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IN THE UNITED STATES DISTRICT COURT FOR  
THE DISTRICT OF ARIZONA

<p>Federal Trade Commission,  Plaintiff,  vs.  Blue Global, LLC, and  Christopher Kay,  Defendants.</p>	<p>Case Number</p> <p><b>COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF</b></p>
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Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain permanent injunctive relief, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

## **JURISDICTION AND VENUE**

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

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

## **PLAINTIFF**

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces, among other things, Section 5(a) of the FTC Act, 15 U.S.C. 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b).

## **DEFENDANTS**

6. Defendant **Blue Global, LLC** (“Blue Global”), is an Arizona limited liability company with its principal place of business at 17302 E. Helm Drive, Suite 2005 in Scottsdale, Arizona. Blue Global did business under the name “Blue Global Media.” Blue Global transacted business in this district and throughout the United States.

7. Defendant **Christopher Kay** is the founder and Chief Executive Officer of Blue Global. Until August 2013, Kay was also the President of Blue Global. At all times

material to this Complaint, acting alone or in concert with others, Kay formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Blue Global, including the acts and practices set forth in this Complaint. Among other actions, Kay reviewed and approved the content of Blue Global websites, approved Blue Global's sharing of loan applications with other entities, and set policies for the storage and security of consumer information. Through these activities, Kay had and has knowledge of the misrepresentations and practices for distributing loan applications, was recklessly indifferent to these misrepresentations and practices, or had awareness of a high probability of fraud along with intentional avoidance of the truth. Kay resided in this district until August 2016 and, in connection with the matters alleged herein, transacted business in this district and throughout the United States.

### **COMMERCE**

8. At all times material to this Complaint, Defendants maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### **DEFENDANTS' BUSINESS ACTIVITIES**

9. Starting in at least 2009, Blue Global, under the direction of Christopher Kay, created and operated websites that urged consumers to complete online applications for loans. Blue Global was not a lender, but collected loan applications from consumers, electronically transmitted the applications to other entities, and sold the right to use the information as "leads." Defendants induced consumers to supply the information in these

leads by representing that they would find consumers the loan with the lowest interest rate and other favorable terms; that they would match each consumer to a lender selected from a network of 100 or more loan providers; that applicants were very likely to receive a loan by completing the online application; and that the information that a consumer provided in the loan application was always safe and secure. In fact, Defendants shared loan applications with and sold them to other entities without regard to loan terms, whether the other entity was a lender, or whether the other entity secured the application data in any fashion. During 2013, 2014, and 2015, Defendants sold no more than two percent of the applications that they collected to loan providers.

#### **Defendants' Solicitation of Consumer Loan Applications**

10. From December 2012 to January 2017, Defendants operated at least 38 Internet domains that solicited loan applications, including 100dayloans.com, 1hour-advance.com, 1hourdirect.com, 1hourlend.com, 1hourpersonalloan.com, 247loan.com, 24sevenloan.com, 3clickloan.com, 3yearloans.com, 5kloans.com, 5minuteloanapplication.com, 800900cash.com, autoloansusa.com, cashmojo.com, clickcashadvance.com, clickloans.net, clicknloan.com, eloanpersonal.com, fast-advance.com, fast-advance.net, faxfreecash.com, highspeedpayday.com, houradvance.com, littlepayday.com, loanmarketplace.com, magicinstallmentloans.com, money411.com, moneynowusa.com, moneytoday.com, moomoocash.com,

needcash.com, netloansearch.com, netloanusa.com, oneclickloan.com, onehourloan.com, rockstarloan.com, sevenminuteloans.com, and supersonicpayday.com.

11. Defendants' sites offered services to consumers seeking a variety of loans, including payday loans for hundreds of dollars, personal and installment loans for as much as \$35,000, and auto loans.

12. The information that Defendants collected through online loan applications included consumers' names, addresses, email addresses, and phone numbers. They also collected personal and financial information, including birthdates, social security numbers, bank routing and account numbers, driver's license and state identification numbers, whether and where the consumers were employed, the consumers' incomes, whether the consumers were in the military, whether the consumers were home owners, whether the consumers had filed for bankruptcy, and the consumers' approximate credit scores.

13. Defendants encouraged consumers to become regular customers of their service by storing consumers' loan application information and permitting consumers to retrieve entries from earlier applications to quickly create new loan applications.

### **Defendants' Sharing and Selling of Leads**

14. Defendants assembled each consumer's loan application information and electronically transmitted that information—including sensitive personal and financial information—to potential buyers as a "lead."

15. Defendants offered leads to potential buyers in a sequenced sales process referred to as a “ping tree.” Defendants transmitted the lead to the first potential buyer in the ping tree within seconds after the consumer submitted a loan application. If the potential buyer did not accept the lead, Defendants offered the lead to the next potential buyer in the ping tree sequence. This process was repeated until the lead was sold or until every participant in the ping tree had declined to purchase the lead after having viewed the information contained in the consumer’s loan application. To facilitate lead sales, Defendants operated multiple ping trees at a time.

16. To receive leads through Defendants’ ping tree process, potential buyers agreed to pay Defendants for any accepted leads. Defendants did not require that ping tree participants be engaged in lending or use lead information to offer loans. Defendants received up to \$200 for each lead sold.

### **Defendants’ Representations to Consumers**

#### ***Representations about Matching Consumers to the Lowest Interest Rate and Other Favorable Loan Terms***

17. To induce consumers to complete loan applications, Defendants published websites that assured consumers that they would use the information provided by each consumer to obtain loans with the lowest interest rate and other terms that were favorable to the consumer. These websites contained the following statements, among others:

- a. Start off by filling out our secure online loan application. After you've done that, an advanced search engine uses your

information to find the highest loan with the lowest interest rates. (*sevenminuteloans.com/how it works*).

**b. Interest rates – We search for the lowest rate based on your loan request.**

Our Personal Loan Search Engine will search through Personal Loan, Installment Loans, Cash Advance, and Payday Loan providers to find you the highest loan amount and the lowest interest rates you pre-qualify for. Interest Rates for our lenders range from 5% APR to 32% per month based on the credit history of the borrower, and many other underwriting factors at the lender level. (*www.moneynowusa.com/about-us*)

c. NetLoanUSA is America's LARGEST online personal loan network that **connects you to financial loan lenders**, nationwide for **FREE! START NOW** by completing our easy-to-use online application, and once you **HIT SUBMIT**, we will go to work for you immediately, searching banks, financial companies and cash advance lenders, to **find YOUR highest qualified loan amount at the lowest interest rate** possible, in UNDER 90 seconds! (*netloanusa.com/home*); and

d. Once you've submitted your application, we'll match your information with our MoneyToday lender network to try to find you the best available loan. Our loan matching service will try to find the loan with the best interest rates, lowest finance charges and longest repayment period. (*moneytoday.com/faq.php*)

18. Contrary to the representations, Defendants did not match consumers' loan applications to buyers based on loan rates or terms. When Defendants made these representations, they had not gathered information about the cost, quality or terms of loans, if any, offered by their ping tree participants.

19. Defendants also did not use information about whether potential buyers offered loans, or about the cost, quality, or terms of such loans, to determine who

participated in their ping trees, or to determine the order in which ping tree participants were offered loan applications.

20. Instead, Defendants positioned participants in the ping tree to maximize Defendants' revenue. Defendants sold exclusive rights to each loan application to the first potential buyer that accepted the lead — even if that buyer was not a loan provider or did not offer favorable loan terms.

21. Further, if a buyer that received a loan application from Defendants marketed, remarketed, or otherwise shared the information with other entities, Defendants did not know whether these other entities were involved in arranging for consumers to obtain loans or were using the information for unrelated purposes.

***Representations about Defendants' Lender Network***

22. To induce consumers to complete loan applications, Defendants published websites representing that they searched the loan offerings of 100 or more lenders to match consumers' loan applications to lenders. These websites contained the statements set forth in Paragraph 17 and the following statements, among others:

- a. We'll match your needs with our lender database of more than 100 lending partners. ([100dayloans.com/how\\_it\\_works.php](http://100dayloans.com/how_it_works.php));
- b. Sit back while we do the dirty work. We'll match your needs with our lender network of more than 100 lending partners. ([3YearLoans.com/How-it-Works](http://3YearLoans.com/How-it-Works));
- c. Our innovative loan matching technology reviews your needs and searches our expansive lender network to match you with one of our premium lending partners. ([oneclickloan.com/how it works](http://oneclickloan.com/how_it_works)); and



- d. Wait less than 90 seconds, while our database searches over 120 cash loan providers to qualify you for the highest loan amount at the lowest interest rate possible. (*netloanusa.com*).

23. Contrary to these representations, Defendants did not match consumers with one of 100 or more lending partners. Because of the manner in which Defendants operated their ping tree process, they presented some loan applications exclusively to non-lenders. Indeed, Defendants sometimes sold exclusive rights to the lead to a non-lender before it reached any lender in the ping tree.

24. In fact, when Defendants made these representations, they had matched most of the loan applications that they sold to non-lenders, including to entities that used loan applications for purposes other than providing the consumer with a loan. Defendants were indifferent to how these buyers used the loan applications, including when buyers marketed applications to undisclosed entities for unknown purposes.

25. Also contrary to these representations, Defendants did not search the loan offerings of 100 or more lenders. The number of lenders that participated in Defendants' ping trees at any given time when Defendants made these representations never approached 100. For example, on October 13, 2015, no more than seventeen lenders considered loan applications from Defendants.

### ***Representations about Data Security***

26. To induce consumers to complete loan applications, Defendants published websites representing that their protocols ensured that consumers' information was

always secure, including representing that the information was only available to “trusted lending partners.” These websites contained the following statements, among others:

a. Your personal information is completely safe and secure: we use industry-leading online technology to keep your information encrypted and only available to our trusted lending partners. Your privacy and online safety is of the utmost importance.

*(moneytoday.com/faq.php; money411.com/faq.php)*

b. Our protocols make certain that your personal information is completely protected 24/7 GUARANTEED! *(netloanusa.com/home)*

c. Getting a loan online requires the utmost security, privacy and online protection. At RockstarLoan.com, we make all three our top priorities by using industry-leading security protocols and technology. Our SSL encryption services make sure that your personal information is always safe, always secure.

*(rockstarloan.com/home)*

d. We understand that handing over this type of sensitive information online can be unsettling, which is why we provide the best security possible. The Thawte technology and HTTPS protocols we use are some of the Internet’s most secure ways to protect information. It’s our number one priority to make sure any information you pass along remains in good hands.

*(sevenminuteloans.com)*

e. If we find a lender willing to meet your loan needs, you'll be redirected to your lender's site. Your encrypted information will pass to the lender, and we never store the information, so your online identity is always safe. *(100dayloans.com/faq.php)*

27. Separately on these websites, Defendants have posted a “Privacy Policy” that states: “We have implemented and maintain reasonable security procedures and practices to protect against the unauthorized access, use, modification, destruction or disclosure of your Personal Information.”

28. Contrary to Defendants' representations, they transmitted, passed, or otherwise made consumers' loan application information available to entities other than "trusted lending partners." Indeed, Defendants shared consumers' complete, unredacted loan information with entities that were not engaged in lending, and whose business, use of the leads, and practices for securing sensitive information, were not known to Defendants.

29. Defendants did not impose any restrictions or conditions to protect against the unauthorized access, use, modification, destruction, or disclosure of consumers' sensitive personal and financial information when it was placed in the possession of potential buyers or in the possession of entities that received it from Defendants' potential buyers.

### ***Representations about Application Approvals***

30. To induce consumers to complete loan applications, Defendants published websites representing that most consumers would be approved for a loan. These websites contained the following statements:

a. **Step 2: Get Approved, Sign Your Loan**

With four out of every five applications approved, you have an excellent chance of qualifying for a loan – regardless of your credit history! Once you're approved, an electronic signature is all it takes to complete the loan process. It's really that easy.

*([eloanpersonal.com/how-it-works](http://eloanpersonal.com/how-it-works))*

b. **Instant approval**

Don't wait hours or even days to see if you're approved for your

loan: 4 out of every 5 applicants is approved on the spot!  
([sevenminuteloans.com/apply.php](http://sevenminuteloans.com/apply.php)).

31. Contrary to these representations, most loan applications submitted to Defendants were not approved for a loan.

32. From December 2012 until they ceased operations, Defendants collected and marketed more than 15 million loan applications from consumers. For approximately 72% of these applications, Defendants were unable to find a buyer, and the applications were not approved for a loan.

33. From December 2012 until they ceased operations, Defendants sold almost all of the remaining applications—approximately 26% of the total they have collected—to non-lenders. Defendants sold no more than two percent of their loan applications to lenders. Further, Defendants' sale of these applications did not mean that the applicants were approved for loans.

34. For the minority of loan applications Defendants sold, including the small percentage they sold to lenders, Defendants did not know if any, or how many, of those applications were approved for, or resulted in, a loan to the applicant.

35. On some of Defendants' websites, they posted inconspicuous disclaimers that were inconsistent with the representations they made to induce consumers to complete loan applications. For example, some of the websites stated that Defendants would not necessarily match consumers with the lender that provides the best rates and terms, or that Defendants would not be responsible for the security of personal

information transferred to third parties. These statements, even when they appeared, were buried in lengthy online terms that were not as prominent as the advertising that they contradicted or qualified.

### **Defendants Indiscriminately Shared Sensitive Consumer Information**

36. When Defendants presented loan applications to ping tree participants, they did not mask or otherwise restrict access to any of the sensitive personal and financial information in the applications, such as the social security numbers and financial account information.

37. Defendants could have masked sensitive information prior to the purchase of a lead, but they chose not to do so. Instead, they transmitted complete loan applications to entities that had not purchased the lead. Indeed, because of the way Defendants operated their ping trees, they sent most loan applications—unmasked—to multiple entities that did not purchase the applications.

38. Further, Defendants often sent complete loan applications to entities that were not engaged in lending, and thus, even if they purchased the lead, would not use the information to provide loans to the applicants.

39. Further, Defendants often sent complete loan applications to entities about which Defendants had little to no information, including information about their lines of business, or even their location. Defendants gave loan applications to entities that had

provided no address for their business, or had provided only the address of a mail drop or a business that acted as an agent for service of process.

40. Further, in the instances where Defendants sent complete loan applications to entities that Defendants claimed offer loans, many of these entities were not legally authorized to make consumer loans. Defendants could have inquired whether these entities were legally authorized to make loans and taken steps to limit ping tree participation to only such entities, but they did not.

41. Further, Defendants did not require that ping tree participants use the information in the applications to offer loans. Instead, they sent the applications under agreements that did not limit the recipients' use of purchased loan applications, and in some instances, Defendants entered into agreements that expressly allowed their buyers to use purchased loan applications for *any* purpose.

42. Defendants continued to send consumers' sensitive information—including social security and financial account numbers—to other entities indiscriminately, even after consumer complaints regarding misuse of the information. For example, consumers complained that, after using one of the sites operated by Defendants, they received demands for repayment of debts that they did not owe from persons or entities armed with the specific sensitive information, including social security numbers and financial account information, that the consumers had shared with Defendants. Defendants took no action to investigate or prevent the misuse of consumer information described in these complaints.

43. Further, Defendants uncovered misuse of sensitive consumer data through an internal tracking system. For many years, Defendants presented ping tree participants with phony leads naming fictitious consumers, a process known as “seeding.” In this way, Defendants tested when someone was using a lead that was not purchased. In several instances, Defendants learned through the seeding process that someone indeed contacted the fictitious consumers named in a phony, unpurchased lead, and made offers, including ones *not* involving loans. Defendants took no remedial action against the persons or entities that exploited the unpurchased leads.

44. Beginning in 2015, Defendants drafted policies that purported to address these issues, but the policies were weak, and in any event, Defendants did not enforce them. For example, Defendants supposedly began requiring that ping tree participants agree not to remarket lead data, agree not to share lead data with non-lenders, and agree to use leads in a manner “consistent with consumers’ specific intent in providing the information in the lead.” Nonetheless, Defendants continued to give ping tree participants complete access to unredacted loan applications regardless of whether they agreed to such conditions, and did not require them to conform to the policy.

45. In most, if not all, instances, consumers whose loan applications were collected by Defendants did not know and did not consent to Defendants sharing their sensitive personal and financial information with entities that were not using the information to provide them a loan. Consumers, therefore, could not protect themselves

from the harms and potential harms that the disclosures caused, including possible identity theft and account fraud.

46. Defendants could have taken steps to avert the disclosure of consumers' sensitive personal or financial information without injury to its legitimate business, including by redacting the information until purchase of the loan application and by obtaining consumers' consent to sharing it with non-lenders or withholding it from such entities.

### **VIOLATIONS OF THE FTC ACT**

47. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

48. Misrepresentations or deceptive omissions of material fact are deceptive acts or practices prohibited by Section 5(a) of the FTC Act. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

### **Count I**

49. Through the means described in paragraphs 17-35 above, Defendants represented, directly or indirectly, expressly or by implication, that:

- a. They would match each consumer's loan application to the loan with the lowest interest rate and other terms that were favorable to the consumer;



- b. They searched the loan offerings of 100 or more lenders to match consumers' loan applications to lenders;
- c. Their protocols ensured that the consumer's sensitive personal and financial information was always secure and shared only with trusted lending partners; and
- d. Most consumers' loan applications were approved.

50. The representations set forth in Paragraph 49 were false and misleading, or were not substantiated at the time the representations were made.

51. Defendants' practices as described above constitute deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

## **Count II**

52. Defendants shared and sold consumers' loan applications containing sensitive personal and financial information without regard for whether the recipients were lenders or otherwise had a legitimate need for the information, and without consumers' knowledge or consent.

53. Defendants' practices have caused or are likely to cause substantial injury to consumers that consumers could not have reasonably avoided themselves and that were not outweighed by countervailing benefits to consumers or competition.

54. Defendants' practices as described above constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and 45(n).

### **CONSUMER INJURY**

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

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

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

### **PRAYER FOR RELIEF**

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

- A. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;

- B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, the disgorgement of ill-gotten monies; and
- C. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: July 3, 2017

Respectfully submitted,

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