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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Federal Trade Commission,

Plaintiff,

vs.

Money Now Funding, LLC, et al.,

Defendants.

No. CV-13-01583-PHX-ROS

FINAL JUDGMENT AND ORDER FOR
PERMANENT INJUNCTION AND
EQUITABLE MONETARY JUDGMENT
AS TO DEFENDANT RICHARD
FROST

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief (Doc. 3), subsequently amended by the First Amended Complaint for Permanent Injunction and Other Equitable Relief (Doc. 194) (as amended, the “Complaint”), pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) & 57b. The FTC subsequently filed a Motion for Default Judgment against Defendant Richard Frost (“Defendant R. Frost”) on all counts of the First Amendment Complaint.

Defendant R. Frost was served with the Complaint in this action (Doc. 31), but has not opposed, defended, or answered the Complaint (Docs. 78 & 85). Furthermore, the Complaint is well pled and the relief sought in the Complaint is reflected in the proposed order submitted with the Motion. Having considered the Complaint, memorandum of law and exhibits, and other evidence filed in this matter, the Court granted the Commission’s Motion for Default Judgment (Doc. 356) and enters this judgment and order as to Defendant Richard Frost as follows.

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FINDINGS

1. This is an action by the Commission instituted under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing Act, 15 U.S.C. §§ 6101-6108. The Commission has authority to seek the relief contained herein.

2. The Commission’s Complaint states a claim upon which relief may be granted under Section 5 of the FTC Act, 15 U.S.C. § 45, the FTC’s trade regulation rule entitled “Disclosure Requirements and Prohibitions Concerning Business Opportunities” (“Business Opportunity Rule” or “Rule”), 16 C.F.R. Part 437, as amended, and the “Telemarketing Sales Rule” (“TSR”), 16 C.F.R. Part 310.

3. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).

4. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

5. The activities of Defendant R. Frost as alleged in the Commission’s Complaint are in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

6. By virtue of the Court’s decision regarding the FTC’s Motion for Default Judgment, Defendant R. Frost is liable for injunctive and equitable monetary relief for violations of Section 5(a) of the FTC Act, the Business Opportunity Rule, and the TSR.

7. Entry of this order is in the public interest.

DEFINITIONS

For the purpose of this Order, the following definitions shall apply.

1. **“Business Opportunity”** means a commercial arrangement in which:
 - a) A Business Opportunity Seller solicits a prospective purchaser to enter into a New Business;
 - b) The prospective purchaser makes a Required Payment; and

- 1 c) The Business Opportunity Seller, expressly or by implication, orally
2 or in writing, represents that the Seller or one or more Designated
3 Persons will:
- 4 i. Provide Locations for the use or operation of equipment,
5 displays, vending machines, or similar devices, owned,
6 leased, controlled, or paid for by the purchaser; or
- 7 ii. Provide Outlets, Accounts, or Customers, including, but not
8 limited to, Internet outlets, accounts, or customers, for the
9 purchaser’s goods or services; or
- 10 iii. Buy back any or all of the goods or services that the
11 purchaser makes, produces, fabricates, grows, breeds,
12 modifies, or provides, including but not limited to providing
13 payment for such services as, for example, stuffing envelopes
14 from the purchaser’s home.

15 2. **“Business Opportunity Rule”** means the FTC Rule entitled “Disclosure
16 Requirements and Prohibitions Concerning Business Opportunities,” 16 C.F.R. Part 437,
17 as amended.

18 3. **“Business Opportunity Seller”** means a Person who offers for sale or sells
19 a business opportunity.

20 4. **“Corporate Defendants”** means Money Now Funding, LLC, a/k/a Money
21 Now Funded, a/k/a Cash4Businesses, a/k/a CashFourBusinesses, a/k/a Green Merchant
22 Funding, a/k/a Nationwide Lending, Rose Marketing, LLC, DePaola Marketing, LLC,
23 Affiliate Marketing Group, LLC, Legal Doxs, LLC, a/k/a First Business, LLC, US Doc
24 Assist, LLC, a/k/a First Business, LLC, Affinity Technologies, LLC, Marketing Expert
25 Solutions, LLC, Strategic Media Advertising, LLC, Global Network Marketing, LLC,
26 Precise Payroll Services, LLC, and their successors and assigns.

27 5. **“Defendants”** means the Individual Defendants and Corporate Defendants,
28 individually, collectively, or in any combination.

1 6. **“Designated Person”** means any Person, other than the Business
2 Opportunity Seller, whose goods or services the Business Opportunity Seller suggests,
3 recommends, or requires that the purchaser use in establishing or operating a New
4 Business.

5 7. **“Individual Defendants”** means Lukeroy K. Rose, a/k/a Luke Rose,
6 Cordell Bess, Cynthia Miller, a/k/a Cynthia Metcalf, Solana DePaola, Jennifer Beckman,
7 William D. Claspell, a/k/a Bill Claspell, Richard Frost, Dino Mitchell, Clinton Rackley,
8 Lance Himes, a/k/a Lance R. Himes, a/k/a Raymond L. Himes, Leary Darling, Donna F.
9 Duckett, also d/b/a D&D Marketing Solutions, Della Frost, also d/b/a Zoom Docs,
10 Christopher Grimes, also d/b/a Elite Marketing Strategies, Alannah M. Harre, also d/b/a
11 National Marketing Group, Ronald W. Hobbs, a/k/a Ron Hobbs, also d/b/a Ron Hobbs &
12 Associates, Janine Lilly, also d/b/a Doc Assistant, Michael McIntyre, also d/b/a McIntyre
13 Marketing, Benny Montgomery, also d/b/a Montgomery Marketing, Virginia Rios, also
14 d/b/a V&R Marketing Solutions and Kendrick Thomas, also d/b/a KT Advertising.

15 8. **“National Do Not Call Registry”** means the registry of telephone numbers
16 maintained by the FTC, pursuant to the Telemarketing Sales Rule, 16 C.F.R.
17 § 310.4(b)(1)(iii)(B), of Persons who do not wish to receive Outbound Telephone Calls to
18 induce the purchase of goods or services.

19 9. **“New Business”** means a business in which the prospective purchaser is
20 not currently engaged, or a new line or type of business.

21 10. **“Outbound Telephone Call”** means a telephone call initiated by a
22 Telemarketer to induce the purchase of goods or services or to solicit a charitable
23 contribution.

24 11. **“Person”** means a natural person, organization, or other legal entity,
25 including a corporation, partnership, proprietorship, association, cooperative, government
26 or governmental subdivision or agency, or any other group or combination acting as an
27 entity.

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1 12. **“Provide Locations, Outlets, Accounts, or Customers”** means to furnish
2 a prospective purchaser with existing or potential locations, outlets, accounts, or
3 customers; requiring, recommending, or suggesting one or more locations or lead
4 generation companies; providing a list of locator or lead generating companies; collecting
5 a fee on behalf of one or more locators or lead generating companies; offering to furnish
6 a list of locations; or otherwise assisting the prospective purchaser in obtaining his or her
7 own locations, outlets, accounts, or customers.

8 13. **“Representatives”** means Defendant R. Frost’s officers, agents,
9 employees, and attorneys, and all other Persons in active concert or participation with any
10 of them, who receive actual notice of this Order.

11 14. **“Required Payment”** means all consideration that the purchaser must pay
12 to the Business Opportunity Seller or an affiliate, either by contract or by practical
13 necessity, as a condition of obtaining or commencing operation of the Business
14 Opportunity. Such payment may be made directly or indirectly through a third party.

15 15. **“Telemarketer”** means any Person who, in connection with
16 Telemarketing, initiates or receives telephone calls to or from a customer or donor.

17 16. **“Telemarketing”** means any plan, program, or campaign which is
18 conducted to induce the purchase of goods or services by use of one or more telephones,
19 and which involves a telephone call, whether or not covered by the TSR.

20 17. **“Telemarketing Seller”** means any Person who, in connection with a
21 Telemarketing transaction, provides, offers to provide, or arranges for others to provide
22 goods or services to a customer in exchange for consideration whether or not such Person
23 is under the jurisdiction of the Commission.

24 18. **“Telemarketing Sales Rule”** means the FTC Rule entitled “Telemarketing
25 Sales Rule,” 16 C.F.R. Part 310.

26 19. **“Work-at-home Opportunity”** means any good, service, plan, or program
27 that is represented, expressly or by implication, to assist an individual in any manner to
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1 | earn money while working from home or from locations other than the business premises
2 | of the Defendants, whether or not a Business Opportunity.

3 | **ORDER**

4 | **I.**

5 | **Ban on Telemarketing**

6 | **IT IS ORDERED** Defendant R. Frost, whether acting directly or through an
7 | intermediary, **is permanently restrained and enjoined from:**

8 | A. Engaging in Telemarketing; and

9 | B. Holding any ownership interest, share, or stock in any business, other than
10 | a publicly traded company, that engages in Telemarketing.

11 | However, this Section shall not prohibit Defendant R. Frost from responding by
12 | telephone to consumer inquiries regarding the sale of goods or services, so long as
13 | payment or authorization of payment is made only after a face-to-face meeting with the
14 | consumer.

15 | **II.**

16 | **Ban on the Sale of Business or Work-at-home Opportunities**

17 | **IT IS FURTHER ORDERED** Defendant R. Frost, whether acting directly or
18 | through an intermediary, **is permanently restrained and enjoined from:**

19 | A. Advertising, marketing, promoting, or offering for sale or assisting in the
20 | advertising, marketing, promoting, or offering for sale of any (1) Business Opportunity,
21 | (2) Work-at-home Opportunity, or (3) service to assist in the creation, advertising,
22 | marketing, promotion, or operation of a Business Opportunity or Work-at-home
23 | Opportunity, including, but not limited to, website development, advertising, marketing,
24 | sale of leads or lead generation, social media promotion, search engine optimization,
25 | training, and business establishment services; and

26 | B. Holding any ownership interest, share, or stock in any business, other than
27 | a publicly traded company, that engages in or assists in advertising, marketing,
28 | promoting, or offering for sale of any (1) Business Opportunity, (2) Work-at-home

1 Opportunity, or (3) service to assist in the creation, advertising, marketing, promotion, or
2 operation of a Business Opportunity or Work-at-home Opportunity, including, but not
3 limited to, website development, advertising, marketing, sale of leads or lead generation,
4 social media promotion, search engine optimization, training, and business establishment
5 services.

6 **III.**

7 **Prohibition Against Misrepresentations**

8 **IT IS FURTHER ORDERED** Defendant R. Frost and his Representatives,
9 whether acting directly or indirectly, in connection with the advertising, marketing,
10 promotion, offering for sale, or sale of any products or services other than those banned
11 by Sections I or II of this Order, are **permanently restrained and enjoined from**
12 misrepresenting or assisting others in misrepresenting, expressly or by implication:

13 A. That Defendant R. Frost or any other Person offers, sells, or provides loans
14 or cash advances;

15 B. The amount of income, earnings, or profits that a Person may or is likely to
16 earn, or that other Persons have earned;

17 C. That Defendant R. Frost or any other Person will provide, locate, or obtain
18 leads containing the names or contact information of Persons potentially interested in
19 products or services Defendant R. Frost or any other Person purports to offer;

20 D. That Defendant R. Frost or any other Person will contact, sell, or provide
21 services to businesses consumers refer;

22 E. The total cost to purchase, receive, or use any products or services; or

23 F. Any material aspect of the performance, efficacy, nature, or central
24 characteristics of any product or service.

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IV.

Monetary Judgment

IT IS FURTHER ORDERED:

A. Judgment in the amount of ninety-eight thousand, eight hundred twenty-eight dollars and sixty cents (\$98,828.60) is entered in favor of the Commission against Defendant R. Frost as equitable monetary relief.

B. All payments under this Order must be made by electronic fund transfer in accordance with instructions provided by a representative of the Commission.

C. Defendant R. Frost's Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Defendant R. Frost previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §7701.

D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendant R. Frost has no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

V.

Lifting of Asset Freeze

IT IS FURTHER ORDERED the asset freeze set forth in the Preliminary Injunction Order (Doc. 56) entered by this Court on August 19, 2013 is dissolved as to Defendant R. Frost.

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VI.

Customer Information

IT IS FURTHER ORDERED Defendant R. Frost and his Representatives, whether acting directly or indirectly, are **permanently restrained and enjoined from:**

A. Failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. If a representative of the Commission requests in writing any information related to redress, Defendant R. Frost must provide it, in the form prescribed by the Commission, within fourteen (14) days.

B. Disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that any Defendant obtained prior to entry of this Order; and

C. Failing to destroy such customer information in all forms in Defendant R. Frost's possession, custody, or control within thirty (30) days after receipt of written direction to do so from a representative of the Commission.

However, that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by law, regulation, or court order.

VII.

Cooperation

IT IS FURTHER ORDERED Defendant R. Frost must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. Defendant R. Frost must provide truthful and complete information, evidence, and testimony. Defendant R. Frost must appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon

1 five (5) days written notice, or other reasonable notice, at such places and times as a
2 Commission representative may designate, without the service of a subpoena.

3 **VIII.**

4 **Order Acknowledgments**

5 **IT IS FURTHER ORDERED** Defendant R. Frost obtain acknowledgments of
6 receipt of this Order as follows.

7 A. Defendant R. Frost, within seven (7) days of entry of this Order, must
8 submit to the Commission an acknowledgment of receipt of this Order sworn under
9 penalty of perjury.

10 B. For five (5) years after entry of this Order, Defendant R. Frost, for any
11 business that Defendant R. Frost is the majority owner or controls directly or indirectly,
12 must deliver a copy of this Order to (1) all principals, officers, directors, and LLC
13 managers and members; (2) all employees, agents, and representatives who participate in
14 conduct related to the subject matter of the Order; and (3) any business entity resulting
15 from any change in structure as set forth in the Section titled Compliance Reporting.
16 Delivery must occur within seven (7) days of entry of this Order for current personnel.
17 For all others, delivery must occur before they assume their responsibilities.

18 C. From each individual or entity to which Defendant R. Frost delivered a
19 copy of this Order, Defendant R. Frost must obtain, within thirty (30) days, a signed and
20 dated acknowledgment of receipt of this Order.

21 **IX.**

22 **Compliance Reporting**

23 **IT IS FURTHER ORDERED** Defendant R. Frost make timely submissions to
24 the Commission as follows.

25 A. One year after entry of this Order, Defendant R. Frost must submit a
26 compliance report, sworn under penalty of perjury, which must:

- 27 1) Identify all telephone numbers and all physical, postal, email and
28 Internet addresses, including all residences, and identify the primary

- 1 physical, postal, and email address and telephone number, as
2 designated points of contact, which representatives of the
3 Commission may use to communicate with Defendant R. Frost;
- 4 2) Identify all business activities, including any business for which
5 Defendant R. Frost performs services whether as an employee or
6 otherwise and any entity in which Defendant R. Frost has any
7 ownership interest;
- 8 3) Describe in detail Defendant R. Frost's involvement in each such
9 business, including title, role, responsibilities, participation,
10 authority, control, and any ownership;
- 11 4) Identify all of Defendant R. Frost's businesses by all of their names,
12 telephone numbers, and physical, postal, email, and Internet
13 addresses;
- 14 5) Describe the activities of each business, including the goods and
15 services offered, the means of advertising, marketing, and sales, and
16 the involvement of any other Defendant in the case of *FTC v. Money*
17 *Now Funding* (which Defendant R. Frost must describe if he knows
18 or should know due to his own involvement);
- 19 6) Describe in detail whether and how Defendant R. Frost is in
20 compliance with each Section of this Order; and
- 21 7) Provide a copy of each Order Acknowledgment obtained pursuant to
22 this Order, unless previously submitted to the Commission.

23 B. For twenty (20) years after entry of this Order, Defendant R. Frost must
24 submit a compliance notice, sworn under penalty of perjury, within fourteen (14) days of
25 any change in the following:

- 26 1) Name, including aliases or fictitious names, or residence address;
27 2) Any designated point of contact;

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- 3) Title or role in any business activity, including any business for which Defendant R. Frost performs services whether as an employee or otherwise and any entity in which Defendant R. Frost has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity; and
- 4) The structure of any entity that Defendant R. Frost has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Defendant R. Frost must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against Defendant R. Frost, within fourteen (14) days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:

Associate Director for Enforcement
Bureau of Consumer Protection
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

The subject line must begin: FTC v. Richard Frost, Matter No. X130063.

1 **X.**

2 **Recordkeeping**

3 **IT IS FURTHER ORDERED** Defendant R. Frost must create certain records
4 for twenty (20) years after entry of the Order and retain each such record for five (5)
5 years. Specifically, Defendant R. Frost, for any business that Defendant R. Frost is a
6 majority owner or controls directly or indirectly, must create and retain the following
7 records.

8 A. Accounting records showing the revenues from all goods or services sold;

9 B. Personnel records showing, for each person providing services, whether as
10 an employee or otherwise, that person's: name; addresses; telephone numbers; job title or
11 position; dates of service; and (if applicable) the reason for termination;

12 C. Records of all consumer complaints and refund requests, whether received
13 directly or indirectly, such as through a third party, and any response;

14 D. All records necessary to demonstrate full compliance with each provision
15 of this Order, including all submissions to the Commission; and

16 E. A copy of each unique advertisement or other marketing material.

17 **XI.**

18 **Compliance Monitoring**

19 **IT IS FURTHER ORDERED**, for the purpose of monitoring Defendant R.
20 Frost's compliance with this Order, that:

21 A. Within 14 days of receipt of a written request from a representative of the
22 Commission, Defendant R. Frost must: submit additional compliance reports or other
23 requested information, which must be sworn under penalty of perjury; appear for
24 depositions; and produce documents for inspection and copying. The Commission is also
25 authorized to obtain discovery, without further leave of court, using any of the procedures
26 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions),
27 31, 33, 34, 36, 45, and 69.

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B. For matters concerning this Order, the Commission is authorized to communicate directly with Defendant R. Frost. Defendant R. Frost must permit representatives of the Commission to interview any employee or other person affiliated with Defendant R. Frost who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendant R. Frost or any individual or entity affiliated with him, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

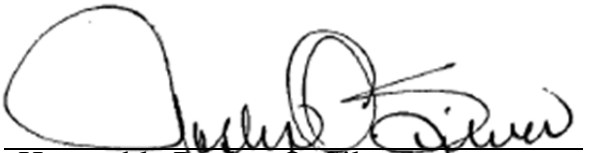
D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning Defendant R. Frost, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1).

XII.

Retention of Jurisdiction

IT IS FURTHER ORDERED this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

Dated this 15th day of July, 2015.



Honorable Roslyn O. Silver
Senior United States District Judge