Processors explaining the steps I Works was taking to decrease chargebacks.

6 340. Riddle responded to consumer complaints that were sent to I Works by various
7 state Attorneys General.

8 341. Riddle is also the titular owner and officer of Defendant DJM, one of the Shell
9 Companies that I Works and J. Johnson established to act as a front on applications to obtain new
10 merchant accounts. Riddle signed merchant account applications on behalf of DJM's various
11 fictitious entities.

12 342. Riddle has signatory authority over a bank account titled in the name of DJM,
13 which account received funds from I Works directly and/or contains funds from I Works's sale of
14 core products and Upsells.

15 343. Riddle received reports from the I Works call centers about consumer complaints,
16 and communications from Payment Processors, VISA, MasterCard, and others about the high
17 level of chargebacks, related to I Works's marketing of its core products and Upsells. He also
18 responded to State Attorneys Generals who forwarded hundreds of consumer complaints
19 regarding I Works's sale of core products and Upsells.

20 344. At all times material to this Complaint, acting alone or in concert with others, he
21 has formulated, directed, controlled, had the authority to control, or participated in the acts and
22 practices of I Works and/or one or more of the other business entities named herein, including the
23 acts and practices set forth in this Complaint.

24 345. Riddle transacts or has transacted business in this District and throughout the
25 United States in connection with the matters alleged herein.

1 346. **Terrason Spinks** (“Spinks”) is a business associate of Jeremy Johnson. Spinks
2 has or had an office at I Works’s headquarters at 249 East Tabernacle, St. George, UT.

3 347. Spinks obtains merchant accounts for the I Works Enterprise.

4 348. Spinks is the titular owner and officer of Jet Processing, a Shell Company that
5 I Works and J. Johnson established to act as a front on applications to obtain new merchant
6 accounts. Spinks purchased Jet Processing in 2009 from I Works and J. Johnson. Even after the
7 sale, Jet Processing remains a part of the common enterprise.

8 349. Spinks submitted a Chargeback Reduction Plan to a processing bank on behalf of
9 Defendant Jet Processing.

10 350. Spinks has signatory authority over at least six bank accounts in the name of Jet
11 Processing, one or more of which received funds from I Works directly and/or contains funds
12 from I Works’s sale of core products and Upsells.

13 351. Spinks received reports from the I Works call centers about consumer complaints,
14 and communications from Payment Processors, VISA, MasterCard, and others about the high
15 level of chargebacks, related to I Works’s marketing of its core products and Upsells.

16 352. At all times material to this Complaint, acting alone or in concert with others,
17 Spinks has formulated, directed, controlled, had the authority to control, or participated in the acts
18 and practices of I Works and/or one or more of the other business entities named herein, including
19 the acts and practices set forth in this Complaint.

20 353. Spinks transacts or has transacted business in this District and throughout the
21 United States in connection with the matters alleged herein.

22 354. Fielding, A. Johnson, J. Johnson, Johnston, Leavitt, Muir, Payne, Pilon, Riddle,
23 and Spinks are collectively referred to as “Individual Defendants.”

24 355. The Corporate and Individual Defendants are collectively referred to as
25 **“Defendants.”**

COMMON ENTERPRISE

1
2 356. The Corporate Defendants have operated and functioned as a common enterprise
3 while engaging in the unfair and deceptive acts and practices and other violations of law alleged
4 in this Complaint. The Corporate Defendants have conducted the business practices through an
5 interrelated network of companies that have common control, ownership, officers, managers,
6 business functions, office locations, accounting and customer databases, web servers, and
7 products. The Corporate Defendants rely on unified advertising and a common marketing
8 scheme. J. Johnson and the other Individual Defendants have ignored corporate formalities in
9 setting up the Shell Companies, which are nothing more than fronts for I Works. Because the
10 Corporate Defendants have operated as a common enterprise, each of them is jointly and severally
11 liable for the acts and practices described in this Complaint. Individual Defendants Fielding, A.
12 Johnson, J. Johnson, Johnston, Leavitt, Muir, Payne, Pilon, Riddle, and Spinks have formulated,
13 directed, controlled, had the authority to control, or participated in the acts and practices of one or
14 more of the Corporate Defendants that comprise the I Works Enterprise.

COMMERCE

15
16 357. At all times relevant to this Complaint, Defendants have maintained a substantial
17 course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act,
18 15 U.S.C. § 44.

DEFENDANTS’ BUSINESS PRACTICES***The Lures***

19
20
21 358. In numerous instances, consumers are drawn into Defendants’ scheme through
22 websites that trumpet the availability of government grants to pay personal expenses or websites
23 that offer a money-making opportunity. Defendants offer information regarding grants and make-
24 money opportunities, purportedly at a nominal cost of \$1.99 or \$2.99. Defendants fail to disclose
25 or to disclose adequately that their offer includes a Negative Option Plan for an online
26 membership; consumers who do not cancel their memberships within a short period of time will
27 be billed a hefty one-time charge and enrolled in a continuity plan that will result in monthly
28

1 recurring charges. Defendants also fail to disclose or to disclose adequately that they will charge
2 consumers' credit cards or debit funds from their bank accounts recurring monthly fees for Forced
3 Upsells - additional bundled products from which consumers cannot opt-out.

4 *The Grant Lure*

5 359. Defendants offer their grant product on hundreds of websites that tout the
6 availability of government grants to pay personal expenses. These websites frequently represent
7 that government grants are available to pay medical bills, start home businesses, for free
8 healthcare, pay power bills, replace kitchen and bathroom faucets, fix up a home, or pay a
9 mortgage.

10 360. One offer proclaims "Now It's Your Turn to Claim Government Grant Money." A
11 different offer promises that "Finding Government Grant money has never been easier or
12 quicker!"

13 361. Another offer hypes the billions of dollars available for "Personal Grants!" and
14 encourages individuals to "claim your share of the millions of dollars in Grant Money Given
15 Away Every Year!" According to this offer, "some of the Government Grants that have been
16 funded" include "\$9,500 to pay medical bills," "\$50,000 for college," and "\$10,000 for free
17 healthcare."

18 362. Other grant-related offers tell individuals they can use the "free" government
19 funding to "Start a Business," "Expand Your Current Venture," "Purchase Real Estate," "Buy
20 Equipment," "Pay Medical Bills," "Start a Home Business," and for "Free Healthcare."

21 363. Defendants also use streaming video to convince consumers of the benefit of their
22 government grant product. For instance, when consumers visit the website entitled Grant Gold, a
23 male model appears at the bottom right hand corner of the website's landing page and states,
24 among other things:

25 With your permission, I want to send you a grant CD which reveals how to get available
26 grants from the U.S. government. In it, you will discover countless ways to get something
27 back for your tax dollars. And if you respond now, I'll send it to you for only the cost of
28 shipping. . . . For example, you may qualify for thousands of dollars to pay your mortgage.
Or even find money to live on while you start a business. You can receive financial
assistance for medical bills

1 364. Spam emails sent by Defendants and/or their agents mirror Defendants' own
2 misrepresentations about their grant-related products. For example, an email promoting Grant
3 Funding Toolbox, using as an address a maildrop opened by J. Johnson and with a subject line
4 "Pres Obama want to give you Free Cash you could be Cashing your Federal Check In as little as
5 12 days," promises that the grants are for people who need assistance "paying for bills, buying a
6 home, . . . or even helping raise children." Another of Defendants' Spam emails using the same
7 maildrop address and with a subject line "FREE CASH to help you get started!" proclaims that
8 "Our Grant Program Software" is waiting to help "Stop Foreclosures"*[sic]* and "Pay Down Debt"
9 and asserts that "the government could have a check to you in as little as two weeks." Yet another
10 Spam email using one of Defendants' maildrop addresses in Nevada and with a subject line
11 "Government Funding Available" states that "Government money is readily available for many
12 reasons including: . . . Rent payment assistance, Bills . . . and Much Much More."

13 365. Defendants' other Spam emails include testimonials. For instance, an email from
14 with a subject line "Uncle Sam could give you up to \$25,000 - open to see how," includes a
15 testimonial from a Silvia Henriquez stating that she did not have money to pay her electric bill or
16 feed her children and that she applied for a grant and received \$500.

17 366. Defendants provide their affiliates with ready-to-send emails that advertise the
18 Defendants' grant and money-making programs. The Defendants make these emails available on
19 a website for affiliates called the I Works Media Center. The emails include a default link to
20 ravenmediainc.com, an URL that is registered to an individual with an I Works email address. In
21 one of the emails, Defendants proclaim that "Every year, the government gives away MILLIONS
22 of dollars to people JUST LIKE YOU! Need FAST CASH to start a business, attend college, or
23 pay off bills?" And, another email states that consumers can use "FREE MONEY dolled *[sic]* out
24 by 1,400 government agencies" to "buy a new home, car, pay for college, medical bills, groceries,
25 bills, and more." A third email announces there are "THOUSANDS of dollars in FREE
26 Government grant money for the holidays!" and features a woman in a Santa Claus hat holding a
27 wad of hundred dollar bills.

1 367. Defendants have marketed their grant products under various names that invoke a
2 connection between their products and government grants, such as: Fed Grant USA, Federal
3 Grant Connection, Grant Stimulus Save, Govt Grant Connection, Fast Government Grants, Fast
4 Gov Grants.com, Get Government Dollars, Government Funding Solutions, and Gov Grant
5 Central. Defendants have also marketed their grant products through websites with names such
6 as: federalgovernmentgrantsolutions.com and availablefederalgrantsonline.com.

7 368. In fact, there are few, if any, government grants available to individual consumers.
8 In addition, contrary to Defendants' representations, government grants are not available to
9 individuals to pay personal expenses such as their mortgage, bills, Christmas presents, and
10 emergencies. Instead, most government grants are awarded to colleges, universities, and other
11 nonprofit organizations. Moreover, Defendants do not possess and rely upon a reasonable basis to
12 substantiate their representation that government grants are available to individuals for personal
13 expenses.

14 369. In many instances, Defendants also represent that consumers who provide their
15 names, addresses, telephone numbers, and credit or debit card information will be charged a
16 nominal shipping and handling fee to receive a CD and access to a website, which Defendants
17 manage, that contains information that will enable the consumer to find and obtain government
18 grants to pay personal expenses. A typical representation is: "Our program doesn't just list
19 Grants, it walks you step-by-step through how to qualify, who to contact (including address
20 details) and many examples of how to get Government and Private Grants!" Yet another offer
21 represents that the grant product "contains valuable information you need to know about how and
22 where to access grant money that may be available. . . You'll also have the tools and resources
23 necessary to find, apply for and secure this money." A streaming video of a male model on a
24 grant website's Order page, in the lower right hand corner, states, among other things, that the
25 online membership program:

26 walks you step by step through exactly how to qualify and who to contact. It includes all
27 required addresses and what to say to easily get the tax-free cash just sitting there waiting
28 for you. . . No matter who you are, rich or poor, black or white, employed or unemployed,
 as long as you are a U.S. citizen, you can apply for funding faster than you ever dreamed

1 possible. Go ahead, request this CD today and get started on your path to finding and
2 applying for the funding you're seeking.

3 370. In order to convince consumers they are likely to receive grants by using
4 Defendants' grant product, in numerous instances Defendants include on their grant sites
5 testimonials from happy consumers who supposedly used the grant product to receive funds to fix
6 a car, pay utility bills, avoid foreclosure, buy Christmas presents, and pay for emergency expenses.
7 In doing so, Defendants represent that consumers who use the grant product are likely to obtain
8 grants such as those obtained by the happy consumers.

9 371. In fact, consumers are not likely to find and obtain grants using Defendants' grant
10 product as there are few, if any, government grants for individuals to pay personal expenses.
11 Moreover, Defendants did not possess and rely upon a reasonable basis to substantiate their
12 representation that consumers are likely to find and obtain government grants for personal
13 expenses using the Defendants' grant product.

14 372. Consumers are not likely to obtain grants such as those obtained by the consumers
15 in the testimonials. The individuals quoted in the testimonials received funds only from a
16 nonprofit organization funded wholly or partially by Defendants. Defendants provided payments
17 to approximately .04% of all consumers that Defendants' billed for Defendants' grant product.
18 The only manner in which Defendants add a caveat to their testimonials is by way of a small
19 asterisk at the end of each testimonial. If consumers can even see the fine print at the bottom of
20 the web page, they will only find Defendants' tiny disclosure that "Results May Vary," which
21 does nothing to correct the representation that consumers using the grant product are likely to
22 obtain grants such as those obtained by the happy consumers. Moreover, many of the sites
23 contain one or more testimonials that are false or bogus.

24 ***The Make-Money Opportunity Lure***

25 373. In numerous instances, Defendants lure consumers through websites that tout
26 money-making opportunities that are likely to yield significant income. Their typical make-
27 money website promises that consumers can generate large amounts of income via Internet search
28 engine advertising on Google, through rebate programs and auctions on sites such as eBay, and by

1 using new technologies, such as Twitter. Defendants offer information regarding the make-money
2 opportunities, purportedly for a nominal fee of \$1.99 or \$2.99 for shipping and handling. As with
3 the core grant product, consumers submit their billing information to pay the small fee. Having
4 procured consumers' account information, Defendants immediately enroll their victims in
5 Negative Option Plans for online memberships for both the core make-money product and for
6 other unrelated products that are automatically bundled with the make-money product as Forced
7 Upsells, and proceed to impose significant one-time and recurring charges.

8 374. Defendants' make-money websites represent that their product offers its members
9 "Easy Money," and the opportunity to "[s]top living paycheck-to-paycheck." For example, an
10 offer marketing Internet search engine opportunities proclaims that "Now ANYONE can learn
11 how to earn \$200-\$943 per day or MORE on Google!" Another of Defendants' websites states
12 that one can "learn how to make \$199 per day or more" with "our simple system" that has
13 "everything you need to make guaranteed fast money on Google. Your cost + \$0."

14 375. Spam emails sent by Defendants' agents make the same claims. For instance,
15 Raven Media using one of Defendants' maildrop addresses in Nevada and a subject line "Easy
16 Money with Google," promises that "anyone can learn how to earn 200 - 943 per day or More!"

17 376. The I Works Media Center includes ready-to-send emails with claims for
18 Defendants' money-making products. For instance, one email states that "with this FREE kit, you
19 can make up to \$500, \$1,000, even \$3,000 every month ONLINE!" Another email proclaims "My
20 'Growing Rich with Google' CD reveals how to Make extra income from home. Get your FREE
21 copy today!"

22 377. By providing a specific range of money that the consumer will "learn to earn,"
23 Defendants represent that the typical consumer who uses Defendants' money-making product can
24 expect to achieve that level of income.

25 378. In fact, Defendants' make-money representations are false. Typical consumers
26 who use Defendants' make-money products will not earn \$200-943 or more per day using
27
28

1 Defendants' products. Moreover, Defendants did not possess and rely upon a reasonable basis to
2 substantiate their representations that consumers can expect to earn these amounts per day.

3 ***The Promises That the Offers Are Free or Risk-Free***

4 379. In addition to extravagant claims about getting federal grants or substantial income
5 via Internet search engine advertising, auctions, or other money-making products, Defendants
6 further entice consumers by emphasizing that, except for a nominal fee of as little as \$1.99 or
7 \$2.99 to cover the shipping and handling of a CD, what Defendants are offering is "free." Thus,
8 large banners encourage consumers to "Order your FREE CD today" and "Get your FREE
9 Software" that has information on how to receive government grants or make money. For
10 instance, one of Defendants' money-making sites claims that "Our FREE CD shows how to beat
11 the system." If Defendants make any reference to the Forced Upsells, they are referred to as
12 bonus "gifts."

13 380. In order to reassure consumers and convince them to enter their billing information
14 for the small amount, Defendants expressly assert that their free offers are "risk free." Typical
15 representations by Defendants include: "Get Instant Access To Your Risk-Free Google
16 Software . . ."; "Get Our Risk-Free Grant Software Kit"; "Information worth thousands of dollars!
17 It's Yours Now RISK FREE!" and "Claim Your Risk-Free CD . . ."

18 381. To further emphasize the ostensibly free and risk-free nature of their offers,
19 Defendants often include tables detailing that the consumer's TOTAL monetary outlay is only the
20 nominal shipping and handling fee. Defendants' tables identify that all other items, including a
21 CD with product information, access to online tutorials, and unlimited customer support, are free
22 or are included with the payment of a nominal shipping and handling fee. Sometimes the tables
23 include a reference to "bonus" products, which Defendants also list as free.

24 382. In many instances, Defendants attempt to create a sense of urgency. Defendants'
25 websites represent that only a few CDs are available, or that it is a "Limited Time Offer."
26 Furthermore, some of Defendants' marketing websites actually incorporate a clock that counts
27 down the number of minutes and seconds consumers have left to respond to Defendants' offer.

1 its two main core products, the grant product and the make-money product, as Forced Upsells,
2 enrolling consumers who provided Defendants with their billing information to pay the small fee
3 for Defendants' grant product in its make-money product and vice-versa. Each of these Forced
4 Upsells imposes additional recurring monthly charges or debits of as much as \$39.97 to the
5 consumer's account.

6 386. Consumers are unaware that Defendants will use their billing information to assess
7 these high fees for both the core product and the Forced Upsells. Consumers often are unaware
8 they have been enrolled in trial memberships because Defendants bury the terms of their true
9 offers in tiny, hard-to-read print that is overshadowed by the extravagant promises that consumers
10 can use their government grants for personal expenses or make lots of money through Defendants'
11 supposedly free and risk-free offers.

12 387. In many cases, any disclosures about the Defendants' Forced Upsells are hidden in
13 the middle of the tiny cramped text about the core product. In other instances, the Upsell
14 disclosures appear only in a small boxes at the bottom of the Order page, well below the "Submit"
15 button. In many instances, the description of the Upsell as a "bonus" product lacks any cost or
16 cancellation information.

17 388. Tiny hyperlinks at the bottom of various pages on Defendants' marketing websites,
18 if they function, may connect to a lengthy Terms and Conditions page full of obtuse legalese, only
19 one small part of which mentions trial memberships, bonus products, cancellation requirements,
20 and costs. In some instances, there is convoluted language that the consumer has agreed to a one-
21 time fee of as much as \$189 and then recurring monthly charges or debits of as much as \$59.95 to
22 a bank account by ordering the free software or CD. In other instances, the Terms do not even list
23 the costs of the memberships.

24 389. Because the websites marketing Defendants' products repeatedly represent that
25 consumers have to pay only a nominal amount, and at the same time hide the terms of their true
26 offer, and because Defendants' offers involve only a small fee, many consumers provide their
27 billing information without adequate notice that they are entering into a trial period of as few as
28

1 three days for the advertised product, as well as trial periods of differing lengths for the Forced
2 Upsells. Consumers, seeing the express representation that all they have to pay is the small fee for
3 shipping and handling, do not expect to have to cancel one or more trial memberships that they
4 did not even know they had been signed up for.

5 390. In some instances, after having provided their billing information, consumers
6 receive a confirmation web page, and/or a confirmation email, with the log-in and password to
7 Defendants' membership sites for the advertised product and the Forced Upsells. The
8 confirmation page includes no information about memberships, their costs, or the need to cancel
9 to avoid charges. Defendants also know that many consumers never see Defendants' confirmation
10 emails because they are frequently trapped by consumers' Spam filters.

11 391. In numerous instances, the CD for the core product comes with a return address of
12 one of Defendants' many maildrops. A printed notice from Bad Customer.com accompanying the
13 CD warns that consumers who seek a chargeback "will be reported to the internet consumer
14 blacklist . . . and will result in member merchants blocking you from making purchases online!"

15 392. Consumers who call the telephone numbers listed on their billing statements next
16 to the charges and debits learn for the first time that Defendants enrolled them not only in an
17 expensive membership program involving the advertised "free" and "risk-free" core product, but
18 also enrolled them, through no choice of their own, into forced memberships for other products
19 marketed and sold by Defendants, the Forced Upsells. It is only then that consumers learn that
20 when they agreed to provide their billing information for a transaction with a small fee, that
21 Defendants used the billing information to assess a hefty one-time charge of as much as \$189 and
22 recurring monthly charges of as much as \$59.95 for the core product, as well as recurring charges
23 related to Defendants' Forced Upsells. Therefore, what consumers expected to be a fee of a few
24 dollars for shipping and handling a free CD or free software has resulted in their enrollment in
25 multiple memberships, to which they never knowingly agreed, with hefty one-time and recurring
26 monthly fees.

1 397. Defendants have ultimate control over the appearance and location of the
2 information concerning the Upsells on the websites of their marketing partners. Defendants'
3 contracts with their marketing partners clearly state that Defendants must review and provide their
4 written approval for the placement of all of their Upsells on their marketing partners' sites. In
5 numerous instances, Defendants have approved how their Upsells appear on the websites of their
6 marketing partners even though Defendants' review shows that Defendants' Forced Upsells are
7 not disclosed, or are inadequately disclosed, on their partners' websites. Further, Defendants
8 regularly review the websites of their marketing partners who offer Defendants' Upsells;
9 Defendants also respond to the telephone and written complaints about the Upsells bundled with
10 their marketing partners' core products. Defendants therefore know that their marketing partners
11 continue to fail to disclose, or disclose adequately, material information about the Forced Upsells,
12 or even the existence of these Upsells.

13 398. Yet, even though Defendants know that, in numerous instances, the websites of
14 their marketing partners do not disclose, or disclose adequately, the existence of Defendants'
15 Forced Upsells, Defendants still process the credit and debit card charges associated with the
16 Upsells offered on these websites.

17 399. In numerous instances, consumers do not receive a confirmation page or email
18 regarding Defendants' Upsells bundled with the core products sold by Defendants' marketing
19 partners.

20 400. In numerous instances, consumers have not authorized Defendants to charge their
21 credit cards or debit their bank accounts for the Upsells bundled with the core products sold by
22 Defendants' marketing products.

23 401. In numerous instances, Defendants' practice of charging or debiting consumers'
24 accounts for undisclosed or inadequately disclosed Forced Upsells on their marketing partners'
25 websites has caused consumers' credit and debit accounts to be charged substantial recurring fees
26 for Defendants' Forced Upsells.

1 402. In numerous instances, Defendants' practice of charging or debiting consumers'
2 accounts for undisclosed or inadequately disclosed Forced Upsells on their marketing partners'
3 websites has depleted consumers' checking accounts, causing consumers to incur costly overdraft
4 fees.

5 403. In numerous instances, Defendants' practice of charging or debiting consumers'
6 accounts for undisclosed or inadequately disclosed Forced Upsells on their marketing partners'
7 websites has caused consumers to exceed their credit cards' credit limit and incur fees.

8 404. In numerous instances, Defendants' Forced Upsells on their marketing partners'
9 websites are undisclosed or inadequately disclosed and therefore consumers do not know how
10 they can avoid the charges.

11 405. Consumers could not avoid being charged for Defendants' Forced Upsells
12 appearing on the websites of Defendants' marketing partners. The substantial injury Defendants
13 have caused by charging and debiting consumers' accounts without authorization is not
14 outweighed by countervailing benefits to consumers or competition.

15 ***Keeping the Scheme Going***

16 406. Defendants have used at least three stratagems to perpetrate their scheme:
17 (a) they flood the Internet with phony positive reviews of their products; (b) they threaten
18 consumers who are considering exercising their chargeback rights; and (c) they use the Shell
19 Companies to trick banks into opening new merchant accounts through which they continue to
20 process charges and debits related to Defendants' sale of I Works' core products and Upsells.

21 ***The Phony Positive Reviews on the Internet***

22 407. Defendants' marketing practices have caused hundreds, if not thousands, of
23 consumers to post negative comments about Defendants on numerous websites and blogs.
24 Defendants have combated, and continue to combat, these unfavorable comments by hiring third
25 parties to create and post on the Internet positive articles and other web pages. In doing so,
26 Defendants represent, expressly or by implication, that these articles and other web pages are
27 independent reviews reflecting the opinions of unbiased consumers who successfully used
28

1 Defendants' grant product to find government grants to pay personal expenses or Defendants'
2 make-money programs to earn substantial income.

3 408. In fact, the positive articles and other web pages about Defendants' grant and
4 money-making programs are not independent reviews reflecting the opinions of unbiased
5 consumers who successfully used the grant and make-money products offered by Defendants.
6 Rather, the positive articles and other web pages were created by Defendants and their agents.
7 Defendants' representation that the positive articles and other web pages are independent reviews
8 reflecting the opinions of unbiased consumers is false.

9 409. In connection with the representation that the positive articles and other web pages
10 about Defendants' grant and money-making offers are from unbiased consumers, Defendants have
11 failed to disclose the material information that Defendants and their agents created and posted
12 these reviews.

13 ***Defendants' Threats to Blacklist Consumers Who Seek Chargebacks***

14 410. In order to minimize their chargeback rates for various products, Defendants
15 discourage consumers from exercising their chargeback rights by threatening to report consumers
16 who seek chargebacks to an Internet consumer blacklist they operate called "BadCustomer.com."
17 Defendants state that consumers who seek a chargeback "will be reported to the internet consumer
18 blacklist . . . and will result in member merchants blocking you from making purchases online!"

19 ***Defendants' Use of Subterfuge to Obtain New Merchant Accounts***

20 411. In numerous instances, when consumers find Defendants' charges or debits on
21 their billing statements, they contact their credit card issuers or banks to contest the charges. The
22 credit card issuer or bank "charges back" the contested amount to Defendants, which is debited
23 from Defendants' merchant account at the merchant bank. Defendants received a large number of
24 chargebacks and were thus placed in monitoring programs established by VISA and MasterCard.
25 Defendants failed to address the problems causing the high volume of chargebacks and many of
26 their merchant accounts were terminated.

1 412. When the merchant banks began to terminate merchant accounts in the name of I
2 Works or where J. Johnson was listed as a principal, Defendants established other merchant
3 accounts to continue to process the credit and debit card charges for Defendants' sale of core
4 products and Upsells.

5 413. In order to obtain new merchant accounts, Defendants set up numerous
6 corporations in at least six states to act as fronts on new merchant account applications.
7 Defendants directed I Works employees to make up names for these companies and obtain
8 maildrop addresses, telephone numbers, and bank accounts for each company. Defendants or
9 their employees then listed I Works employees or J. Johnson's business acquaintances on the
10 corporate paperwork as titular principals. The sole purpose of the Shell Companies, which have
11 no employees and no offices, was to lend their names to obtain new merchant accounts and open
12 bank accounts. Since 2009, Defendants have opened numerous different merchant accounts under
13 the names of Shell Companies so that they can continue processing the credit and debit card
14 charges for products I Works markets and sells for itself and its clients, and for the Upsells that
15 are bundled with the core products sold by I Works's marketing partners. Finally, Defendants
16 completed the charade by renaming their products, so as to make it harder for the Payment
17 Processors and banks to connect the Shell Companies with I Works and J. Johnson.

18 414. Furthermore, when applying for new merchant accounts in the names of the Shell
19 Companies, Defendants actively misrepresented how their underlying products would be
20 marketed. As part of the application process for new merchant accounts, some Payment
21 Processors and banks request the prospective merchant to submit a copy of the website the
22 merchant intends to use to sell the product. These websites are commonly referred to as
23 "underwriting sites." On numerous occasions, Defendants were made aware by the agents for
24 Payment Processors that some Payment Processors and banks would not approve merchant
25 account applications associated with websites that marketed products via Upsells. Additionally,
26 some Payment Processors and banks require that all material terms and conditions of any offer on
27
28

1 the website associated with the merchant account be clearly and conspicuously disclosed in large
2 type throughout the website including on the Order page adjacent to the Submit button.

3 415. To obtain new merchant accounts, Defendants created “dummy” underwriting sites
4 to include with their applications. Defendants’ dummy underwriting sites differ significantly from
5 the websites that actually generated Defendants’ sales. For example, Defendants’ dummy
6 underwriting sites usually had highly visible disclosures about the trial memberships and their
7 monthly cost that were simple, clear and concise, and in a large font; did not include Upsells; did
8 not contain extravagant earnings claims; and did not include trademarked terms such as Google or
9 eBay.

10 416. Furthermore, Defendants often used the dummy underwriting sites to deflect blame
11 when confronted by angry consumers. When a bank or other entity contacted Defendants or one
12 of Defendants’ Payment Processors requesting information on behalf of an upset consumer
13 concerning one of Defendants’ charges or debits, Defendants routinely responded to the request
14 by referring the requestor to a dummy underwriting site, containing the more visible and clear
15 disclosures and no Upsells, rather than to the websites that actually generated Defendants’ sales.

16 417. Through these Shell Companies, Defendants continue to market these products in
17 the same manner that caused them to receive astronomical amounts of chargebacks in the first
18 instance, by using false claims, Forced Upsells, phony testimonials, fake positive reviews, and
19 hiding material terms of their Negative Option Plans.

20 ***Consumer Complaints***

21 418. Defendants receive and respond to thousands of consumer complaints from State
22 Attorneys Generals and consumer organizations such as the Better Business Bureau. Defendants
23 use two calls centers, one in Ephraim, Utah, and the other in the Philippines, to handle thousands
24 of consumer complaints each day about Defendants’ sale of core products and Upsells.

25 Defendants created internal reports detailing numerous calls into the call centers from consumers
26 complaining about Defendants’ marketing methods and unauthorized charges.

1 **VIOLATIONS OF THE FTC ACT**

2 419. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts
3 or practices in or affecting commerce.”

4 420. Misrepresentations or deceptive omissions of material fact constitute deceptive acts
5 or practices prohibited by Section 5(a) of the FTC Act.

6 421. Acts or practices are unfair under Section 5(a) of the FTC Act if they cause
7 substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not
8 outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

9 422. As set forth below, Defendants have engaged in deceptive and unfair practices in
10 connection with the sale of products or services via Negative Option Plans.

11 **COUNT I**

12 **Misrepresenting the Availability of**
13 **Government Grants to Pay Personal Expenses**

14 423. In numerous instances, in connection with the marketing and sale of grant-related
15 products or services, Defendants represent, directly or indirectly, expressly or by implication, that
16 government grants are generally available to individuals to pay personal expenses.

17 424. The representation set forth in Paragraph 423 of this Complaint is false,
18 misleading, and/or was not substantiated at the time the representation was made because there
19 are few, if any, government grants available to individuals to pay personal expenses.

20 425. Therefore, the making of the representation set forth in Paragraph 423 of this
21 Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act,
22 15 U.S.C. § 45(a).

23 **COUNT II**

24 **Misrepresenting That Consumers Using Defendants’ Grant Product**
25 **Are Likely to Find Government Grants to Pay Personal Expenses**

26 426. In numerous instances, in connection with the marketing and sale of grant-related
27 products or services, Defendants represent, directly or indirectly, expressly or by implication, that
28

1 consumers using Defendants' grant product are likely to find and obtain government grants to pay
2 personal expenses.

3 427. The representation set forth in Paragraph 426 of this Complaint is false,
4 misleading, and/or was not substantiated at the time the representation was made because
5 consumers using Defendants' grant product are unlikely to find and obtain government grants to
6 pay personal expenses.

7 428. Therefore, the making of the representation set forth in Paragraph 426 of this
8 Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act,
9 15 U.S.C. § 45(a).

10 **COUNT III**

11 **Misrepresenting the Amount of Income**
12 **That Consumers Are Likely to Earn Using Defendants' Products**

13 429. In numerous instances in connection with the marketing and sale of make-money
14 products or services, Defendants represent, directly or indirectly, expressly or by implication, to
15 consumers that consumers are likely to earn substantial income such as \$200 - \$943 or more per
16 day by using products marketed and sold by Defendants.

17 430. The representation set forth in Paragraph 429 of this Complaint is false,
18 misleading, and/or was not substantiated at the time the representation was made because
19 consumers using Defendants' make-money products are not likely to earn substantial income such
20 as \$200 - \$943 or more per day.

21 431. Therefore, the making of the representation set forth in Paragraph 429 of this
22 Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act,
23 15 U.S.C. § 45(a).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT IV

**Misrepresenting the Free or
Risk-free Nature of Defendants' Offers**

432. In numerous instances, in connection with the marketing and sale of various products or services, including grant and make-money products, Defendants represent, directly or indirectly, expressly or by implication, that Defendants' offers are free or risk-free.

433. In truth and in fact, Defendants' offers are not free or risk-free. Consumers who provide their billing information to pay a nominal fee are likely to be enrolled in Negative Option Plans for a core product and billed high one-time and recurring amounts if they do not cancel during undisclosed or poorly disclosed trial memberships of limited duration. Defendants also immediately enroll consumers into Forced Upsells with high monthly fees.

434. Therefore, Defendants' representations as set forth in Paragraph 432 of this Complaint constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT V

**Failing to Disclose that Consumers Will be Entered Into
Negative Option Continuity Plans**

435. In numerous instances, in connection with the marketing and sale of various products or services, including products that purport to enable consumers to obtain government grants for personal expenses and products that purport to enable consumers to earn money, Defendants represent that consumers need pay only a nominal amount, such as \$1.99 or \$2.99, for a shipping and handling fee.

436. In numerous instances in which Defendants have made the representation set forth in Paragraph 435 of this Complaint, Defendants have failed to disclose, or disclose adequately, to consumers, material terms and conditions of their offer, including:

- A. that Defendants enroll consumers in Negative Option Plans for not only the product or service that was the subject of the advertised offer, but for other products or services as well;

- 1 B. the amount of the one-time and recurring charges and the frequency and duration
- 2 of the recurring charges associated with the Negative Option Plans;
- 3 C. that consumers must cancel the Negative Option Plans within a limited time period
- 4 to avoid the one-time and recurring charges;
- 5 D. the time period during which consumers must cancel the Negative Option Plans in
- 6 order to avoid one-time and recurring charges;
- 7 E. that each Negative Option Plan must be cancelled separately and the procedure for
- 8 cancelling the Plans.

9 437. Defendants' failure to disclose, or disclose adequately, the material information
10 described in Paragraph 436, above, in light of the representation described in Paragraph 435,
11 above, constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act,
12 15 U.S.C. § 45(a).

13 **COUNT VI**

14 **Misrepresenting That Consumers Using Defendants' Grant Product**
15 **Are Likely to Obtain Grants Such as Those Obtained**
16 **By Consumers in the Testimonials**

17 438. In connection with the marketing and sale of grant-related products or services,
18 Defendants represent, directly or indirectly, expressly or by implication, that consumers who use
19 Defendants' grant product are likely to obtain grants such as those obtained by consumer in the
20 testimonials appearing on websites advertising Defendants' grant product.

21 439. The representation set forth in Paragraph 438 of this Complaint is false or was not
22 substantiated at the time the representation was made because consumers who use Defendants'
23 grant product are not likely to obtain grants such as those obtained by consumers in the
24 testimonials appearing on websites advertising Defendants' grant product.

25 440. Therefore, the making of the representations set forth in Paragraph 438, above,
26 constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.
27 § 45(a).

1
2 **COUNT VII**

3 **Misrepresenting That Positive Articles Are**
4 **From Unbiased Consumers Who Used the Products**
5 **Offered by Defendants**

6 441. In numerous instances in connection with the marketing and sale of various
7 products or services, including products to obtain government grants to pay personal expenses and
8 make-money opportunities, Defendants represent that the positive articles and other web pages
9 about Defendants' grant and make-money opportunities are independent reviews that reflect the
10 opinions of unbiased consumers who have successfully used Defendants' products or services.

11 442. In truth and in fact, the positive articles and other web pages are not independent
12 reviews reflecting the opinions of unbiased consumers. The positive articles and other web pages
13 were created by Defendants and their agents.

14 443. Therefore, the making of the representation set forth in Paragraph 441 of this
15 Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act,
16 15 U.S.C. § 45(a).

17 **COUNT VIII**

18 **Failing to Disclose That Defendants Created the Positive**
19 **Articles and Other Web Pages About The Products They Market**

20 444. In numerous instances in connection with the marketing and sale of various
21 products or services, including products to obtain government grants to pay personal expenses and
22 make-money opportunities, Defendants or their agents create and post hundreds of positive
23 articles and other web pages about Defendants' products or services.

24 445. In numerous instances in connection with the positive articles and other web pages
25 described in Paragraph 444, Defendants represent, directly or indirectly, expressly or by
26 implication, that these postings reflect endorsements from individuals who have successfully used
27 Defendants' products or services.
28

1 446. In numerous instances in connection with the representation set forth in Paragraph
2 445, Defendants have failed to disclose, or disclose adequately, that they or their agents created
3 and posted the positive articles and other web pages.

4 447. Defendants' failure to disclose, or to disclose adequately, the material information
5 set forth in Paragraph 446, above, in light of the representation described in Paragraph 445, above,
6 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.
7 § 45(a).

8 **COUNT IX**

9 **Defendants' Unfair Billing Practices**

10 448. In numerous instances, Defendants have charged consumers' credit cards or
11 debited consumers' bank accounts without authorization for Forced Upsells that Defendants
12 bundle with the core products sold by them or their marketing partners by using consumers'
13 billing information that Defendants or their marketing partners received when selling core
14 products.

15 449. Defendants' practice of charging consumers' credit cards or debiting consumers'
16 bank accounts without authorization has caused or is likely to cause substantial injury to
17 consumers that is not reasonably avoidable by consumers and is not outweighed by countervailing
18 benefits to consumers or competition.

19 450. Therefore, Defendants' practice as alleged in Paragraphs 448 of this Complaint
20 constitutes an unfair act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

21 **THE ELECTRONIC FUND TRANSFER ACT**
22 **AND REGULATION E**

23 451. Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), provides that a "preauthorized
24 electronic fund transfer from a consumer's account may be authorized by the consumer only in
25 writing, and a copy of such authorization shall be provided to the consumer when made." Section
26 903(9) of EFTA, 15 U.S.C. § 1693a(9), provides that the term "preauthorized electronic fund
27
28

1 transfer” means “an electronic fund transfer authorized in advance to recur at substantially regular
2 intervals.”

3 452. Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), provides that
4 “[p]reauthorized electronic fund transfers from a consumer’s account may be authorized only by a
5 writing signed or similarly authenticated by the consumer. The person that obtains the
6 authorization shall provide a copy to the consumer.”

7 453. Section 205.10 of the Federal Reserve Board’s Official Staff Commentary to
8 Regulation E, 12 C.F.R. § 205.10(b), Supp. I, provides that “[t]he authorization process should
9 evidence the consumer’s identity and assent to the authorization.” *Id.* ¶ 10(b), cmt 5. The Official
10 Staff Commentary further provides that “[a]n authorization is valid if it is readily identifiable as
11 such and the terms of the preauthorized transfer are clear and readily understandable.” *Id.* ¶ 10(b),
12 cmt 6.

13 **VIOLATIONS OF THE ELECTRONIC FUND TRANSFER ACT**
14 **AND REGULATION E**

15 **COUNT X**

16 454. In numerous instances, Defendants have debited consumers’ bank accounts on a
17 recurring basis without obtaining a written authorization signed or similarly authenticated from
18 consumers for preauthorized electronic fund transfers from their accounts, thereby violating
19 Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b) of Regulation E, 12 C.F.R.
20 § 205.10(b).

21 455. In numerous instances, Defendants have debited consumers’ bank accounts on a
22 recurring basis without providing a copy of a written authorization signed or similarly
23 authenticated by the consumer for preauthorized electronic fund transfers from the consumer’s
24 account, thereby violating Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b)
25 of Regulation E, 12 C.F.R. § 205.10(b).

26 456. Pursuant to Section 917 of EFTA, 15 U.S.C. § 1693o(c), every violation of EFTA
27 and Regulation E constitutes a violation of the FTC Act.

1 457. By engaging in violations of EFTA and Regulation E as alleged in Paragraphs 454
2 and 455 of this Complaint, Defendants have engaged in violations of the FTC Act, 15 U.S.C.
3 § 1693o(c).

4 **CONSUMER INJURY**

5 458. Defendants' misrepresentations, deceptive omissions, and unfair billing practices
6 have generated more than \$350 million in sales. After refunds and chargebacks, the unreimbursed
7 consumer injury is more than \$275 million. Consumers have suffered and will continue to suffer
8 substantial injury as a result of Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. §
9 45(a), Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), and Section 205.10(b) of Regulation E, 12
10 C.F.R. § 10(b), as set forth above. In addition, Defendants have been unjustly enriched as a result
11 of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to
12 continue to injure consumers, reap unjust enrichment, and harm the public interest.

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

14 459. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant
15 injunctive and such other relief as the Court may deem appropriate to halt and redress violations
16 of the FTC Act, EFTA, and Regulation E. The Court, in the exercise of its equitable jurisdiction,
17 may award ancillary relief, including rescission or reformation of contracts, restitution, the refund
18 of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of
19 any provision of law enforced by the FTC.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC
22 Act, 15 U.S.C. § 53(b), EFTA, Regulation E, and the Court's own equitable powers, requests that
23 the Court:

24 1. Award the FTC such injunctive and ancillary relief as may be necessary to avert
25 the likelihood of consumer injury during the pendency of this action and to preserve the
26 possibility of effective final relief, including, but not limited to, temporary and preliminary
27 injunctions, asset freeze, and appointment of a receiver;

