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13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

15
16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.
19

20 AMERICAN TAX RELIEF LLC, d/b/a
American Tax Relief, *et al.*,

21 Defendants, and

22 YOUNG SOON PARK, a/k/a
23 Young S. Son, *et al.*,

24 Relief Defendants.
25

Case No. CV 11-6397 DSF (Ex)

**MEMORANDUM OF POINTS
AND AUTHORITIES IN
SUPPORT OF PLAINTIFF FTC'S
MOTION FOR SUMMARY
JUDGMENT ON ALL COUNTS
AGAINST ALL DEFENDANTS
AND RELIEF DEFENDANTS;
OR, IN THE ALTERNATIVE,
FOR SUMMARY
ADJUDICATION OF CLAIMS**

Date: August 6, 2012
Time: 1:30 p.m.
Ctrm: 840 (Roybal Federal Bldg.)

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1 **I. INTRODUCTION**

2 American Tax Relief (“ATR”), a company owned and operated by
3 Alexander Seung Hahn (“Hahn”) and his wife Joo Hyun Park (“Park”), preyed on
4 consumers for over a decade by falsely promising to significantly reduce
5 consumers’ tax debts. Almost since the inception of the business, ATR claimed in
6 its advertising to have helped thousands of people settle their tax debts for a
7 fraction of the amount owed. Consumers who called ATR in response to
8 Defendants’ ads were routinely told that they qualified for Offers in Compromise
9 (“OICs”) and Penalty Abatements (“PAs”) that would reduce their tax debts by
10 tens of thousands of dollars. Based on Defendants’ representations, consumers
11 agreed to pay ATR fees ranging from \$2,500 to \$25,000 or more. In reality, the
12 vast majority of ATR’s customers did not qualify for the promised tax relief
13 programs, and ATR did not substantially reduce their tax debts. In fact, even after
14 being in business for over a decade, fewer than a thousand of ATR’s more than
15 20,000 customers obtained reductions in their tax debts amounting to more than
16 what they paid ATR.

17 This case is ripe for summary judgment. The uncontroverted facts show that
18 Defendants engaged in a pattern of deceptive and unfair practices in violation of
19 Section 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45.
20 Defendants consistently misrepresented that ATR already had helped thousands of
21 people substantially reduce their tax debts (Count I), and misrepresented in
22 telemarketing calls that individual consumers “qualified” for programs that would
23 significantly reduce their tax debts (Count II). Defendants also sometimes placed
24 unauthorized charges on consumers’ accounts (Count III). Finally, Defendant
25 Park’s parents received millions of dollars in ill-gotten gains derived from these
26 practices, and are named as Relief Defendants in this action (Count IV).

27 In support of its motion for summary judgment, the FTC has submitted
28 overwhelming evidence of Defendants’ law violations, including:

1 declarations/depositions of fourteen former employees; declarations from forty-one
2 consumers; stipulations/declarations from seventeen advertisers; evidence of six
3 undercover calls placed to ATR; declarations from the Better Business Bureau
4 (“BBB”) and two state Attorney General’s offices; lawsuits filed against
5 Defendants by the New York City Department of Consumer Affairs (“NYC”) and
6 individual consumers; internal ATR documents, including the sales script used by
7 ATR sales representatives for over nine years, which indicated that consumers
8 “qualified” for either an OIC or PA; the report of a tax expert with decades of
9 experience attesting to the stringent requirements that must be met, and the
10 uncertainty involved, in obtaining tax reductions from the Internal Revenue
11 Service (“IRS”); and declarations from two IRS representatives.

12 By contrast, Defendants cannot produce a single witness to testify about
13 ATR’s practices or even authenticate documents. The individual Defendants and
14 Relief Defendants, as well as all of the former employees disclosed by Defendants,
15 have invoked the Fifth Amendment in refusing to testify in this case. As a result, in
16 addition to its extensive affirmative evidence, the FTC also is entitled to an adverse
17 inference from the invocation of the Fifth Amendment by Defendants and Relief
18 Defendants. The corporate Defendant also failed to respond to the FTC’s Requests
19 for Admission, thereby admitting all of the FTC’s requests, and failed to produce
20 any person(s) to testify on its behalf at a Fed. R. Civ. P. 30(b)(6) deposition.

21 In light of the substantial and indisputable evidence supporting its claims,
22 the FTC seeks judgment against Defendants and Relief Defendants on all Counts,
23 and respectfully requests that the Court enter a final order containing strong
24 injunctive relief, and equitable monetary relief of approximately \$100 million.

25 **II. PROCEDURAL HISTORY**

26 On September 24, 2010, the FTC filed its Complaint (Dkt. No. 1) against
27 Defendants and Relief Defendants in the Northern District of Illinois, and the
28 Illinois court entered a Temporary Restraining Order (Dkt. No. 15). On November

1 9, 2010, after a contested hearing, the Illinois court entered a Preliminary
2 Injunction upon finding that “the record contains an abundance of evidence
3 showing that consumers were harmed, not helped, by ATR” and that the FTC is
4 likely to succeed on the merits of its claims. (Dkt. No. 62 at p. 11.)

5 On July 20, 2011, the Illinois court granted Defendants’ motion to transfer
6 venue to the Central District of California. (Dkt. No. 194.) Fact discovery closed
7 on March 30, 2012, and expert discovery closed on April 30, 2012. (Dkt. No.
8 227.) The matter is set for trial on November 6, 2012. (*Id.*)

9 **III. DEFENDANTS AND RELIEF DEFENDANTS**

10 **Defendant American Tax Relief LLC** is a California limited liability
11 company that had its principal place of business in Los Angeles from 1999 through
12 2004 and in Beverly Hills from 2005 through September 27, 2010. (SF 1-3, 7-9.)
13 Although ATR’s LLC status was suspended October 1, 2009, it was held out as an
14 LLC up until September 27, 2010. (SF 4, 6.)

15 **Defendant Alexander Seung Hahn** was the manager and supervisor of
16 ATR, and oversaw the company’s daily operations. (SF 25-26, 31-32.) The
17 Honorable Alicemarie H. Stotler in the Central District of California previously
18 found Hahn to be the owner of ATR, and third parties and employees of ATR
19 likewise believed Hahn to be one of ATR’s owners. (SF 22-24.) Hahn also
20 sometimes identified himself as ATR’s CEO or president. (SF 20-21.) Hahn,
21 among other things, hired, trained and supervised ATR’s sales representatives,
22 signed contracts on behalf of ATR, and approved and placed its advertisements.
23 (SF 27-35, 37-38.)

24 **Defendant Joo Hyun Park**, Hahn’s wife, was the owner of ATR. (SF 51,
25 54.) Park held ATR’s bank accounts, signed checks and contracts on ATR’s
26 behalf, was named in lawsuits, and signed settlement agreements regarding ATR’s
27 business practices. (SF 55-62.) She visited ATR’s offices on occasion, and her
28 brother, Dong Park, was a supervisor in ATR’s Sales Department. (SF 64, 66.)

1 **Relief Defendants Young Soon Park and Il Kon Park** are Defendant
2 Park's parents. (SF 78, 91.) Although they admit that they were never employed
3 by ATR, they have received many millions of dollars of Defendants' ill-gotten
4 gains. (SF 80, 82-88, 93, 95, 97-98.)

5 **IV. DEFENDANTS' DECEPTIVE BUSINESS PRACTICES**

6 **A. Defendants' Deceptive Advertisements**

7 Since 1999, Defendants marketed ATR's tax relief services nationwide
8 through postcards, television, radio and print advertisements, and on ATR's
9 Internet website. (SF 151-152.) Defendants' advertisements represented that, with
10 ATR's help, consumers who "qualified" for tax relief could save significant
11 amounts of money on their tax debts and stop aggressive IRS collection actions,
12 such as bank levies and garnishments. (SF 165, 167-176, 179-186, 189-197, 200-
13 204, 206-218, 221-235, 238-244, 247-263.) Central to Defendants' ads were
14 claims that ATR already had helped thousands of people reduce their tax debts.
15 Such claims were made nearly since ATR's inception. (SF 161, 174, 181, 191,
16 200-201, 215, 221-223, 244, 252, 254-255.) For example, postcards that
17 Defendants mailed to taxpayers as early as 2000 represented that ATR "has helped
18 thousands settle their taxes for only Pennies-on-the-Dollar." (SF 161.) Nationally-
19 aired television and radio ads made similar claims, including that ATR has helped
20 thousands of people "settle their tax debt for a fraction of what they owed" or
21 "eliminate up to 85% of their delinquent taxes." (SF 191, 215, 221.) Defendants'
22 website also represented that ATR had already "successfully resolved thousands of
23 cases in all 50 states," and that it could help save people a "significant amount of
24 money" by settling their tax debts. (SF 252-253.)

25 ATR advertisements often included "testimonials" from supposed customers
26 describing how much ATR purportedly had saved them on their tax debts. (SF
27 154, 165, 167-168, 175-176, 179-180, 207-214, 226, 262-263.) For example, in
28 several ads, Defendants highlighted a truck driver who purportedly reduced his tax

1 debt from \$24,000 to \$2,000. (SF 193, 207, 263.) Another couple claimed their
2 tax debt went from \$200,000 to \$40,000. (SF 179-180, 209.) Defendants' ads and
3 website even highlighted a "former professional athlete" whose tax debt was
4 reduced from \$100,000 to \$20,000, as well as a client who supposedly owed \$3
5 million in tax debt, but only had to pay the IRS \$3,000.¹ (SF 185-186, 193, 262.)
6 Defendants' ads gave the impression that the testimonials, and cases described,
7 were of actual ATR customers, but Defendants used actors in their ads and cannot
8 identify the specific ATR "customers" whose alleged experiences are touted. (SF
9 154-156.)

10 Most of the ads directed consumers to call ATR's toll-free number for a
11 "free consultation" to see whether ATR could reduce their tax debts. (SF 158, 233-
12 235.)

13 **B. Defendants' Sales Practices**

14 **1. ATR's "Qualification" Process**

15 The ATR representatives who answered consumers' calls referred to
16 themselves as "tax consultants," but they were merely commission-based sales
17 people with no tax experience. (SF 269, 273, 275-276, 278-280.) Some even had
18 criminal records. (SF 277.) At the beginning of the call, the sales representatives
19 would walk consumers through a brief interview which lasted 15 minutes or less,
20 supposedly to see whether consumers "qualified" for tax relief. (SF 281-283.) The
21 interview consisted of some basic questions about the consumers' tax debts,
22 income, assets, and liabilities. (SF 284-285, 288-291.) Sales representatives told
23 consumers that estimates were sufficient for purposes of the interview. (SF 287.)
24

25 ¹ While some of ATR's television ads briefly displayed small-print, on-
26 screen disclaimers, ATR's radio and print ads did not contain any form of
27 disclaimer. (SF 177, 187, 198, 219 (tv); SF 236, 245 (radio and print).) The
28 disclaimers that appeared during the television ads were not prominent, and
consumers did not even notice them. (SF 266.)

1 After the ATR representatives collected this information, they placed consumers
2 on hold, purportedly to determine whether consumers “qualified” for tax relief.
3 (SF 293.)

4 When the sales representatives came back on the line, they regularly
5 represented that consumers “qualified” either for an OIC or PA.² (SF 294, 297,
6 323-326.) The “Close” script that sales representatives used from at least January
7 2001 through September 27, 2010 includes only these two options, confirming that
8 ATR consistently represented that consumers “qualified” for these forms of tax
9 relief. (SF 319-322.) Moreover, Defendants’ sales representatives routinely told
10 consumers that the OIC or PA would significantly reduce their tax debts, and even
11 told consumers specific amounts by which their tax debts would be reduced. (SF
12 300-302, 321.) Sales representatives also touted ATR’s rates of success and
13 expertise in reducing consumers’ tax debts. (SF 303-305, 329-330.)

14 Despite representing to individual consumers that they “qualified” for an
15 OIC or PA, ATR’s sales representatives had no idea whether consumers qualified
16 or not. (SF 275-276, 299.) The financial information the sales representatives
17 gathered during the telephone interviews was too superficial and incomplete to
18 reach any conclusions about whether consumers qualified for an OIC or PA. (SF
19 284-291.) It simply is not possible for a tax practitioner, let alone a sales
20 representative with no tax training, to determine in a brief telephone interview
21 whether someone is qualified for an OIC or PA. (SF 101-102, 107, 113-115.)
22 Instead, detailed and exact information about a consumer’s income, all of their
23 assets, and their tax and other liabilities is necessary to analyze a consumer’s
24

25 ² In rare instances, sales representatives told consumers they qualified for
26 “tax relief.” Like consumers who were “qualified” for OICs or PAs, consumers
27 who “qualified” for “tax relief,” internally referred to as the “Catch All” option,
28 were led to believe that ATR would significantly reduce their tax debts. (SF
295-296, 342, 356.)

1 *potential* eligibility for an OIC or PA. (SF 100, 104-106, 116-122, 126-128, 138-
2 142.) Even then, it is not possible to know in advance whether the IRS will accept
3 OIC and PA requests. (SF 115, 136, 142.) In fact, these arrangements are difficult
4 to obtain, and the IRS's acceptance rate for OICs over the last decade has been
5 only 34% or less. (SF 130-135, 141-142, 144.)

6 After telling consumers they "qualified," sales representatives then often
7 attempted to create a sense of urgency by warning consumers about the IRS's
8 aggressive collection tactics – e.g., obtaining liens or levies over properties and
9 garnishing wages. (SF 308-310.) Sales representatives assured consumers that
10 ATR could stop these collection tactics immediately simply by filing a power of
11 attorney. (SF 306, 312.) These claims also were false. According to a tax expert,
12 filing a power of attorney with the IRS does not stop collection actions, and
13 consumers continued to have their wages garnished and bank accounts levied.³ (SF
14 108, 368-369.)

15 **2. Collection of ATR's Fee**

16 After telling consumers that they "qualified" to receive significant
17 reductions on their tax debts, sales representatives informed consumers that an up-
18 front, "one-time flat fee" was required before ATR could begin working on their
19 case. (SF 318, 331.) This fee ranged from approximately \$2,500 to \$25,000 or
20 more for each consumer, and consumers were required to pay over the telephone
21 either through debits from their bank accounts or charges to their credit cards. (SF
22 332-335, 337-338.) Consumers who could not pay the entire fee up-front were
23 offered the option of installment payments, with the first installment to be paid

24
25 ³ Follow-up letters to consumers who did not initially hire ATR warned
26 that "the government has recently given more funding to the Collection Branch
27 of the IRS to be more aggressive when going after taxpayers with overdue debt."
28 (SF 358-359, 361.) These letters also reiterated the false claim that ATR already
has "successfully helped thousands" of people "settle their tax debts." (SF 362-
363.)

1 immediately. (SF 336.) Although the fee was steep, consumers were assured that
2 ATR would obtain substantial reductions in their tax debts and that the fee
3 “handles the case from start to finish.” (SF 300-305, 318, 341-342, 344.) In many
4 instances, however, this proved to be false, as ATR later required consumers to pay
5 additional amounts for a variety of reasons. (SF 413-419.)

6 **3. Authorization Forms and Congratulations Letter**

7 Following the sales calls, ATR faxed consumers two authorization forms – a
8 power of attorney form authorizing ATR to represent the consumer before the IRS,
9 and a form authorizing the IRS to provide ATR with information about the
10 taxpayer.⁴ (SF 311, 350.) Consumers were directed to immediately sign and
11 return the forms so that ATR could begin working on their cases. (SF 311-312.)
12 ATR then forwarded these forms to the IRS, but this often was the extent of ATR’s
13 communication with the IRS about consumers’ tax debts. (SF 391.)

14 In addition to the forms, ATR sent consumers a letter congratulating them
15 for contacting ATR and confirming that the consumer “qualified” for tax relief.
16 (SF 353-357.) Consumers who had been “qualified” for an OIC received a letter
17 indicating that this relief “allows people to settle their total tax debt for only a
18 fraction of the debt.” (SF 353.) Consumers who had been “qualified” for a PA
19 received a letter stating that “the IRS must accept” a petition to remove the
20 consumer’s penalties and interest “as it is submitted PER IRS GUIDELINES.”
21 (SF 354-355.)

22
23
24
25 ⁴ To perpetuate the idea that the sales representatives would personally
26 work on callers’ cases, power of attorney forms sent to consumers contained
27 sales representatives’ names even though they had no ability to represent
28 consumers before the IRS. (SF 101, 274, 351.) ATR removed the sales
representatives’ names from these forms before they were submitted to the IRS.
(SF 352.)

1 **C. Defendants' Purported Tax Relief Services**

2 **1. Questionnaires and Requests for Financial Documents**

3 Once consumers hired ATR, they did not get the immediate service ATR
4 had promised, nor did the aggressive collection actions stop. (SF 368-369, 389-
5 390.) Instead, consumers received an additional package in the mail containing,
6 among other things, detailed financial questionnaires and document request lists,
7 which consumers were told "need your immediate attention. . . . so that your case
8 may be completed as soon as possible." (SF 370-371, 377-381.) Although some
9 consumers were told during the sales call that they would need to fill out a simple
10 questionnaire, they received in the mail several multi-paged questionnaires that
11 asked for a variety of detailed financial information not sought during the initial
12 telephone interview. (SF 313-315, 378, 380-381.) The document request lists
13 were equally extensive, and listed various types of financial documents that
14 consumers were required to provide to ATR. (SF 377, 379.)

15 Along with the questionnaires and document requests, consumers also
16 received two letters, including one which supposedly came from ATR's
17 "Accounting Department" and revealed information about ATR's restrictive
18 cancellation policy in small print at the bottom. (SF 11, 371-373.) According to
19 that policy, consumers could only obtain a 50% refund of "your total fee" if the
20 services were cancelled in writing within 5 days of the date of the letter. (SF 372.)
21 This policy was never mentioned during the sales calls, and most consumers did
22 not notice this statement in the "Accounting Department" letter. (SF 339-340, 373,
23 376.) In many cases, moreover, this cancellation period was about to expire, or
24 already had expired, by the time consumers received the letter. (SF 374-375.)

25 **2. ATR's Tax Resolution Department**

26 The employees in ATR's Tax Resolution Department, which was located in
27 a separate area of the office from the Sales Department, were charged with
28 applying for tax relief on behalf of ATR's customers. (SF 12, 14.) Each of these

1 employees were responsible for overwhelming numbers of customer files,
2 sometimes hundreds at a time, and they could not keep up with the files assigned to
3 them. (SF 383-384.) As a result, ATR customers routinely found ATR to be non-
4 responsive, and were given a series of excuses for why ATR had not made
5 progress on their cases. (SF 388-390.)

6 Tellingly, ATR's own tax resolution employees did not rely on the financial
7 information gathered by Defendants' sales representatives during sales calls when
8 assessing consumers' eligibility for OICs and PAs. (SF 386-387.) Instead, they
9 only assessed consumers' qualifications after receiving more detailed information
10 and documents from consumers and the IRS. (SF 385.) At that point, tax
11 resolution employees routinely determined that customers did not qualify for the
12 OICs and PAs that consumers had been promised by ATR's sales representatives.
13 (SF 392-395.) Tax resolution employees would often refuse even to file
14 applications for the promised form of tax relief, since filing a frivolous application
15 would violate their obligations under IRS Circular 230.⁵ (SF 396.)

16 **D. Defendants Failed to Reduce Consumers' Tax Debts**

17 The vast majority of ATR's 20,314 customers did not receive reductions in
18 their tax debts. (SF 401-409.) ATR's former tax resolution employees themselves
19 admit that they were rarely able to negotiate reductions for customers, and this is
20 confirmed by the minimal number of acceptance letters ATR received from the
21 IRS and state taxing authorities. (SF 404-406.) Indeed, ATR received only a total
22 of 788 such acceptance letters before the Receivership was imposed: 569 letters
23 for OICs and 219 letters for PAs. (SF 405-406.) Furthermore, to the extent that
24

25 ⁵ When angry consumers demanded the relief they had been promised in
26 the sales call, ATR employees sometimes would proceed to file applications
27 knowing that they would likely be rejected. (SF 397.) In other cases, they
28 instructed customers to hide their assets from the IRS in order to try to obtain
the promised form of tax relief. (SF 398.)

1 the amount of a particular PA can even be quantified, it often amounted to less than
2 what consumers had paid ATR, and in some cases, the PAs were obtained by
3 consumers themselves, not by ATR. (SF 407-409.)

4 In a futile attempt to justify the claims that they reduced the tax debts of
5 “thousands,” Defendants try to include forms of tax relief other than the OICs and
6 PAs that consumers were promised. For example, Defendants inflate their
7 “successful results” by including: installment agreements; placed in uncollectable
8 status; brought into compliance; statute of limitations; and tax debt eliminated.
9 Most of these “results” do not reduce tax debts, or involve Defendants attempting
10 to take credit for a result where none is due.⁶ Ironically, the bulk of Defendants’
11 claimed “successes” are in the form of installment agreements, which Defendants’
12 own ads concede “get you nowhere.” (SF 231, 243, 323.)

13 Based on ATR’s dismal results, it is no surprise that many consumers sought
14 refunds from the company, but these requests generally were denied. (SF 422-425,
15 432.) ATR typically blamed its failure to get results on the very consumers it had
16 defrauded, claiming they did not provide all of the detailed financial information
17 that was necessary to seek an OIC or PA, or accusing them of lying to the sales
18 representatives during the initial call. (SF 426-427.) In refusing to provide
19 refunds, ATR also routinely cited to its five-day 50% refund cancellation policy,
20 which was revealed only in the “Accounting Department” letter described above.
21 (SF 432-433.)

22
23
24 ⁶ Neither installment agreements nor being placed in uncollectible status
25 reduces a consumer’s tax debt. (SF 145-150.) ATR also cannot take credit for
26 the statute of limitations expiring on tax debts, since that occurs on its own. (SF
27 109.) ATR also did not bring consumers into compliance, since it did not
28 prepare and file tax returns for them. (SF 15.) Moreover, a tax debt can be
“eliminated” simply by paying the delinquent taxes, or by filing tax returns that
show the consumer has no tax liability.

1 **E. Defendants' Unauthorized Charges**

2 In addition to failing to provide the promised services, ATR frequently
3 charged consumers without their express informed consent. These charges took a
4 few forms. First, the company sometimes charged consumers who did not agree to
5 purchase ATR's services or who agreed to pay only after ATR had secured the
6 promised tax relief. (SF 411-412.) It did so by convincing these consumers to
7 provide their account information, while assuring them that no immediate charges
8 would be assessed. (SF 410.) Having obtained the account information under
9 false pretenses, ATR then proceeded to charge the accounts immediately. (SF 410-
10 412.) Second, Defendants sometimes charged customers additional fees without
11 their consent – in some instances, by assessing charges without even seeking
12 consent, and in other instances, by seeking consent, but still assessing charges even
13 after the consumer refused to authorize them. (SF 415-421.)

14 **V. ARGUMENT**

15 The FTC's evidence overwhelmingly demonstrates that Defendants ATR,
16 Hahn, and Park violated Section 5 of the FTC Act, 15 U.S.C. § 45. Defendant
17 ATR also failed to respond to the FTC's Requests for Admission, thereby
18 admitting all of the FTC's requests. Moreover, because the individual Defendants
19 and Relief Defendants invoked the Fifth Amendment in response to the FTC's
20 discovery requests, the Court is entitled to draw adverse inferences against them.
21 *See Baxter v. Palmigiano*, 425 U.S. 308, 318 (1976); *SEC v. Colello*, 139 F.3d 674,
22 677 (9th Cir. 1998). In light of both the significant indisputable evidence and the
23 adverse inferences, no material factual issue exists as to whether Defendants
24 violated Section 5 of the FTC Act. Thus, this case is ripe for summary judgment,
25 and injunctive and equitable monetary relief should be ordered.

26 **A. Legal Standard for Summary Judgment**

27 Under Rule 56(a) of the Federal Rules of Civil Procedure, summary
28 judgment is proper if “the pleadings, depositions, answers to interrogatories, and

1 admissions on file, together with the affidavits, if any, show that there is no
2 genuine issue as to any material fact and that the moving party is entitled to
3 judgment as a matter of law.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247
4 (1986). The moving party bears the initial burden of demonstrating the absence of
5 a genuine issue of material fact for trial, but it need not disprove the other party’s
6 case. *Id.* at 256; *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25 (1986). Once the
7 movant meets its burden, the non-moving party “may not rest upon the mere
8 allegations or denials of their pleadings, but ... must set forth specific facts showing
9 that there is a genuine issue for trial.” Fed. R. Civ. P. 56(e). Any opposition must
10 set forth evidence that is “‘significantly probative’ as to any fact claimed to be
11 disputed.” *SEC v. Murphy*, 626 F.2d 633, 640 (9th Cir. 1980).

12 **B. Defendants’ Business Practices Violated Section 5 of the FTC Act**

13 **1. Defendants’ Deceptive Claims**

14 An act or practice is deceptive under the statute if “first, there is a
15 representation, omission, or practice that, second, is likely to mislead consumers
16 acting reasonably under the circumstances, and third, the representation, omission,
17 or practice is material.” *FTC v. Pantron I Corp.*, 33 F.3d 1088, 1095 (9th Cir.
18 1994). Intent to defraud and good faith are irrelevant. *See, e.g., Removatron Int’l*
19 *Corp. v. FTC*, 884 F.2d 1489, 1495 (1st Cir. 1989); *FTC v. World Travel Vacation*
20 *Brokers, Inc.*, 861 F.2d 1020, 1029 (7th Cir. 1988). The existence of some
21 satisfied customers also is not a defense to a deception claim. *FTC v. Stefanichik*,
22 559 F.3d 924, 928 n.12 (9th Cir. 2009).

23 Both express and implied claims are subject to Section 5(a). *See, e.g., FTC*
24 *v. Figgie Int’l, Inc.*, 994 F.2d 595, 604 (9th Cir. 1993); *FTC v. Gill*, 71 F. Supp. 2d
25 1030, 1043 (C.D. Cal. 1999). Whereas express claims “are ones that directly state
26 the representation at issue,” implied claims “range from claims that would be
27 virtually synonymous with an express claim through language that literally says
28 one thing but strongly suggests another, to language which relatively few

1 consumers would interpret as making a particular representation.” *In re Thompson*
2 *Med. Co., Inc.*, 104 F.T.C. 648, at *6-7 (Nov. 23, 1984), *aff’d*, *Thompson Med. Co.*
3 *v. FTC*, 479 U.S. 1086 (1986).

4 “Advertisements as a whole may be completely misleading although every
5 sentence separately considered is literally true.” *Donaldson v. Read Magazine,*
6 *Inc.*, 333 U.S. 178, 188 (1948). In deciding whether particular statements or
7 omissions are deceptive, courts must look to the overall “net impression” of
8 consumers. *See FTC v. Gill*, 265 F.3d 944, 956 (9th Cir. 2001); *FTC v.*
9 *Cyberspace.com, LLC*, 453 F.3d 1196, 1200 (9th Cir. 2006). Representations
10 “capable of being interpreted in a misleading way should be construed against” the
11 person making them. *Gill*, 71 F. Supp. 2d at 1045-46.⁷ Furthermore, disclaimers
12 or qualifications cannot shield a defendant from liability unless they are so
13 prominent and unambiguous as to “leave an accurate impression.” *Removatron,*
14 884 F.2d at 1497; *FTC v. EdebitPay, LLC*, No. CV-07-4880 ODW (AJWx), 2011
15 WL 486260, at *5 (C.D. Cal. Feb. 3, 2011).

16 A claim is material if “it involves information that is important to
17 consumers, and, hence, likely to affect their choice of, or conduct regarding, a
18 product.” *Cyberspace.com*, 453 F.3d at 1201. Express claims, or deliberately
19 made implied claims, are presumed to be material. *Pantron I*, 33 F.3d at 1095-96.
20 Implied claims also may be material when they go to the heart of the solicitation or
21
22

23 ⁷ The FTC can prove that a representation is likely to mislead consumers
24 in two ways. First, the FTC can prove that the representation is in fact false.
25 False claims are inherently “likely to mislead.” *Thompson Med. Co.*, 104 F.T.C.
26 at 64. Second, the FTC can prove that the advertiser lacked a reasonable basis
27 for its claims. *FTC v. U.S. Sales Corp.*, 785 F. Supp. 737, 748-49 (N.D. Ill.
28 1992). Advertisers are required to have had “some recognizable substantiation
for the representation prior to making it in an advertisement.” *FTC v. Direct*
Mktg. Concepts, Inc., 569 F. Supp. 2d 285, 298 (D. Mass. 2008).

1 the characteristics of the product or service offered. *See Kraft, Inc. v. FTC*, 970
2 F.2d 311, 322 (7th Cir. 1992), *cert. denied*, 507 U.S. 909 (1993).

3 The FTC need not show that each consumer relied on the misrepresentations.
4 *Figgie*, 994 F.2d at 605. Instead, “the proper standard to establish reliance in an
5 FTC action . . . is based on a pattern or practice of deceptive behavior.” *FTC v.*
6 *Nat’l Bus. Consultants, Inc.*, 781 F. Supp. 1136, 1141-42 (E.D. La. 1991) (citing
7 multiple cases).

8 **a. Count I: Defendants Misrepresented that ATR had**
9 **Helped Thousands of People Significantly Reduce**
10 **Their Tax Debts**

11 Defendants routinely represented that ATR already had negotiated
12 significant tax reductions for thousands of consumers, but this claim is simply
13 false. As described in Section IV above, ATR’s claim of thousands of successes
14 was a central part of the company’s advertising and sales pitch, and it suggested
15 that ATR was an established business with a proven track record of success. (SF
16 161, 174, 181, 191, 200-201, 215, 221-223, 244, 252, 254-255.)

17 Defendants’ ads made express claims that ATR had helped thousands “settle
18 their taxes for only Pennies-on-the-Dollar,” (SF 161, 247), “settle their tax debt for
19 a fraction of what they owed,” (SF 175, 179, 181, 191, 216-217, 230, 239, 241,
20 248-249, 257-258) and “eliminate” or “save up to 85” percent on delinquent taxes.
21 (SF 221, 224-225, 227-228, 233, 240.) On its website and in correspondence to
22 consumers, ATR similarly touted its success in helping thousands of customers.
23 (SF 252, 254-255, 357, 362-363.) These past success claims typically were
24 combined with testimonials from purportedly real customers who were, as one
25 advertisement put it, “people just like you,” who had their tax debts reduced by up
26 to 94% with ATR’s help. (SF 174-176.) The combination of these alleged
27 “customer” testimonials and the “thousands” of successes conveyed to consumers
28 that ATR routinely negotiated the types of settlements advertised for its customers.

1 ATR’s sales representatives then also referred to ATR’s past successes in
2 sales calls with prospective customers. In one recorded undercover call, for
3 example, after qualifying the caller for a PA that would reduce his tax debt by
4 \$30,000, the sales representative explained that “we do a couple of hundred cases
5 like this per month and we’ve done it nationwide for about 11 years.” (SF 304.) In
6 another recorded call, the sales representative told a caller who had already been
7 “qualified” for an OIC that “we’ve been doing this for over a decade and we’ve
8 done it 19,000 times. So, we’re very, very good at what we do.” (SF 305.)
9 Consumers also indicate that ATR sales representatives gave them similar
10 assurances. (SF 303.) These representations about past successes were material to
11 consumers’ decisions to hire ATR and to pay its high fee. *See, e.g., FTC v.*
12 *Affiliate Strategies, Inc.*, 09-41-1-JAR, 2011 WL 3111948, at *13 (D. Kan. July
13 26, 2011) (success rate claims found material to consumers’ purchase decision).

14 The undisputed evidence also demonstrates that ATR’s claims about its prior
15 successes were false. Indeed, documentary evidence establishes that even after a
16 decade, the OICs and PAs obtained for ATR’s approximately 20,000 customers
17 numbered only in the hundreds. (SF 402, 405-406.) Furthermore, the evidence
18 shows that in the case of PAs, the amounts abated did not exceed the fee customers
19 had paid to ATR, and that ATR’s customers sometimes obtained the PAs for
20 themselves. (SF 407-409.) Moreover, Defendants have been unable to identify the
21 alleged customers whose testimonials they highlighted in their advertising
22 campaigns. (SF 156.) Given the materiality of Defendants’ past success claims,
23 the widespread audience to which the claims were disseminated, and the fact that
24 the claims were used to induce tens of thousands of consumers to pay ATR’s hefty
25 fee, the Commission is entitled to judgment as a matter of law against the
26 Defendants on Count One.

27

28

1 **b. Count II: Defendants Misrepresented that**
2 **Consumers Qualified for Tax Relief Programs and**
3 **Would Obtain Significant Tax Debt Reductions**

4 Defendants consistently misrepresented that individual consumers
5 “qualified” for particular forms of tax relief. In their advertisements, Defendants
6 directed consumers to call to see if they “qualified” for the settlements described.
7 (SF 158, 204, 217, 227-230, 232, 234, 241.) Consumers who called were routinely
8 told that they “qualified” for an OIC or PA that would save them significant sums
9 of money. (SF 294, 297.) In fact, the script used by ATR for its sales calls
10 directed sales representatives to tell consumers that they “qualified” either for an
11 OIC or PA. (SF 319-322.) Former Sales Department employees confirm that sales
12 representatives were directed to “qualify” nearly every caller for either an OIC or
13 PA – the only exceptions were consumers who did not owe at least \$10,000 or
14 \$15,000 in tax debt or were currently in bankruptcy. (SF 157, 270-271, 294.)
15 Consumers similarly report being told that they “qualified” and that ATR would
16 negotiate their tax debts down to little or nothing. (SF 294, 297, 300-301, 341-
17 342.) Significantly, all of the undercover investigators also were told that they
18 “qualified” for tax relief that would reduce their tax debts by tens of thousands of
19 dollars. (SF 302.)

20 There can be no doubt that such statements were material to consumers’
21 decisions to hire ATR. Consumers contacted the company for the sole purpose of
22 finding out whether they qualified, and they only agreed to pay ATR’s fee, despite
23 their financial circumstances, after being assured they qualified for, and would
24 obtain, significant reductions in their tax debt. *See FTC v. Wash. Data Res.*, 09-cv-
25 2309-T-23TBM, 2012 WL 1415323, at *22 (M.D. Fla. Apr. 23, 2012) (verbal
26 qualification during sales call found to be material). Furthermore, because these
27 claims were express, consumers’ reliance on them is presumed to be material.
28

1 Of course, most consumers did not qualify for the tax relief ATR had
2 promised. Former ATR tax resolution employees themselves admit that the vast
3 majority of ATR customers whose files they received did not qualify for OICs or
4 PAs and that they could not reduce the tax debts of these customers. (SF 392-395.)
5 And the FTC's expert, after reviewing undercover calls, determined that none of
6 those callers qualified for the tax relief promised by ATR's sales representatives.
7 (SF 400.) Consumer declarations and complaints further establish the pattern of
8 consumers being told that they "qualified" for huge savings but, in most instances,
9 seeing no reduction in their tax debts.

10 **2. Defendants' Unfair Practices**

11 Section 5(a) of the FTC Act also prohibits unfair acts or practices. An act or
12 practice is unfair if it "causes or is likely to cause substantial injury to consumers
13 which is not reasonably avoidable by consumers themselves and is not outweighed
14 by countervailing benefits to consumers or to competition." 15 U.S.C. § 45(n);
15 *FTC v. Neovi, Inc.*, 604 F.3d 1150, 1155 (9th Cir. 2010). For a practice to be
16 deemed unfair, the resulting injury must be: (1) substantial; (2) not outweighed by
17 countervailing benefits to consumers or competition; and (3) one that consumers
18 themselves could not reasonably have avoided." *FTC v. J.K. Publ'ns, Inc.*, 99 F.
19 Supp. 2d 1176, 1201 (C.D. Cal. 2000) (cite omitted).

20 Courts have found the practice of charging fees without consumers' express
21 informed consent to be unfair under the FTC Act. *Neovi*, 604 F.3d at 1155-59
22 (facilitating unauthorized charges found to be unfair practice); *J.K. Publ'ns.*, 99 F.
23 Supp. 2d at 1202-03 (unauthorized charges deemed unfair).

24 **a. Count III: Defendants' Unauthorized Charges**

25 The undisputed evidence demonstrates that Defendants had a practice of
26 charging consumers without their express informed consent. In fact, the frequency
27 of complaints about unauthorized charges led the BBB to notify ATR of its
28 concern about this practice as early as 2002, but ATR did not then alter its

1 practices. (SF 438-439.) Former employees also acknowledge a pattern of
2 customer complaints about unauthorized charges, and several declarants state that
3 they had thousands of dollars taken from their accounts without authorization. (SF
4 424.) Because there is no disputed issue of material fact, the FTC is entitled to
5 judgment on Count Three.

6 **C. Defendants Hahn and Park are Individually Liable**

7 An individual may be held liable for corporate violations of the FTC Act if
8 the individual actively participated in or had authority to control a corporation's
9 deceptive practices, and the individual knew or should have known about the
10 practices. *FTC v. Publ'g Clearing House, Inc.*, 104 F.3d 1168, 1170-71 (9th Cir.
11 1997). Authority to control the corporation "can be evidenced by active
12 involvement in business affairs and the making of corporate policy, including
13 assuming the duties of a corporate officer." *FTC v. Amy Travel Service*, 875 F.2d
14 564, 573 (7th Cir. 1989); *see also Publ'g Clearing House*, 104 F.3d at 1171 (power
15 to sign corporate documents evidences authority to control); *FTC v. John Beck*
16 *Amazing Profits LLC*, 2:09-cv-04719-JHN-CWx, 2012 U.S. Dist. LEXIS 70068, at
17 *64 (C.D. Cal. April 20, 2012). The knowledge requirement can be established by
18 showing that the individual "had actual knowledge of material misrepresentations,
19 was recklessly indifferent to the truth or falsity of a misrepresentation, or had an
20 awareness of a high probability of fraud along with an intentional avoidance of the
21 truth." *Cyberspace.com*, 453 F.3d at 1202. "The FTC does not need to show that
22 an individual defendant intended to defraud consumers in order to hold that
23 individual personally liable." *J.K. Publ'ns*, 99 F. Supp. 2d at 1204 (citing *Publ'g*
24 *Clearing House*, 104 F.3d at 1171).

25 The evidence shows that Hahn and Park were the principals of ATR and
26 were significantly involved in its operations. They formulated, directed,
27 controlled, and/or participated in the acts and practices of ATR. The breadth of
28 their responsibilities also makes clear that they knew, or should have known, about

1 the illegal activities of ATR. Hahn managed ATR, formulated ATR's business
2 practices, hired and fired employees, arranged and approved ATR's advertising,
3 including websites, handled ATR's payroll and some accounts payable, and
4 supervised ATR's sales representatives and office administration. (SF 25-35.)
5 Considering the scope of Hahn's involvement in the business, he undoubtedly had
6 the necessary control and knowledge to be held individually liable. *FTC v.*
7 *Affordable Media*, 179 F.3d 1228, 1235 (9th Cir. 1999) ("The extent of an
8 individual's involvement in a fraudulent scheme alone is sufficient to establish the
9 requisite knowledge for personal restitutionary liability.").

10 Park also should to be held individually liable. As the sole owner of ATR,
11 Park had the authority to control the company's business practices and was, at a
12 minimum, recklessly indifferent to ATR's unlawful business activities.⁸ (SF 54.)
13 Park signed contracts on behalf of ATR and controlled its bank accounts, into
14 which tens of millions of dollars were deposited. (SF 55, 59, 70.) Park was
15 individually named in several consumer lawsuits about ATR's practices and, in
16 connection with such lawsuits, signed settlement agreements and checks satisfying
17 any judgments. (SF 60-62.) *J.K. Publ'ns.*, 99 F. Supp. 2d at 1206-07 (wife who
18 signed documents containing information about company's unlawful practices held
19 individually liable for restitution). Park also sometimes visited ATR's office,
20 where she could observe its activities. (SF 64.) Furthermore, although Hahn was
21 responsible for managing the business on a daily basis, Park's decision to permit
22 Hahn to run her business, despite her knowledge of his criminal history, and
23 ongoing probation, is sufficient to make her liable. (SF 67.) *Publ'g Clearing*
24 *House*, 104 F.3d at 1171 (acting at the direction of someone facing criminal
25 charges reflects reckless indifference); *J.K. Publ'ns*, 99 F. Supp. 2d at 1206-07

26
27
28 ⁸ Moreover, to the extent that ATR was a d/b/a of Park, there can be no
question regarding her individual liability. (SF 5.)

1 (wife acting at direction of husband with criminal past found liable for restitution).
2 And despite her awareness of a criminal investigation, and the execution of federal
3 search and seizure warrants in April 2010, Park allowed ATR to continue
4 operating. (SF 68-69.)

5 **D. The Court Should Order Equitable Relief Against Defendants**

6 To remedy Defendants' blatant violations of the FTC Act, the FTC seeks
7 both strong injunctive and monetary relief against all Defendants. The FTC also
8 seeks an order requiring Relief Defendants to disgorge their ill-gotten gains.

9 **1. Injunctive Relief**

10 Section 13(b) of the FTC Act provides that "in proper cases the Commission
11 may seek, and after proper proof, the court may issue, a permanent injunction." 15
12 U.S.C. § 53(b); *see also Pantron I*, 33 F.3d at 1102. Cases involving deceptive
13 conduct in violation of Section 5(a) of the FTC Act are "proper cases" for
14 injunctive relief under Section 13(b). *FTC v. H.N. Singer*, 668 F.2d 1107, 1110-11
15 (9th Cir. 1996); *John Beck*, 2:09-cv-04719-JHN-CWx, 2012 U.S. Dist. LEXIS
16 70068, at *62-63.

17 To prevent future illegal conduct, the FTC seeks an injunction banning
18 Defendants from telemarketing and the marketing of debt relief products or
19 services in the future, as well as enjoining them from any practices that violate
20 Section 5(a). A permanent injunction is justified when there is a "cognizable
21 danger of recurrent violation," or some reasonable likelihood of future violations.
22 *U.S. v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953); *CFTC v. CoPetro Mktg. Group,*
23 *Inc.*, 502 F. Supp. 806, 818-819 (C.D. Cal. 1980). Past illegal conduct is highly
24 suggestive of future violations, especially where past violations are systematic.
25 *See CoPetro Mktg.*, 502 F. Supp. at 818-819; *SEC v. Mgmt. Dynamics, Inc.*, 515
26 F.2d 801, 807 (2d Cir. 1975); *FTC v. Sharp*, 782 F. Supp. 1445, 1454 (D. Nev.
27 1991). Appropriate injunctive remedies available to the Court to ensure effective
28 relief include enjoining the making of misrepresentations, enjoining otherwise

1 permissible practices, reasonable fencing-in provisions, and record-keeping and
2 monitoring provisions. *See FTC v. Think Achievement*, 144 F. Supp. 2d 1013,
3 1016-18 (N.D. Ind. 2000) (discussing breadth of injunctive relief).

4 Based on Defendants' history, there is reason to believe they will continue to
5 violate the law unless strong injunctive provisions are imposed. Despite over a
6 decade of consumer complaints and lawsuits, a lawsuit filed by NYC, warnings
7 from the BBB, and the execution of a criminal search warrant, Defendants
8 continued defrauding consumers out of millions of dollars. (SF 438-455.) Even
9 after the entry of the Preliminary Injunction here, Defendants attempted to open
10 another tax relief business similar to ATR, holding Hahn's brother out as the
11 owner in order to hide their involvement. (SF 49, 76.) Hahn also has a long
12 history of consumer fraud that predates ATR. In 1994, he was convicted of grand
13 theft after taking money from his own customers' brokerage accounts and served
14 jail time for that crime. (SF 39-40.) In 2006, he was convicted of mail fraud in
15 connection with a telemarketing business that sold medical billing opportunities,
16 and was sentenced to five years probation and ordered to pay restitution of over
17 \$1.2 million. (SF 41-43.) Nevertheless, Hahn continued operating ATR, despite
18 being on probation, and Park made his restitution payment from the proceeds of
19 ATR. (SF 63.)

20 Courts have banned violators of the FTC Act from an array of practices.
21 *See, e.g., Gill*, 265 F.3d at 957-58 (ban on participation in credit-repair); *FTC v.*
22 *Medicor, LLC*, CV 01-1896 CBM (EX), 2002 WL 1925896, at *1-2 (C.D. Cal.
23 July 18, 2001) (ban on telemarketing and marketing of work-at-home medical
24 billing opportunities); *FTC v. Publ'g Clearing House, Inc.*, CV-S-94-623-PMP
25 (LRL.), 1995 WL 367901, at *4 (D. Nev. May 12, 1995), *aff'd* 106 F.3d 407 (9th
26 Cir. 1997) (ban on prize-promotion telemarketing). Under these circumstances, an
27 order banning Defendants from engaging in telemarketing or marketing debt relief
28 products or services is appropriate.

2. Equitable Monetary Relief

1 The Court should also enter equitable monetary relief for the full amount of
2 consumer injury caused by Defendants' illegal practices. The authority granted by
3 Section 13(b) gives courts the authority "to grant any ancillary relief necessary to
4 accomplish complete justice," including the authority to order restitution or
5 disgorgement of unjust enrichment. *Pantron I*, 33 F.3d at 1102-1103; *John Beck*,
6 2:09-cv-04719-JHN-CWx, 2012 U.S. Dist. LEXIS 70068, at *68-69.

7 The proper calculation of equitable monetary relief is the full amount that
8 consumers paid, less any refunds. *See, e.g., Stefanchik*, 559 F.3d at 931-932;
9 *Figgie*, 994 F.2d at 606-607. The FTC bears the initial burden of demonstrating
10 that its calculations reasonably approximate consumer losses. *FTC v. Medicor*,
11 *LLC*, 217 F. Supp. 2d 1048, 1058 (C.D. Cal. 2002); *FTC v. J.K. Publ'ns, Inc.*, No.
12 99-0044 ABC (AJWx), 2000 WL 35594143, at *17 (C.D. Cal. Aug. 9, 2000). The
13 burden then shifts to defendants to show that the FTC's figures are inaccurate.
14 *Medicor*, 217 F. Supp. 2d at 1058. Any uncertainty over the exact amount of
15 consumer loss "should fall on the wrongdoer whose illegal conduct created the
16 uncertainty." *J.K. Publ'ns*, 2000 WL 35594143, at *17.

17 Defendants' lack of financial books and records complicates the calculation
18 of consumers' losses. (SF 16.) In addition, because the individual Defendants
19 invoked the Fifth Amendment in refusing to respond to discovery, and no
20 representative was provided for ATR's Rule 30(b)(6) deposition, the FTC was
21 unable to obtain information in discovery from those persons with the most
22 knowledge of ATR's finances. (SF 19, 50, 77.) Furthermore, to date, Defendants
23 have not produced their tax returns for several tax years, which would provide
24 information about ATR's revenues. Therefore, the FTC's calculation of restitution
25 is based on the Receiver's reports; Defendants' tax returns for the years 2005
26 through 2008; available bank records; and, only where no other information is
27 available, information from an ATR database. These records demonstrate that
28

1 ATR's total sales, net of refunds and fees paid by customers who obtained OICs,
2 were \$100,686,519.68. (SF 458-459.) A monetary judgement should be entered in
3 that amount.⁹

4 **E. The Court Should Order Equitable Relief Against Relief**
5 **Defendants**

6 Relief Defendants Young Soon Park and Il Kon Park received significant
7 sums of money and property that were directly or indirectly derived from the
8 proceeds of Defendants' unlawful activities and to which they have no legitimate
9 claim. Courts have repeatedly exercised their broad equitable power to order the
10 turnover of assets held by third parties where 1) the relief defendant possesses
11 illegally obtained profits, and 2) the relief defendant has no legitimate claim to
12 those funds. *SEC v. Cross Fin. Servs., Inc.*, 908 F. Supp. 718, 730-732 (C.D. Cal.
13 1995); *see also FTC v. Network Servs. Depot*, 617 F.3d 1127, 1142 (9th Cir. 2010);
14 *Colello*, 139 F.3d at 678-79 (affirming summary judgment against a nominal
15 defendant ordering disgorgement of ill-gotten gains); *FTC v. Inc21.com Corp.*, 745
16 F. Supp. 2d 975, 1009 (N.D. Cal. 2010) (granting summary judgment against relief
17 defendant ordering disgorgement of ill-gotten funds). Even where a relief
18 defendant has not engaged in wrong-doing, "[a]s between the [relief] defendant []
19 and the victims of fraud, equity dictates that the rights of the victims should
20 control." *SEC v. Antar*, 831 F. Supp. 380, 402-403 (D.N.J. 1993).

21 The evidence demonstrates that Young Soon Park received at least
22 \$18,068,953 from Defendants since 2003. (SF 82-83, 87-88.) Additionally,
23 individual Defendants placed their Beverly Hills home, purchased for \$3,425,000,
24 in her name. (SF 84-86.) Defendants also transferred at least \$175,281 to Il Kon
25

26 ⁹ Fees for consumers who obtained PAs should not be subtracted from
27 this amount because the evidence indicates that the PAs were for less than the
28 fees consumers paid to ATR, or were obtained by consumers themselves. (SF
407, 409.)

1 Park, and paid off the \$420,000 mortgage on Relief Defendants' condominium.
2 (SF 95-97.) Neither Relief Defendant has a legitimate claim to these funds and
3 assets. Indeed, individual Defendants even admit that they placed title to their \$3.4
4 million Beverly Hills home in Young Soon Park's name, as well as depositing
5 "approximately \$5 million" into a bank account in her name, as "asset protection
6 measure[s]." (SF 45-46, 71-72.) Defendants also admit to paying off the mortgage
7 on Relief Defendants' condominium, and transferring monthly sums to them
8 ranging from \$1,000 to \$3,000, as "gifts." (SF 47-48, 73-74.)

9 The FTC requests that Young Soon Park be ordered to disgorge
10 \$18,068,953, the amount of ATR proceeds she received, as well as turn over title to
11 Defendants' Beverly Hills home. The FTC further requests that Il Kon Park be
12 ordered to disgorge the \$595,281 he received in ATR proceeds, including title to
13 the Los Angeles condominium. Allowing Relief Defendants to retain these assets
14 would unjustly allow them to benefit from Defendants' illegal activities.

15 VI. CONCLUSION

16 For the foregoing reasons, the FTC respectfully requests that the Court enter
17 summary judgment against Defendants and Relief Defendants on all Counts of the
18 FTC's Complaint, and enter a permanent injunction banning Defendants from
19 telemarketing and debt relief services, enjoining them from making material
20 misrepresentations, and awarding equitable monetary relief.

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22 Dated: June 8, 2012

Respectfully Submitted,

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24 /s/Karen D. Dodge
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25 MARISSA J. REICH
Attorneys for Plaintiff
26 Federal Trade Commission
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