

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

JUN 13 2018

**THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

9140-9201 QUÉBEC INC., a Quebec corporation,
also doing business as AMETECK GROUP,
MARKETING MIDWEST, MIDWEST
MARKETING, and MIDWEST MARKETING
INC., *et al.*,

Defendants.

Case No.

1:18-cv-04115

Judge: Rebecca R. Pallmeyer

Magistrate Judge: M. David Weisman

**PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS *EX PARTE*
MOTION FOR A TEMPORARY RESTRAINING ORDER WITH ASSET
FREEZE, OTHER EQUITABLE RELIEF, AND ORDER TO SHOW CAUSE
WHY A PRELIMINARY INJUNCTION SHOULD NOT ISSUE**

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I. INTRODUCTION

The Federal Trade Commission asks the Court to halt a Canada-based telemarketing operation that coerces small businesses in the U.S. into paying fake past-due invoices for unordered Internet-related services. Patently illegal, the scheme is simple: Defendants' representatives call small businesses to collect payment for allegedly past-due invoices for one of Defendants' services, such as an Internet business directory listing, a search engine optimization service, or a website design and hosting service. Defendants typically demand payment of between \$800 and \$1500. The targeted businesses never ordered Defendants' services, however, and Defendants never sent an invoice before placing their collection calls. Nevertheless, Defendants threaten to send the accounts to "collections" or to adversely affect a business' credit if the invoices are not paid, and Defendants will repeatedly harass their victims with multiple collection calls to extract payment. All too often, Defendants' scheme succeeds. Consumers often mistakenly believe that someone at the business ordered Defendants' services, and they succumb to Defendants' harassment and threats. Since at least 2013, Defendants have deceived thousands of U.S. businesses out of hundreds or thousands of dollars each.

Defendants operate their scam through a maze of interrelated companies located in Canada and the U.S., but their base of operations is a boiler room in Montreal. Defendants conceal this fact, however, by using mail drops in various U.S. cities, including Chicago, Houston, Louisville, and Cumming, Georgia. Defendants' practices violate the Federal Trade Commission Act's ("FTC Act") prohibition against "unfair or deceptive acts or practices," 15 U.S.C. § 45(a), and the evidence of their fraud is overwhelming. Along with this memorandum, the FTC is submitting the sworn declarations of over a dozen consumers who were targeted by

Defendants, often multiple times, the declaration of a Federal Trade Investigator, and a representative sample of the over 200 consumer complaints Plaintiff has received.¹

The FTC asks that the Court issue a temporary restraining order (“TRO”) to stop Defendants’ false claims and to freeze Defendants’ assets to preserve them for eventual restitution to victims. Defendants’ pattern of fraud—and their attempts to conceal their true location—suggest that they would hide or dissipate assets, including in Canada, if they received notice of this action. The requested relief is therefore needed to preserve the Court’s ability to provide effective final relief.

II. DEFENDANTS’ DECEPTIVE BUSINESS PRACTICES

Defendants target small businesses throughout the U.S. with their deceptive scheme. They begin by making outbound telephone calls during which they falsely claim a targeted business owes a past-due invoice for one of Defendants’ Internet-related services. They also falsely claim to have previously sent the business an invoice, but in actuality, the collection call often is the first contact the business has had with Defendants. Defendants typically follow up their collection call by sending a fake past-due invoice that purports to bill the business for Defendants’ service, and they aggressively pursue a business that initially refuses to pay. Even when a business pays, however, Defendants do not cease their deceptive scheme. Instead, they attempt to victimize those same businesses again. Defendants’ scheme is pure fraud.

A. Defendants’ Initial Telephone Call

Defendants begin their scheme with a cold-call to small businesses during which representatives identify themselves as calling from one of several business names, currently including “Premium Business Pages,” “Ametec Group,” “The Local Business Pages,” and

¹ See Plaintiff’s Exhibit (“PX”) 2 through PX 14 (consumer declarations); PX 1 Hawkins Declaration (“Dec.”) ¶ 60 & Attachment (“Att.”) KK (sample consumer complaints).

“Data Net Technologies.”² The representatives claim to be calling because the business owes a past-due invoice for one of Defendants’ services.³ Defendants claim these businesses owe several hundred dollars to over one thousand dollars.⁴ To entice businesses to pay, Defendants’ representatives sometimes offer to “discount” the amount allegedly owed by a few or several hundred dollars or to “waive” purported late fees, provided the business pays immediately, sometimes in as little as thirty minutes.⁵ Defendants frequently threaten that if the business does not pay immediately, the invoice will be turned over to “collections,” its account will be “red flagged,” or its credit will be negatively affected.⁶ Some businesses also are threatened with legal action if they do not pay.⁷ Believing that their business has an existing relationship with Defendants, many employees who receive these calls pay the amounts Defendants are requesting.⁸

² See, e.g., PX 2 Ates Dec. ¶¶ 3, 11 (Premium Business Pages, Ametec Group); PX 4 Belz Dec. ¶ 3 (Premium Business Pages); PX 5 K. Burtch Dec. ¶ 3 (Premium Business Pages); PX 7 Emmerling Dec. ¶¶ 4, 11 (Premium Business Pages, Data Net Technologies); PX 8 Lawrence Dec. ¶¶ 9, 13, 16 (Ametec Group, The Local Business Pages, Premium Business Pages); PX 9 Lieber Dec. ¶ 3 (Premium Business Pages); PX 10 Lueckenhoff Dec. ¶ 3 (Premium Business Pages); PX 11 McDonough Dec. ¶ 3 (Premium Business Pages); PX 12 Spradling Dec. ¶ 4 (Premium Business Pages); PX 13 Waters Dec. ¶ 3 (Premium Business Pages); PX 14 Worden Dec. ¶¶ 4, 11 (Premium Business Pages, The Local Business Pages).

³ See, e.g., PX 2 Ates Dec. ¶¶ 3, 11; PX 3 Beavers Dec. ¶¶ 3-4; PX 4 Belz Dec. ¶¶ 3, 5; PX 5 K. Burtch Dec. ¶¶ 3-4; PX 6 T. Burtch Dec. ¶¶ 3-4; PX 7 Emmerling Dec. ¶¶ 3-4, 11; PX 8 Lawrence Dec. ¶¶ 3, 9, 13, 16; PX 9 Lieber Dec. ¶ 3; PX 10 Lueckenhoff Dec. ¶ 3; PX 11 McDonough Dec. ¶ 3; PX 12 Spradling Dec. ¶¶ 3-4; PX 13 Waters Dec. ¶ 3; PX 14 Worden Dec. ¶¶ 4, 11.

⁴ See, e.g., PX 2 Ates Dec. ¶ 3 (\$1,252); PX 3 Beavers Dec. ¶ 3 (\$1,050); PX 4 Belz Dec. ¶ 3 (\$1,069.95); PX 5 K. Burtch Dec. ¶ 3 (\$1,500); PX 6 T. Burtch Dec. ¶ 4 (\$800); PX 8 Lawrence Dec. ¶ 12 (\$750), ¶ 13 (\$720), ¶ 16 (\$1,054.95); PX 9 Lieber Dec. ¶ 3 (\$1,200); PX 10 Lueckenhoff Dec. ¶ 3 (\$749.99); PX 11 McDonough Dec. ¶¶ 3-4 (\$1,069.95); PX 14 Worden Dec. ¶ 4 (\$1,500).

⁵ See, e.g., PX 2 Ates Dec. ¶¶ 5-6; PX 5 K. Burtch Dec. ¶¶ 3, 7; PX 7 Emmerling Dec. ¶ 4; PX 8 Lawrence Dec. ¶¶ 12, 14, 18; PX 12 Spradling Dec. ¶ 6; PX 13 Waters Dec. ¶¶ 6, 14; PX 14 Worden Dec. ¶ 6.

⁶ See, e.g., PX 2 Ates Dec. ¶¶ 5-6; PX 5 K. Burtch Dec. ¶¶ 2, 5; PX 6 T. Burtch Dec. ¶ 5; PX 7 Emmerling Dec. ¶ 13; PX 8 Lawrence Dec. ¶¶ 9, 17; PX 10 Lueckenhoff Dec. ¶ 4; PX 13 Waters Dec. ¶¶ 6, 14; PX 14 Worden Dec. ¶ 4.

⁷ See, e.g., PX 5 K. Burtch Dec. ¶ 5; PX 7 Emmerling Dec. ¶ 8; PX 12 Spradling Dec. ¶ 6.

⁸ See, e.g., PX 2 Ates Dec. ¶ 14; PX 5 K. Burtch Dec. ¶¶ 2, 6-8; PX 10 Lueckenhoff Dec. ¶ 5; PX 12 Spradling Dec. ¶¶ 6, 8.

The businesses that Defendants contact never ordered any of Defendants' services and do not owe Defendants any money. In fact, the initial collection call often is the business' first contact of any kind with Defendants.⁹ Although Defendants' representatives often claim to have previously sent the business an invoice, the contacted businesses never received the purportedly past-due invoice that is referenced in the collection call.¹⁰

Many businesses respond by asserting that they never ordered any service from Defendants and that they do not owe any money.¹¹ At that point, Defendants' representatives often claim to have a recording of an employee authorizing the order.¹² Naturally, many businesses ask to hear the recording. Defendants either outright ignore such requests, or they make some excuse for being unable to play it.¹³ Some businesses are told they cannot hear the alleged recording until *after* they pay the purportedly past-due invoice.¹⁴ Some businesses demand written proof that they ordered Defendants' services in the form of a signed contract, but those requests also are ignored or Defendants' representatives claim that the business' alleged verbal authorization is binding.¹⁵

⁹ See, e.g., PX 2 Ates Dec. ¶ 3; PX 4 Belz Dec. ¶¶ 3, 5; PX 5 K. Burtch Dec. ¶ 3; PX 7 Emmerling Dec. ¶¶ 3-4, 11; PX 8 Lawrence Dec. ¶¶ 3, 13, 16; PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 11 McDonough Dec. ¶ 3; PX 12 Spradling Dec. ¶¶ 3-4; PX 13 Waters Dec. ¶ 3; PX 14 Worden Dec. ¶ 4.

¹⁰ See, e.g., PX 2 Ates Dec. ¶¶ 3, 7; PX 4 Belz Dec. ¶¶ 3, 5-6; PX 5 K. Burtch Dec. ¶ 3; PX 7 Emmerling Dec. ¶¶ 3, 4-5, 11-13; PX 8 Lawrence Dec. ¶¶ 3, 10, 13, 16; PX 9 Lieber Dec. ¶¶ 3-4; PX 10 Lueckenhoff Dec. ¶¶ 3, 15; PX 11 McDonough Dec. ¶ 3; PX 12 Spradling Dec. ¶¶ 3-4; PX 13 Waters Dec. ¶ 3; PX 14 Worden Dec. ¶ 4.

¹¹ See, e.g., PX 2 Ates Dec. ¶ 4; PX 3 Beavers Dec. ¶ 5; PX 4 Belz Dec. ¶¶ 3, 5-7; PX 5 K. Burtch Dec. ¶ 3; PX 7 Emmerling Dec. ¶¶ 4-5, 11; PX 8 Lawrence Dec. ¶ 11, 13, 17; PX 10 Lueckenhoff Dec. ¶ 3; PX 12 Spradling Dec. ¶ 4; PX 13 Waters Dec. ¶ 3; PX 14 Worden Dec. ¶ 4.

¹² See, e.g., PX 3 Beavers Dec. ¶ 6; PX 5 K. Burtch Dec. ¶ 4; PX 7 Emmerling Dec. ¶¶ 5, 11; PX 8 Lawrence Dec. ¶ 14; PX 10 Lueckenhoff Dec. ¶ 4; PX 11 McDonough Dec. ¶ 5; PX 12 Spradling Dec. ¶ 5; PX 13 Waters Dec. ¶¶ 5, 13; PX 14 Worden Dec. ¶ 5.

¹³ See, e.g., PX 3 Beavers Dec. ¶ 6; PX 8 Lawrence Dec. ¶ 14; PX 10 Lueckenhoff Dec. ¶ 4; PX 13 Waters Dec. ¶¶ 5, 13.

¹⁴ See, e.g., PX 3 Beavers Dec. ¶ 6; PX 5 K. Burtch Dec. ¶¶ 4, 6.

¹⁵ See, e.g., PX 3 Beavers Dec. ¶ 6; PX 11 McDonough Dec. ¶ 5; PX 13 Waters Dec. ¶¶ 6-9, 17.

Defendants claim to have provided businesses with some type of Internet-related service, including an Internet business directory listing, a search engine optimization service, or a business website design and hosting service.¹⁶ Because they do not recall ordering or receiving such a service, many businesses ask Defendants' representatives to explain the service that allegedly was provided.¹⁷ Defendants' representatives often are unable to do so, however.¹⁸ When the manager of a Jefferson City, Missouri, health clinic asked for an explanation of the service, for example, the representative "could not specifically explain the service" that allegedly had been provided.¹⁹ Likewise, when the Office Manager of a Shelby, North Carolina, medical clinic asked about the service, the representative simply ignored her question "and never explained the service in any detail."²⁰

Many businesses report that they have no use for and would not pay for Defendants' services, even if such services actually had been provided.²¹ Because Defendants' representatives often cannot even describe the services that purportedly were provided, businesses have no way of verifying that the services actually were received. Many targeted businesses do not actively promote their business online, or they have their own service providers that provide them with similar services.²² At the time one consumer received Defendants' collection call, for example, her medical clinic did not have a dedicated website and

¹⁶ See, e.g., PX 2 Ates Dec. ¶¶ 2, 11; PX 3 Beavers Dec. ¶¶ 4-5; PX 5 K. Burtch Dec. ¶¶ 3, 7; PX 7 Emmerling Dec. ¶¶ 4, 11-12; PX 8 Lawrence Dec. ¶ 11; PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 12 Spradling Dec. ¶ 4; PX 13 Waters Dec. ¶ 4; PX 14 Worden Dec. ¶ 5.

¹⁷ See, e.g., PX 6 T. Burtch Dec. ¶ 4; PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 12 Spradling Dec. ¶ 4; PX 13 Waters Dec. ¶ 4; PX 14 Worden Dec. ¶¶ 5, 11.

¹⁸ See, e.g., PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 14 Worden Dec. ¶ 5.

¹⁹ PX 10 Lueckenhoff Dec. ¶ 3.

²⁰ PX 13 Waters Dec. ¶ 4.

²¹ See, e.g., PX 2 Ates Dec. ¶ 12; PX 3 Beavers Dec. ¶ 4; PX 4 Belz Dec. ¶ 6; PX 5 K. Burtch Dec. ¶ 3; PX 7 Emmerling Dec. ¶ 10; PX 8 Lawrence Dec. ¶ 2; PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 12 Spradling Dec. ¶ 4; PX 13 Waters Dec. ¶ 4.

²² See, e.g., PX 2 Ates Dec. ¶ 12; PX 3 Beavers Dec. ¶ 4; PX 4 Belz Dec. ¶ 6; PX 5 K. Burtch Dec. ¶ 3; PX 7 Emmerling Dec. ¶ 10; PX 8 Lawrence Dec. ¶ 2; PX 9 Lieber Dec. ¶ 4; PX 10 Lueckenhoff Dec. ¶ 3; PX 11 McDonough Dec. ¶ 4; PX 12 Spradling Dec. ¶ 4; PX 13 Waters Dec. ¶ 4.

it only accepted patients from physician referrals. It thus had no need for Defendants' "online search optimization service."²³ Likewise, the owner of an Oregon bookstore reported that she had no need for Defendants' alleged listing service. As a member of the American Booksellers Association, the Association provided all of her website and online service needs.²⁴

B. Defendants' Fake Invoices

Many businesses who receive Defendants' initial collection call realize that they never received the invoice that Defendants' representatives claim is past-due, and they demand to see it.²⁵ In response, Defendants often send those businesses an invoice by facsimile or e-mail.²⁶ Defendants' invoices are formatted to appear like typical business invoices. They contain a business name, address, telephone and facsimile numbers, a website address, and an amount due. Defendants' invoices bill businesses for services that are described only obliquely, including "Premium Business SEO – Online," "Premium Business Listing – Online," or "Website Design/3 Months Hosting / Updates Included."²⁷ Often, the invoice lists the name of the employee at the business who handled Defendants' initial collection call, suggesting that that employee had ordered Defendants' service.²⁸ To create the impression the invoice is past due, it often is dated weeks or months prior to the date of the initial collection call, and sometimes it is

²³ PX 13 Waters Dec. ¶ 4.

²⁴ PX 7 Emmerling Dec. ¶ 10.

²⁵ PX 4 Belz Dec. ¶ 6; PX 11 McDonough Dec. ¶ 4; PX 13 Waters Dec. ¶ 6.

²⁶ See, e.g., PX 2 Ates Dec. ¶ 7; PX 3 Beavers Dec. ¶ 3; PX 4 Belz Dec. ¶ 6; PX 8 Lawrence Dec. ¶ 10; PX 10 Lueckenhoff Dec. ¶ 15; PX 11 McDonough Dec. ¶ 4; PX 13 Waters Dec. ¶¶ 9, 17.

²⁷ For samples of Defendants' invoices, see PX 2 Ates Dec. Att. A at p. 2, Att. C at p. 2, Att. E at p. 2; PX 3 Beavers Dec. Att. A at p. 1; PX 4 Belz Dec. Att. A; PX 8 Lawrence Dec. Att. C at p. 3, Att. D at p. 4, Att. E at p. 4; PX 10 Lueckenhoff Dec. Att. H, Att. L at p. 3; PX 11 McDonough Dec. Att. A; PX 13 Waters Dec. Att. A at p. 1, Att. B at p. 2. See also PX 1 Hawkins Dec. ¶ 54 & Att. JJ at pp. 3, 12, 18, 25.

²⁸ See, e.g., PX 2 Ates Dec. Att. A at p. 2, Att. C at p. 2, Att. E at p. 2; PX 3 Beavers Dec. Att. A at p. 1; PX 8 Lawrence Dec. Att. D at p. 4, Att. E at p. 4; PX 10 Lueckenhoff Dec. Att. H, Att. L at p. 3; PX 11 McDonough Dec. Att. A; PX 13 Waters Dec. Att. A at p. 1, Att. B at p. 2. See also PX 1 Hawkins Dec. ¶ 54 & Att. JJ at p. 25.

stamped with the word “FINAL.”²⁹ Defendants require businesses to pay the fake invoices by submitting credit or debit card information into a PayPal portal at Defendants’ websites,³⁰ or by supplying banking information that is used to debit businesses’ bank accounts through the use of remotely created checks, also known as “demand drafts.”³¹

Upon receiving Defendants’ invoices, many businesses pay. Some mistakenly believe that the invoices are legitimate bills for services provided. Others pay out of fear that Defendants will follow through with their threats to send the invoices to collections or to adversely affect the business’ credit.³² Still others believe that there may have been a misunderstanding and that they unknowingly agreed to the order, or that someone else within the organization placed the order.³³

C. Defendants’ Harassing Collection and Post-Payment Tactics

Defendants often aggressively pursue businesses that do not immediately agree during the initial collection call to pay their fake invoices. Defendants often bombard these businesses

²⁹ See, e.g., PX 2 Ates Dec. ¶ 3 & Att. A at p. 2 (invoice dated July 25, 2017; call received Dec. 6, 2017), ¶ 11 & Att. E at p. 2 (invoice dated Apr. 27, 2016; call received July 19, 2016); PX 4 Belz Dec. ¶¶ 3-5 & Att. A (invoice dated May 12, 2014; call received Nov. 13, 2014); PX 8 Lawrence Dec. ¶ 13 & Att. D at p. 4 (invoice dated Nov. 28, 2017; call received Mar. 1, 2018); PX 10 Lueckenhoff Dec. ¶¶ 14-15 & Att. H (invoice dated Aug. 28, 2014; call received Jan. 6, 2015); PX 11 McDonough Dec. ¶¶ 3-4 & Att. A (invoice dated May 30, 2016; call received Oct. 2016); PX 13 Waters Dec. ¶ 3 & Att. A at p. 1 (invoice dated Mar. 21, 2017; call received June 2017), ¶¶ 11-14 & Att. B at p. 2 (invoice dated Oct. 11, 2017; call received Feb. 26, 2018).

³⁰ See, e.g., PX 2 Ates Dec. ¶¶ 7-8 & Att. B, ¶¶ 14-15 & Att. F; PX 7 Emmerling Dec. ¶ 9. See also PX 3 Beavers Dec. ¶ 3 & Att. A at p. 2 (Premium Business Pages credit card payment to be processed by Midwest Advertising).

³¹ See, e.g., PX 7 Emmerling Dec. ¶ 14 & Att. A at p. 1; PX 8 Lawrence Dec. ¶ 12 & Att. C pp. 1-4, ¶ 15 & Att. D, ¶ 19 & Att. E; PX 10 Lueckenhoff Dec. ¶¶ 6-8 & Atts. A, B, ¶¶ 11-12 & Atts. D, E, ¶ 16 & Atts. I, J; PX 12 Spradling Dec. ¶ 7 & Att. A, ¶ 9 & Att. B; PX 13 Waters Dec. ¶ 10 & Att. A, ¶ 17 & Att. B at p. 3; PX 14 Worden Dec. ¶ 8 & Att. A.

After supplying Defendants with their financial information, some businesses receive a “receipt.” See, e.g., PX 7 Emmerling Dec. ¶ 14 & Att. A at p. 2; PX 8 Lawrence Dec. ¶ 12 & Att. C at p. 5, ¶ 20 & Att. F; PX 10 Lueckenhoff Dec. ¶ 9 & Att. C, ¶ 12 & Att. F, ¶ 16 & Att. K; PX 14 Worden Dec. ¶ 9.

³² See, e.g., PX 5 K. Burtch Dec. ¶¶ 6, 8; PX 10 Lueckenhoff Dec. ¶¶ 4-5; PX 12 Spradling Dec. ¶¶ 6, 8.

³³ See, e.g., PX 2 Ates Dec. ¶¶ 12-13; PX 14 Worden Dec. ¶ 7.

with numerous harassing telephone calls multiple times per day that sometimes last for weeks or months.³⁴ One consumer, for example, received multiple calls a day that lasted for about *three months* until she finally paid Defendants' invoice.³⁵ During these collection calls, Defendants' representatives continue to demand payment for the invoices and to make threats about what will happen should those businesses fail to pay.³⁶

Businesses that pay Defendants' invoices rightfully believe that their dealings with Defendants should then cease.³⁷ Some businesses demand that their "accounts" be closed, and Defendants sometimes provide a letter confirming as much.³⁸ However, once a business has paid, Defendants often will continue to try to extract additional payments from that business.

Defendants typically engage in one of two tactics to extract additional money from already victimized businesses. The first tactic is to wait a short period of time and then to contact the same business again using a different business name. Defendants essentially repeat the same scheme by claiming the business owes a past-due invoice, but to a different business for a slightly different online service. Because Defendants are using a different company name, and because they maintain different mail drops, telephone numbers, and website addresses for each of their company names, victimized businesses have no way of knowing that Defendants are attempting to scam them a second time. Although some businesses catch on due to the similarity in tactics,³⁹ others unknowingly pay Defendants multiple times.⁴⁰

³⁴ See, e.g., PX 2 Ates Dec. ¶ 6; PX 3 Beavers Dec. ¶¶ 3-4, 7-8; PX 6 T. Burtch Dec. ¶ 7; PX 7 Emmerling Dec. ¶¶ 6, 13; PX 8 Lawrence Dec. ¶¶ 12, 15; PX 14 Worden Dec. ¶ 12.

³⁵ PX 13 Waters Dec. ¶ 8.

³⁶ See, e.g., PX 3 Beavers Dec. ¶ 4; PX 7 Emmerling Dec. ¶ 13; PX 8 Lawrence Dec. ¶ 15; PX 14 Worden Dec. ¶ 12.

³⁷ See, e.g., PX 5 K. Burtch Dec. ¶ 7; PX 8 Lawrence Dec. ¶ 12; PX 10 Lueckenhoff Dec. ¶ 10; PX 12 Spradling Dec. ¶ 7; PX 13 Waters Dec. ¶ 10.

³⁸ See, e.g., PX 2 Ates Dec. ¶ 9 & Att. C; PX 10 Lueckenhoff Dec. ¶ 13 & Att. G, ¶ 16; PX 12 Spradling Dec. ¶ 7 & Att. A, ¶ 9 & Att. B; PX 13 Waters Dec. ¶ 17 & Att. B.

³⁹ See, e.g., PX 14 Worden Dec. ¶¶ 11-13.

The Oregon bookstore owner was the victim of this tactic. In the summer of 2017, the owner was contacted by Defendants using the name “Premium Business Pages.” She was harassed by Defendants until she paid “Premium Business Pages” \$752.95 for an allegedly past-due invoice for an Internet listing service that she never ordered. The owner did not hear from “Premium Business Pages” again, but in late 2017, she began receiving telephone calls from a representative of “Data Net Technologies.” The Data Net Technologies representative claimed that the bookstore owed a past-due invoice for a search engine optimization service. Representatives of Data Net Technologies bombarded the bookstore with telephone calls almost daily and threatened collections, additional fees, and lawsuits. The bookstore owner ultimately agreed to pay—\$1,435.90—but little did she know that Premium Business Pages and Data Net Technologies are part of the same enterprise.⁴¹

Defendants’ second tactic to extract additional money from already victimized businesses is to call using the same company name and claim that the first payment was only a partial payment for the service that was provided.⁴² The Shelby, North Carolina, medical clinic was a victim of this tactic. Although the clinic paid “Premium Business Pages” \$1,129.98 and received an invoice stamped “FINAL,” about five months later, it began receiving more calls from “Premium Business Pages” again demanding payment for a past-due invoice. Defendants’ representative claimed that the clinic’s first payment was not “the final payment required to

⁴⁰ See, e.g., PX 2 Ates Dec. ¶¶ 3, 11 (Premium Business Pages, Ametech Group); PX 7 Emmerling Dec. ¶¶ 4, 11, 24; PX 8 Lawrence Dec. ¶¶ 9, 13, 16 (Ametech Group, The Local Business Pages, Premium Business Pages); PX 12 Spradling Dec. ¶¶ 3, 11; PX 14 Worden Dec. ¶¶ 4, 11 (Premium Business Pages, The Local Business Pages). See also PX 5 K. Burtch Dec. ¶ 2 & PX 1 Hawkins Dec. ¶ 54 & Att. JJ (additional invoices and documents provided by declarant Karen Burtch).

⁴¹ See PX 7 Emmerling Dec. ¶¶ 4-9, 11-14. In fact, it appears that the bookstore owner paid Defendants over \$10,000. After reviewing her business records, the owner determined that she paid \$752.95 to “Premium Business Pages;” \$1,435.90 to “DataNet Technologies;” \$3,789.90 to “The Ametech Group;” and \$4,622.75 to “The Local Business Pages.” See *id.* at ¶¶ 9, 14, 24.

⁴² See, e.g., PX 5 K. Burtch Dec. ¶¶ 7, 9; PX 10 Lueckenhoff Dec. ¶¶ 10, 14, 17, 20; PX 12 Spradling Dec. ¶ 8.

complete the contract.”⁴³ Fortunately, the Office Manager at the clinic did not fall for the scheme a second time,⁴⁴ but many businesses do and pay Defendants multiple times.⁴⁵

III. DEFENDANTS

Defendants are two individuals and seven interrelated companies that together operate as a common enterprise. In communications with consumers, Defendants purport to be located in the U.S., but they actually operate from a boiler room in Montreal, Quebec.⁴⁶ The mastermind behind this scheme is Canadian Defendant Rémy Munilla. Munilla attempts to conceal his involvement, however, by using various U.S. and Canadian companies, formed by others at his direction, to, among other things, open bank accounts and mail drop boxes, collect payments from victims, and act as the public face of this operation. Yet Munilla’s involvement is abundantly clear—he owns and controls the two Canadian corporations that ultimately receive the proceeds from the enterprise. Canadian Defendant Carol Beaudoin works alongside Munilla at the Montreal boiler room, and she also is responsible for the operations of the Premium Business Pages entity.

A. Rémy Munilla and the Canadian Corporate Defendants

Munilla owns and controls the two Canadian corporations that ultimately receive the proceeds generated by this scheme. Munilla is the President, Secretary, and Treasurer of

⁴³ See PX 13 Waters Dec. ¶¶ 9-21 & Atts. A & B.

⁴⁴ See *id.* at ¶¶ 19-20 & Att. C.

⁴⁵ See, e.g., PX 5 K. Burtch Dec. ¶¶ 6-8; PX 10 Lueckenhoff Dec. ¶¶ 5, 10-12, 14-16; PX 12 Spradling Dec. ¶¶ 6, 8.

⁴⁶ See, e.g., PX 2 Ates Dec. Atts. A at p. 2, C at pp. 2-3 (Chicago), Atts. D, E (Los Angeles); PX 3 Beavers Dec. Att. A (Chicago); PX 4 Belz Dec. Att. A (Chicago); PX 7 Emmerling Dec. Att. A at pp. 1-2 (Cumming, Georgia); PX 8 Lawrence Dec. Att. C at pp. 2-3, 5 (Los Angeles; Louisville), Att. D at pp. 3-4 (Houston), Att. E at pp. 2, 4 (Chicago); PX 10 Lueckenhoff Dec. ¶ 6, Att. A (Chicago), Att. C (Wilmington, Delaware), Att. D (Chicago), Att. F (Wilmington, Delaware), Atts. G, H, I (Chicago), Att. K (Wilmington, Delaware), Att. L (Chicago); PX 11 McDonough Dec. ¶ 4, Att. A (Chicago); PX 12 Spradling Dec. Atts. A, B (Chicago); PX 13 Waters Dec. ¶ 9, Atts. A at p. 1, B at pp. 2-4 (Chicago); PX 14 Worden Dec. Att. A at p. 2 (Chicago). See also PX 1 Hawkins Dec. ¶ 6 & Att. A (corporate record; 5180 Chemin Queen Mary, Montreal), ¶ 39 & Att. U (IP address information; 5180 Chemin Queen Mary, Suite 300, Montreal).

Canadian Corporate Defendant **9140-9201 Québec Inc.**⁴⁷ This entity does business under four registered names: “Ameteck Group,” “Marketing Midwest,” “Midwest Marketing,” and “Midwest Marketing, Inc.”⁴⁸ Munilla uses these d/b/a’s for different purposes. “Ameteck Group” is a name Defendants currently use to target victims.⁴⁹ “Midwest Marketing” advertises for telemarketing jobs (“Website Closers”) in Montreal.⁵⁰ And “Marketing Midwest” controls the static Internet Protocol (IP) address 68.67.51.67 that is registered at Defendants’ Montreal boiler room.⁵¹ As discussed below, Munilla uses this IP address to control the flow of money generated by this scheme. 9140-9201 Québec Inc. has received proceeds from the scheme via checks written to the “Ameteck Group” d/b/a by one of the U.S. defendants.⁵²

Munilla also is President of Canadian Corporate Defendant **Midwest Advertising & Publishing Inc.**, which also does business under the registered name “Midwestern Advertising and Publishing.”⁵³ Munilla opened a PayPal account in the name of “Midwest Advertising” into which credit and debit card payments from U.S. victims are deposited.⁵⁴ Marketing Midwest’s IP address regularly and frequently is used to log in to the PayPal account,⁵⁵ and funds are regularly withdrawn and moved into a Canadian bank account also in the name of Midwest

⁴⁷ PX 1 Hawkins Dec. ¶ 6 & Att. A (9140-9201 Québec Inc. corporate record).

⁴⁸ *Id.*

⁴⁹ *See, e.g.*, PX 2 Ates Dec. ¶ 11; PX 8 Lawrence Dec. ¶ 9.

⁵⁰ *See* PX 1 Hawkins Dec. ¶ 49 & Att. EE (“Website Closers Wanted” job posting).

⁵¹ *Id.* at ¶ 39 & Att. U.

⁵² *Id.* at ¶¶ 22-25 & Att. M.

⁵³ *Id.* at ¶ 7 & Att. B (Midwest Advertising & Publishing Inc. corporate record).

⁵⁴ *Id.* at 36 & Att. R. *See also* PX 2 Ates Dec. ¶ 15 & Att. F (payment to Ameteck Group processed by Midwest Advertising).

⁵⁵ PX 1 Hawkins Dec. ¶ 36 & Att. R at p. 4 (IP summary).

Advertising.⁵⁶ Since the Midwest Advertising PayPal account was opened in 2010, it has received over \$2.7 million in deposits and transfers.⁵⁷

B. The Canadian and U.S. Entities that Receive Consumer Payments

Munilla uses or has used at least five U.S. and Canadian companies to act as the public face of this operation with consumers. To conceal his involvement, however, Munilla has enlisted the help of others to form these companies, open bank accounts and mail drop boxes, set up PayPal accounts to process victims' credit and debit card payments, and deposit check payments from victims. But the profits collected by these companies ultimately flow to Munilla, firmly establishing that he controls them.

One such company is U.S. Corporate Defendant **Premium Business Pages Inc.**, a Delaware corporation formed in 2013 by Canadian Defendant **Carol Beaudoin**.⁵⁸ As noted, Beaudoin works closely with Munilla out of the Montreal boiler room. Defendants currently use the name "Premium Business Pages" to target victims, and the company maintains a mail drop box in Chicago to receive victim payments.⁵⁹ Beaudoin also opened a Premium Business Pages PayPal account that is used to process victims' credit and debit card payments.⁶⁰ Since 2016 when the account was opened, it has received over \$171,000.⁶¹ Beaudoin also opened, and is sole signatory to, a Premium Business Pages bank account in the U.S. that is used to deposit

⁵⁶ From October 2015 to March 2018, over \$991,000 CAD has been transferred from Midwest Advertising's PayPal account into a Canadian bank account with the same name. *See id.* at ¶¶ 36-37.

⁵⁷ *Id.* at ¶ 36 & Att. R.

⁵⁸ *Id.* at ¶ 9 & Att. D (Premium Business Pages Inc. corporate record).

⁵⁹ *Id.* at ¶ 13 & Att. H. Defendants, operating as "Premium Business Pages," previously used a mail drop box in San Francisco. *Id.* at ¶ 14 & Att. I.

⁶⁰ *Id.* at ¶ 32 & Att. P.

⁶¹ *Id.*

victims' demand drafts.⁶² From March 2015 to March 2018, bank statements show deposits into this account totaling over \$770,000.⁶³

The profits generated by the "Premium Business Pages" business name ultimately make their way to Canada. Munilla's Marketing Midwest IP address is used regularly and frequently to log in to Premium Business Pages' PayPal account.⁶⁴ Funds in the PayPal account are regularly withdrawn and deposited into Premium Business Pages' U.S. bank account.⁶⁵ From there, bank statements show that money regularly is withdrawn in cash at ATM machines in Canada, including frequent and regular withdrawals from an ATM machine located within a block of Defendants' Montreal boiler room.⁶⁶

Defendants also use Canadian Corporate Defendant **The Local Business Pages** to target victims.⁶⁷ The company maintains a mail drop box in Houston,⁶⁸ and PayPal accounts which receive credit and debit card payments to "The Local Business Pages."⁶⁹ Since October 2013, one account has received over \$312,000.⁷⁰ Again, Munilla's Marketing Midwest IP address regularly and frequently logs in to The Local Business Pages' PayPal accounts,⁷¹ and from one account, funds regularly and frequently are transferred into Munilla's own Midwest Advertising PayPal account.⁷² From September 2015 to February 2018, over \$114,000 was transferred to Munilla's Midwest Advertising PayPal account in this manner.⁷³

⁶² *Id.* at ¶¶ 18-19, 21 & Att. L.

⁶³ *Id.* at ¶ 20.

⁶⁴ *Id.* at ¶ 32 & Att. P at p. 4 (IP summary).

⁶⁵ *Id.* at ¶ 33.

⁶⁶ *Id.* at ¶ 20.

⁶⁷ *See, e.g.*, PX 8 Lawrence Dec. ¶¶ 13-15 & Att. D; PX 14 Worden Dec. ¶ 11-12.
⁶⁸ PX 1 Hawkins Dec. ¶ 16 & Att. K.

⁶⁹ *Id.* at ¶ 34 & Att. Q, ¶ 53 & Att. II.

⁷⁰ *Id.* at ¶ 34 & Att. Q.

⁷¹ *Id.* at ¶ 34 & Att. Q at p. 4, ¶ 53 & Att. II at p. 4 (IP summaries).

⁷² *Id.* at ¶ 35.

⁷³ *Id.*

U.S. Corporate Defendant **Ametech Group LLC** is a Nevada limited liability company organized in 2013 and dissolved in 2016 that Defendants also used to target victims.⁷⁴ It maintained a U.S. bank account into which victims' demand drafts payable to "Ameteck Group, LLC" were deposited,⁷⁵ and it maintains a mail drop box in Louisville, Kentucky, which is still used by Defendants when targeting victims using the "Ameteck Group" d/b/a.⁷⁶ As noted above, funds in the entity's U.S. bank account were regularly transferred to Munilla in the form of checks made payable to Ametech Group, a d/b/a of 9140-9201 Québec, Inc.⁷⁷ U.S. Corporate Defendant **Ameteck Group LLC** is a Delaware limited liability company that appears to have been organized to supersede Ametech Group LLC.⁷⁸

Last, U.S. Corporate Defendant **Data Net Technologies, LLC**, is a Georgia limited liability company organized in 2012 that is currently used to target victims.⁷⁹ The company maintains a mail drop box in Cumming, Georgia, and a U.S. bank account into which victims' demand drafts payable to Data Net Technologies are deposited.⁸⁰ Munilla obtains the profits from this company through checks drawn on the Data Net Technologies' U.S. bank account payable to Munilla's Midwest Marketing d/b/a.⁸¹ In 2016 alone, over \$117,000 from the Data Net Technologies bank account was paid out in checks to Midwest Marketing.⁸²

⁷⁴ *Id.* at ¶ 10 & Att. E (Ametech Group LLC corporate records). *See also* PX 2 Ates Dec. ¶¶ 11-16; PX 8 Lawrence Dec. ¶¶ 9-12 (Ameteck Group). Under Nevada law, an LLC can be sued up to two years after dissolution. *See* Nev. Rev. Stat. § 86.505 (2013).

⁷⁵ PX 1 Hawkins Dec. ¶¶ 23-25 & Att. M.

⁷⁶ *Id.* at ¶ 15 & Att. J. *See also* PX 8 Lawrence Dec. Att. C at p. 5.

⁷⁷ PX 1 Hawkins Dec. ¶¶ 22-25 & Att. M.

⁷⁸ *Id.* at ¶ 11 & Att. F (Ameteck Group LLC corporate records).

⁷⁹ *Id.* at ¶ 12 & Att. G (Data Net Technologies corporate record). *See also id.* at ¶ 54 & Att. JJ at pp. 24-30; PX 7 Emmerling Dec. ¶¶ 11-14.

⁸⁰ PX 1 Hawkins Dec. ¶¶ 17, 26-28 & Att. N.

⁸¹ *Id.* at ¶ 28.

⁸² *Id.* at ¶ 29.

Defendants 9140-9201 Québec Inc., Midwest Advertising & Publishing Inc., The Local Business Pages, Premium Business Pages Inc., Ametech Group LLC, Ameteck Group LLC, and Data Net Technologies, LLC, operate a common scheme through a maze of interrelated companies, all under Munilla's and Beaudoin's control. *See FTC v. Wash. Data Res.*, 856 F. Supp. 2d 1247, 1271 (M.D. Fla. 2012). As participants in a common enterprise, Defendants are all jointly and severally liable. *See FTC v. Think Achievement Corp.*, 144 F. Supp. 2d 993, 1011 (N.D. Ind. 2000), *aff'd*, 312 F.3d 259 (7th Cir. 2002) (*citing Sunshine Art Studios, Inc. v. FTC*, 481 F.2d 1171, 1175 (1st Cir. 1973)).

IV. ARGUMENT

Defendants have defrauded thousands of businesses with their deceptive practices, which violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). To prevent further injury to consumers, the Commission asks that the Court issue an *ex parte* TRO. That order would enjoin Defendants from engaging in illegal conduct, freeze their assets, and prohibit them from destroying documents. The Court has full authority to enter the requested relief, which is strongly supported by the evidence.

A. This Court Has the Authority to Grant the Requested Relief

Section 13(b) of the FTC Act authorizes the Commission to seek, and this Court to issue, temporary, preliminary, and permanent injunctions. 15 U.S.C. § 53(b). Once the Commission invokes the federal court's equitable powers, the full breadth of the court's authority is available, including the power to grant such ancillary final relief as rescission of contracts and restitution. *FTC v. Febre*, 128 F.3d 530, 534 (7th Cir. 1997); *FTC v. Amy Travel Serv., Inc.*, 875 F.2d 564, 571-72 (7th Cir.), *cert. denied*, 493 U.S. 954 (1989). The court may also enter a temporary restraining order, a preliminary injunction, and whatever additional preliminary relief is

necessary to preserve the possibility of providing effective final relief. *FTC v. World Travel Vacation Brokers, Inc.*, 861 F.2d 1020, 1026 (7th Cir. 1988); *see also Amy Travel*, 875 F.2d at 571. Such ancillary relief may include an asset freeze to preserve assets for eventual restitution to victimized consumers. *World Travel*, 861 F.2d at 1031.

B. The Commission Meets the Applicable Legal Standard for Issuance of a Temporary Restraining Order and Preliminary Injunction

To grant temporary or preliminary injunctive relief in an FTC Act case, the district court must “‘1) determine the likelihood that the Commission will ultimately succeed on the merits and 2) balance the equities.’” *World Travel*, 861 F.2d at 1029 (quoting *FTC v. Warner Commc’ns, Inc.*, 742 F.2d 1156, 1160 (9th Cir. 1984)). Unlike private litigants, “it is not necessary for the FTC to demonstrate irreparable injury.” *World Travel*, 861 F.2d at 1029. Moreover, the Commission need only show a likelihood of ultimate success. *Id.* When the court balances the equities, the public interest “must receive far greater weight” than any private concerns. *Id.*

1. Defendants Have Violated Section 5(a) of the FTC Act

There is no doubt that Defendants’ activities qualify as deceptive acts or practices under Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). An act or practice is deceptive if it involves a material misrepresentation or omission that is likely to mislead consumers acting reasonably under the circumstances. *See FTC v. Bay Area Bus. Council*, 423 F.3d 627, 635 (7th Cir. 2005); *FTC v. World Media Brokers*, 415 F.3d 758, 763 (7th Cir. 2005); *FTC v. QT, Inc.*, 448 F. Supp. 2d 908, 957 (N.D. Ill. 2006). The materiality requirement is satisfied if the misrepresentation or omission involves information that is likely to affect a consumer’s choice of, or conduct regarding, a product or service. *See Kraft, Inc. v. FTC*, 970 F.2d 311, 322 (7th Cir. 1992), *cert. denied*, 507 U.S. 909 (1993). Express claims are presumed to be material. *Id.*

Defendants materially misled consumers by claiming that they owed money for fake past-due invoices for unordered Internet-related services. As described above, by calling to collect allegedly past due invoices, Defendants falsely claim to have a preexisting relationship with the businesses they target. Defendants further misrepresent that those businesses have agreed to purchase their services and therefore owe Defendants money. However, those businesses neither ordered Defendants' services, nor did they ever receive Defendants' allegedly past-due invoices before receiving the initial collection call. In fact, the initial collection calls demanding payment are the first contact of any kind businesses have had with Defendants. To coerce businesses to pay the fake invoices, Defendants falsely claim to have recordings of businesses verbally authorizing the purchase, and they also regularly threaten to send a business' account to "collections," to "red flag" it, or to take action adversely affecting a business' credit if the business fails to pay. The Commission's sworn consumer declarations demonstrate that Defendants' misrepresentations often succeed in misleading businesses to pay for services they did not order, do not want, and have no proof were actually provided.

2. The Equities Tip Decidedly in the Commission's Favor

Once the Commission has shown a likelihood of success on the merits, the Court must balance the equities, assigning greater weight to the public interest than to any of Defendants' private concerns. *World Travel*, 861 F.2d at 1029. The public equities in this case are compelling, as the public has a strong interest in halting the deceptive scheme, and in preserving the assets necessary to provide effective final relief to victims. *See FTC v. Sabal*, 32 F. Supp. 2d 1004, 1009 (N.D. Ill. 1998). Defendants, by contrast, have no legitimate interest in continuing to deceive consumers and persisting with conduct that violates federal law. *See Sabal*, 32 F. Supp. 2d at 1009; *FTC v. World Wide Factors, Ltd.*, 882 F.2d 344, 347 (9th Cir. 1989) (upholding

district court finding of “no oppressive hardship to defendants in requiring them to comply with the FTC Act, refrain from fraudulent representation or preserve their assets from dissipation or concealment.”). An injunction is required to ensure that Defendants’ scheme does not continue while the case is pending.

3. The Individual Defendants are Personally Liable

The individual defendants—Rémy Munilla and Carol Beaudoin—are responsible for the deceptive practices of this enterprise, and they therefore should be subject to the TRO and an asset freeze. An individual defendant is liable under the FTC Act when he (1) participated directly in, or had some control over, a corporation’s deceptive practices, and (2) had actual or constructive knowledge⁸³ of the practices. *World Media Brokers*, 415 F.3d at 764; *Bay Area Bus. Council*, 423 F.3d at 636. The FTC does not need to show intent to defraud. *Amy Travel*, 875 F.2d at 573-74.

The Commission is likely to succeed in showing that Munilla and Beaudoin are liable under this standard. Each is an owner, officer, director, member, manager, or managing member of at least one of the Corporate Defendants.⁸⁴ These authority positions alone establish their ability to control corporate acts and practices. *See, e.g., World Media Brokers*, 415 F.3d at 764 (corporate officer “hard-pressed to establish that he lacked authority or control over” corporate entities); *Amy Travel*, 875 F.2d at 574.

⁸³ The knowledge requirement is satisfied by a showing that the defendant (1) had actual knowledge of the deceptive acts or practices, (2) was recklessly indifferent to the truth or falsity of the representations, or (3) had an awareness of a high probability of fraud coupled with an intentional avoidance of the truth. *World Media Brokers*, 415 F.3d at 764; *Bay Area Bus. Council*, 423 F.3d at 636; *Amy Travel*, 875 F.2d at 574.

⁸⁴ *See* PX 1 Hawkins Dec. ¶ 6 & Att. A (9140-9201 Québec Inc. corporate record), ¶ 7 & Att. B (Midwest Advertising & Publishing Inc. corporate record), ¶ 9 & Att. D (Premium Business Pages Inc. corporate record).

But in addition to holding these positions, the evidence also demonstrates that Munilla and Beaudoin actively participated in the scheme. For example, Munilla, through his Marketing Midwest d/b/a, controls the static IP address that is used to log in to several of Defendants' PayPal accounts and to move money amongst the various entities participating in the scheme.⁸⁵ Munilla himself opened and controls Midwest Advertising's PayPal account into which credit and debit card payments by victims of Ametek Group are deposited,⁸⁶ and into which money from The Local Business Pages' PayPal account is moved.⁸⁷ Money from that PayPal account ultimately is transferred into Midwest Advertising's Canadian bank account.⁸⁸ In addition, Munilla established and controls the toll-free telephone number used by Defendants operating as "Ametek Group."⁸⁹

Beaudoin, meanwhile, personally opened the mail drops used by Premium Business Pages, and mail received at the Chicago mail drop has been forwarded to her home address in Canada.⁹⁰ She opened and controls the PayPal account into which credit and debit card payments by victims of Premium Business Pages are deposited,⁹¹ controls Premium Business Pages' toll-free telephone number,⁹² and opened, controls, and is sole signatory on the business

⁸⁵ See *id.* at ¶ 39 & Att. U. See also *id.* at ¶¶ 32-33 & Att. P, ¶¶ 34-35 & Att. Q, ¶¶ 35-37 & Att. R. That IP address also is used to log in to Premium Business Pages' online mail drop box account. See *id.* ¶ 13 & Att. H at pp. 4-7 (IP login history).

⁸⁶ *Id.* at ¶ 36 & Att. R.

⁸⁷ *Id.* at ¶¶ 35, 37.

⁸⁸ *Id.* at ¶¶ 36-37.

⁸⁹ *Id.* at ¶ 38 & Att. S (telephone service provider record for (800) 980-0695). Munilla also established and controls several domain names associated with this enterprise, including: ametekgroup.com, atgsites.com, atgsites.net, midwestgo.com, and premiumyp.com. See *id.* at ¶ 52 & Att. HH (domain name records).

⁹⁰ *Id.* at ¶ 13 & Att. H. Mail received at the San Francisco mail drop previously used by Premium Business Pages also had been forwarded to Munilla's attention in Canada. *Id.* at ¶ 14 & Att. I at p. 3 (June 10, 2014, FedEx International Priority shipment to Munilla in Westmount, Quebec).

⁹¹ *Id.* at ¶ 32 & Att. P.

⁹² *Id.* at ¶ 38 & Att. T (telephone service provider record for (877) 263-9628). Beaudoin also established and controls the domain name premiumbusinesspages.com and the e-mail address info@premiumbusinesspages.com. *Id.* at ¶ 50 & Att. FF, ¶ 51 & Att. GG (domain name records).

bank account of Premium Business Pages.⁹³ Victims' demand drafts deposited into the Premium Business Pages' bank account bear Beaudoin's endorsement,⁹⁴ and numerous and regular ATM cash withdrawals are made from the account at ATM machines in Canada, many at an ATM machine near Defendants' Montreal boiler room location.⁹⁵ Beaudoin and Munilla both are regularly present at the boiler room location.

There also can be no question that Munilla and Beaudoin are aware of the deceptive practices of the enterprise they control, as victims routinely complain to Defendants by telephone and in writing.⁹⁶ Under the circumstances, Munilla and Beaudoin are individually liable because they controlled and directly participated in the scheme, and had actual or constructive knowledge of it.

C. An Asset Freeze is Necessary and Appropriate

Part of the relief sought by the Commission in this case is restitution for the victims of Defendants' fraud. To preserve the possibility for such relief, the Commission seeks a freeze of Defendants' assets and an immediate accounting to prevent concealment or dissipation of assets pending a final resolution. An asset freeze is necessary particularly because Defendants operate from Canada, and they regularly transfer assets there. Absent a freeze, any assets in the U.S. are likely to be transferred out of this country quickly.

An asset freeze is appropriate once the Court determines that the Commission is likely to prevail on the merits and that restitution would be an appropriate final remedy. *See World*

⁹³ *Id.* at ¶ 19 & Att. L.

⁹⁴ *See, e.g., id.* at ¶ 21 & Att. L at pp. 9-10 (sample check images); PX 5 K. Burtch Dec. Att. A at p. 2, Att. B at p. 2; PX 13 Waters Dec. ¶ 10 & Att. A at p. 3.

⁹⁵ PX 1 Hawkins Dec. ¶ 20 & Att. L at pp. 3-8 (sample bank statement).

⁹⁶ *See, e.g.,* PX 4 Belz Dec. ¶ 8 (consumer filed complaint with BBB); PX 9 Lieber Dec. ¶ 6 (same); PX 10 Lueckenhoff Dec. ¶ 19 (same); PX 11 McDonough Dec. ¶ 7 (same); PX 13 Waters Dec. ¶ 20 & Att. C at p. 1 (complaint letter to Premium Business Pages); PX 14 Worden Dec. ¶¶ 10, 12 (consumer filed complaint with National Consumer League).

Travel, 861 F.2d at 1031 & n.9. In the words of the Seventh Circuit, the district court at that juncture has “a duty to ensure that the assets of the corporate defendants [are] available to make restitution to injured consumers.” *Id.* at 1031. In a case such as this, where the Commission is likely to succeed in showing that corporate officers are individually liable for the payment of restitution, the freeze should extend to individual assets as well. *Id.* (affirming freeze on individual assets).⁹⁷ Such an order is necessary and appropriate here to ensure the possibility of effective final relief.

D. The Temporary Restraining Order Should Be Issued *Ex Parte*

To prevent Defendants from dissipating or concealing their assets, the requested TRO should be issued *ex parte*.⁹⁸ An *ex parte* TRO is warranted where the facts show that immediate and irreparable injury, loss, or damage will occur before the defendants can be heard in opposition. *See* Fed. R. Civ. P. 65(b). The utterly fraudulent nature of Defendants’ scheme, coupled with their efforts to conceal their true location in Montreal and their dishonest and abusive collection practices, indicates that Defendants likely would conceal or dissipate assets if notified of the Commission’s motion. Moreover, the evidence shows that Defendants currently have assets in the U.S., either with banks or their payment processors, or at their mail drops, that they could quickly transfer out of this country if they were to receive prior notice of the

⁹⁷ This Court’s jurisdiction over foreign assets not located within its jurisdiction is well established. Once the Court has jurisdiction over a party, the Court “has the authority to order it to ‘freeze’ property under its control, whether the property is within or without the United States.” *United States v. First Nat’l City Bank*, 379 U.S. 378, 384 (1965).

⁹⁸ *See* Declaration and Certification of Plaintiff’s Counsel Pursuant to Fed. R. Civ. P. 65(b) and Local Rule 5.5(d) in Support of Plaintiff’s *Ex Parte* Motion for Temporary Restraining Order and Motion to Temporarily Seal File (describing need for *ex parte* relief here and citing cases in which defendants who learned of impending FTC action withdrew funds, destroyed vital documents, and fled the jurisdiction).

Commission's motion. In past FTC cases, courts in this district have consistently granted restraining orders on an *ex parte* basis under similar circumstances.⁹⁹

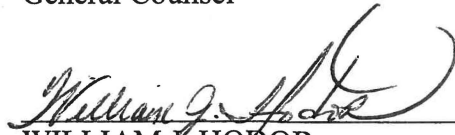
V. CONCLUSION

For the reasons set forth above, the Commission asks that the Court issue the proposed TRO with asset freeze and other equitable relief to prevent ongoing harm and to help ensure the possibility of effective final relief, including monetary restitution.¹⁰⁰

Respectfully submitted,

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⁹⁹ See, e.g., *FTC v. A1 Janitorial Supply Corp., et al.*, No. 17 C 7790 (N.D. Ill. Oct. 30, 2017) (Lee, J.) (*ex parte* TRO with asset freeze and appointment of a receiver); *FTC and State of Florida v. Big Dog Sols. LLC, et al.*, No. 16 C 6607 (N.D. Ill. June 28, 2016) (Blakey, J.) (same); *FTC and State of Illinois v. Stark Law, LLC, et al.*, No. 16 C 3463 (N.D. Ill. Mar. 22, 2016) (Pallmeyer, J.) (same); *FTC and State of Illinois v. K.I.P., LLC, et al.*, No. 15 C 2985 (N.D. Ill. Apr. 6, 2015) (Lee, J.) (same); *FTC v. AFD Advisors, LLC, et al.*, No. 13 C 6420 (N.D. Ill. Sept. 9, 2013) (Zagel, J.) (*ex parte* TRO with asset freeze); *FTC, et al. v. Fortune Hi-Tech Mktg., Inc., et al.*, No. 13 C 578 (N.D. Ill. Jan. 24, 2013) (Darrah, J.) (*ex parte* TRO with asset freeze and appointment of a receiver); *FTC v. Am. Credit Crunchers, LLC, et al.*, No. 12 C 1028 (N.D. Ill. Feb. 14, 2012) (Guzman, J.) (same); *FTC v. Apogee One Enters. LLC, et al.*, No. 12 C 588 (N.D. Ill. Jan. 30, 2012) (Kennelly, J.) (same); *FTC v. Am. Tax Relief*, No. 10 C 6123 (N.D. Ill. Sept. 24, 2010) (Gottschall, J.) (same); *FTC v. Central Coast Nutraceuticals, Inc.*, No. 10 C 4931 (N.D. Ill. Aug. 5, 2010) (Norgle, J.) (same).

¹⁰⁰ The FTC has submitted a proposed TRO with its papers.