

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

FEDERAL TRADE COMMISSION, and

OFFICE OF THE ATTORNEY GENERAL,
STATE OF FLORIDA, DEPARTMENT OF
LEGAL AFFAIRS,

Plaintiffs,

v.

GLOBAL E-TRADING, LLC, a limited liability
company, also d/b/a CHARGEBACKS911,

GARY CARDONE, individually and as an officer
of GLOBAL E-TRADING, LLC, and

MONICA EATON, individually and as an officer of
GLOBAL E-TRADING, LLC,

Defendants.

Case No. 8:23-cv-796-MSS-CPT

**STIPULATED ORDER FOR
PERMANENT INJUNCTION,
MONETARY RELIEF, STATUTORY
RELIEF, AND FINAL JUDGMENT**

THIS CAUSE comes before the Court on stipulation of the Parties. The Court finds that it has jurisdiction over this matter and without further factual findings by the Court enters Judgment on the following stipulations of the Parties:

Plaintiffs, the Federal Trade Commission (“Commission” or “FTC”) and the Office of the Attorney General, State of Florida, Department of Legal Affairs (“Florida Attorney General”) (collectively, “Plaintiffs”), filed their Complaint for Permanent Injunction, Monetary Relief, and Other Statutory Relief (“Complaint”), for a permanent injunction and equitable and statutory relief in this matter, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”),

Chapter 501, Part II, Florida Statutes (2021). Plaintiffs and Defendants stipulate to the entry of this Stipulated Order for Permanent Injunction, Monetary Relief, Statutory Relief, and Final Judgment (“Judgment Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Defendants participated in unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), Chapter 501, Part II in submitting misleading documentation in connection with disputing consumer Chargeback requests on behalf of their clients; ignoring red flags indicating that the documentation was misleading; and in effecting, or causing to be effected, Microtransactions that artificially lowered a merchant’s overall Chargeback Rate by inflating the total number of transactions run through the merchant’s account.
3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Judgment Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.
4. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Judgment Order, and agree to bear their own costs and attorney fees.
5. Defendants and Plaintiffs waive all rights to appeal or otherwise challenge or contest the validity of this Judgment Order.

DEFINITIONS

For the purpose of this Judgment Order, the following definitions apply:

A. “**Acquirer**” means a business organization, financial institution, or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system (*e.g.*, Visa, MasterCard, American Express, and Discover) to authorize Merchants to accept, transmit, or process payment by credit card through the credit card system for money, goods, services, or anything else of value.

B. “**Affiliate**” means any Person, including any third-party marketer, who participates in an Affiliate Program.

C. “**Affiliate Network**” means any Person who provides another Person with Affiliates for an Affiliate Program or with whom any Person contracts as an Affiliate to promote any product, service, or program.

D. “**Affiliate Program**” means any arrangement under which any Person pays, or offers to pay, or provides, or offers to provide, any form of consideration to any third party, either directly or through an Affiliate Network, to provide such Person with, or refer to such Person, potential or actual customers.

E. “**Alert**” means a pre-Chargeback notification that allows merchants to prevent a Chargeback by cancelling an order, halting an ongoing subscription, providing a credit, processing a refund, or voiding a sale upon receipt.

F. “**Chargeback**” means a procedure whereby an issuing bank or other financial institution charges all or part of an amount of a Person’s credit or debit card transaction back to the Acquirer or other financial institution.

G. “**Chargeback Mitigation Services**” means services that assist Merchants in: disputing Chargebacks; preventing, reducing, managing, or analyzing Chargebacks or their Chargeback Rate; or complying with credit card system requirements for Merchants with an

excessive number of Chargebacks and/or an elevated Chargeback Rate. For purposes of this Order, Chargeback Mitigation Services do not include Alerts.

H. **“Chargeback Rate”** means the proportion (expressed as a percentage) of Chargebacks out of the total number of attempted credit or debit card sales transactions.

I. **“Covered Client”** means a customer of Defendants that uses Affiliate Networks to acquire customers; uses a Negative-Option Feature for the sale of products or services online; and sells the following goods: Cosmetics, Dietary Supplements, or Drugs. Covered Clients do not include companies that are publicly traded on a national stock exchange or companies with annual revenues over \$100 million.

J. **“Cosmetic”** means:

1. articles to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof intended for cleansing, beautifying, promoting attractiveness, or altering the appearance; and
2. articles intended for use as a component of any such article, except that such term shall not include soap.

K. **“Defendants”** means all of the Individual Defendants and the Corporate Defendant, individually, collectively, or in any combination.

1. **“Corporate Defendant”** means Global E-Trading, LLC, d/b/a Chargebacks911 and its successors and assigns.

2. **“Individual Defendants”** means Gary Cardone and Monica Eaton.

L. **“Dietary Supplement”** means:

1. any product labeled as a dietary supplement or otherwise represented as a dietary supplement; or

2. any pill, tablet, capsule, powder, softgel, gelcap, liquid, or other similar form containing one or more ingredients that are a vitamin, mineral, herb or other botanical, amino acid, probiotic, or other dietary substance for use by humans to supplement the diet by increasing the total dietary intake, or a concentrate, metabolite, constituent, extract, or combination of any ingredient described above, that is intended to be ingested, and is not represented to be used as a conventional food or as a sole item of a meal or the diet.

M. **“Drug”** means:

1. articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them;
2. articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals;
3. articles (other than food) intended to affect the structure or any function of the body of humans or other animals; and
4. articles intended for use as a component of any article specified in Subsection (1), (2), or (3); but does not include devices or their components, parts, or accessories.

N. **“Merchant”** means a Person who is authorized under a written contract with an Acquirer or a Payment Processor to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

O. **“Merchant Account”** means any account with an Acquirer or other financial institution, service provider, Payment Processor, independent sales organization, payment facilitator, or other entity that enables an individual, a business, or other organization to accept payments of any kind.

P. “**Microtransactions**,” also referred to as Value Added Promotions or VAP, means a sales transaction where no goods or services are exchanged.

Q. “**Negative-Option Feature**” means, in an offer or agreement to sell or provide any good or service, a provision under which the consumer’s silence or failure to take affirmative action to reject a good or service, or to cancel the agreement, is interpreted by the Merchant or provider as acceptance or continuing acceptance of the offer.

R. “**Payment Processing**” means transmitting sales transaction data on behalf of a Merchant or providing a Person, directly or indirectly, with the means used to charge or debit accounts through the use of any payment method or mechanism, including, but not limited to, credit cards, debit cards, prepaid cards, stored value cards, ACH debits, and remotely created payment orders. Whether accomplished through the use of software or otherwise, Payment Processing includes, among other things: (a) reviewing and approving Merchant applications for payment processing services; (b) transmitting sales transaction data or providing the means to transmit sales transaction data from Merchants to Acquirers, Payment Processors, independent sales organizations, or other financial institutions; (c) clearing, settling, or distributing proceeds of sales transactions from Acquirers or financial institutions to Merchants; (d) processing Chargebacks or returned remotely created payment orders or ACH debits; or (e) signing a merchant acceptance agreement on behalf of an Acquirer, or receiving settlement of transaction proceeds from an Acquirer, on behalf of a sponsored merchant. Provided, however, that a Person does not provide Payment Processing services to a client where such Person provides to that client only payment gateway services.

S. “**Payment Processor**” means any Person providing Payment Processing services in connection with another Person’s sale of goods or services, or in connection with any

charitable donation.

T. “**Person**” means any natural person, organization, or legal entity, including a corporation, limited liability company, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency, or any other group or combination acting as an entity.

ORDER

I. PROHIBITIONS AGAINST UNFAIR CHARGEBACK PRACTICES

IT IS ORDERED that Defendants, Defendants’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Judgment Order, whether acting directly or indirectly, are permanently restrained and enjoined from:

- A. Providing Chargeback Mitigation Services to any Covered Client;
- B. In providing Chargeback Mitigation Services, whether on behalf of themselves or others, submitting, or assisting others in submitting, directly or indirectly, any documentation that Defendants know or should know is misleading or materially inaccurate, or failing to disclose any information that Defendants know or should know is relevant and material;
- C. When submitting documents or information in connection with a Chargeback, including screenshots of webpages that Defendants know or should know are materially different from the webpages the consumer saw at the time of the transaction;
- D. Engaging, or assisting others in engaging, directly or indirectly, in any prohibited or unlawful tactics to avoid fraud and risk monitoring programs established by any financial institution, Acquirer, or the operators of any payment system, including, but not limited to:
 - 1. Balancing or distributing sales transaction volume or sales transaction

activity among multiple Merchant Accounts or merchant billing descriptors to avoid fraud and/or risk monitoring programs established by any financial institution, Acquirer, or the operators of any payment system;

2. Splitting a single sales transaction into multiple smaller transactions to avoid fraud and/or risk monitoring programs established by any financial institution, Acquirer, or the operators of any payment system; or

3. Causing, or causing to be effected, a sham sales transaction, including Microtransactions or sales transactions by a Merchant to itself to avoid fraud and/or risk monitoring programs established by any financial institution, Acquirer, or the operators of any payment system.

II. MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

A. Judgment is hereby entered against Defendants, jointly and severally, for civil penalties in the amount of One Hundred Thousand Dollars (\$100,000) (the “Penalty Amount”). *See* §§ 501.2075; 501.2077, Florida Statutes.

B. The Attorney General is entitled to payment of its attorney’s fees and costs in the amount of Fifty Thousand Dollars (\$50,000). Judgment is hereby entered against Defendants, jointly and severally, for attorney’s fees and costs in the amount of \$50,000 (the “Fee Amount”). *See* §§ 501.2075; 501.2105, Florida Statutes.

C. Therefore, the total final judgment amount consisting of the Penalty Amount and the Fee Amount is \$150,000 (the “Judgment Amount”).

D. Defendants have agreed and are hereby ordered to pay the total Judgment Amount simultaneously upon execution of this Judgment Order by Defendants. All payments made

pursuant to this Judgment Order shall be made by wire transfer, cashier's check, or other certified funds payment to the Department of Legal Affairs and shall be sent to the attention of Jennifer Hayes Pinder, Tampa Assistant Bureau Chief, Office of the Attorney General, Consumer Protection Division, 3507 East Frontage Road, Suite 325, Tampa, Florida 33607.

III. ADDITIONAL MONETARY PROVISIONS

IT IS FURTHER ORDERED that:

A. Defendants further agree not to object or otherwise dispute any claim for non-dischargeability of the Judgment Amount in any voluntary or involuntary bankruptcy proceeding. In any bankruptcy proceeding relating to the non-dischargeability of the Judgment Amount, Defendants stipulate that the allegations of the Complaint and the filings of this Court may be taken as true and correct without further proof. Further, Defendants agree that the facts alleged in the Complaint establish all elements necessary to find the Judgment Amount is not subject to discharge pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, and this Judgment Order will have collateral estoppel effect for such purposes.

B. Defendants agree that the Judgment Amount imposed in connection with this case is not subject to discharge under the Bankruptcy Code pursuant to 11 U.S.C. § 523(a)(7).

C. In the event any Defendant files bankruptcy, or an involuntary bankruptcy proceeding is commenced, within 90 days after making any payment pursuant to this Judgment Order, the applicable Defendant shall remain liable for the full balance of the Judgment Amount as agreed upon herein. The Judgment Amount may be asserted by the Florida Attorney General in any subsequent proceeding to enforce this Judgment Order, whether through execution, garnishment, or other legal proceedings, or through a proof of claim in any bankruptcy proceeding of any Defendant.

IV. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Judgment Order:

A. Each Defendant, within 7 days of entry of this Judgment Order, must submit to both Plaintiffs an acknowledgment of receipt of this Judgment Order sworn under penalty of perjury.

B. For 5 years after entry of this Judgment Order, each Individual Defendant for any business that such Individual Defendant, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and Corporate Defendant, must deliver a copy of this Judgment Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Judgment Order and all agents and representatives who participate in conduct related to the subject matter of the Judgment Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Judgment Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Judgment Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Judgment Order.

V. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendants make timely submissions to both Plaintiffs, as set forth below:

A. One year after entry of this Judgment Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Plaintiffs may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Individual Defendants must describe if they know or should know due to their own involvement); (d) describe in detail whether and how that Defendant is in compliance with each Section of this Judgment Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Judgment Order, unless previously submitted to both Plaintiffs.

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify all business activities, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest; and (c) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For 5 years after entry of this Judgment Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any change in: (a) any designated point of contact; or (b) the structure of Corporate Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations

arising under this Judgment 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 Judgment Order.

2. Additionally, each Individual Defendant must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

C. Each Defendant must submit to both Plaintiffs notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to either Plaintiff required by this Judgment 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 Judgment 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. Global E-Trading, LLC*.

F. Unless otherwise directed by a representative of the Florida Attorney General in writing, all submissions to the Florida Attorney General pursuant to this Judgment Order must be emailed to oag.ec.tpa@myfloridalegal.com and Jennifer.pinder@myfloridalegal.com or sent by overnight courier (not the U.S. Postal Service) to: Florida Office of the Attorney General, Consumer Protection Division, 3507 E. Frontage Road, Suite 325, Tampa, FL 33607. The subject line must begin: *FTC v. Global E-Trading, LLC*.

VI. RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 5 years after entry of the Judgment Order, and retain each such record for 5 years. Specifically, Corporate Defendant, in connection with offering Chargeback Mitigation Services, and each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendants, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold;
- B. personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. all records necessary to demonstrate full compliance with each provision of this Judgment Order, including all submissions to the Commission; and
- D. a copy of all data submitted in connection with disputing Chargeback requests.

VII. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Judgment Order:

A. Within 14 days of receipt of a written request from a representative of either Plaintiff, each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. Both Plaintiffs are also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Judgment Order, both Plaintiffs are authorized to communicate directly with each Defendant. Defendant must permit representatives of Plaintiffs to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. Both Plaintiffs may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Judgment 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 either Plaintiff, any consumer reporting agency must furnish consumer reports concerning Individual Defendants pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1). This authorization shall remain in effect until such time that the monetary terms of this Judgment Order are satisfied.

VIII. RETENTION OF JURISDICTION

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

DONE and **ORDERED** in Tampa, Florida, this 29th day of November 2023.



MARY S. SCRIVEN
UNITED STATES DISTRICT JUDGE

Copies furnished to:

Counsel of Record

Any Unrepresented Person