UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

FEDERAL TRADE COMMISSION and STATE OF WASHINGTON, Plaintiffs, v. RIVERSIDE PAYMENTS, INC., a corporation; CASCADE EQUIPMENT LEASING, LLC, a limited liability company; BRANDON SKINNER, individually and as an officer and owner of Riverside Payments, Inc. and manager of Cascade Equipment Leasing, LLC; and JASON REESE, individually and as an officer and owner of Riverside Payments, Inc. and manager of Cascade Equipment Leasing, LLC, Defendants.	Case No. _____ **COMPLAINT FOR PERMANENT INJUNCTION, MONETARY JUDGMENT, AND OTHER RELIEF**

Plaintiffs, the Federal Trade Commission ("FTC") and the State of Washington, for their Complaint allege:

1. The FTC brings this action for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Gramm-Leach-Bliley Act ("GLB Act"), 15 U.S.C. §§ 6801–

6809, 6821–27. For these violations, the FTC seeks relief, including a permanent injunction, monetary relief, and other relief, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b, and the GLB Act.

2. In addition, the State of Washington brings this action pursuant to its authority under the Washington Consumer Protection Act, chapter 19.86 RCW ("WA CPA"). For Defendants' violations of RCW 19.86.020 of the WA CPA, the State of Washington seeks a permanent injunction, restitution to Washington consumers, and reasonable costs and attorney's fees incurred during this action, pursuant to RCW 19.86.080, as well as a civil penalty in the amount of up to $7,500 for each and every violation for the WA CPA pursuant to RCW 19.86.140.

SUMMARY OF THE CASE

3. Riverside Payments, Inc. ("Riverside"), Cascade Equipment Leasing, LLC ("Cascade"), Brandon Skinner ("Skinner"), and Jason Reese ("Reese") (collectively, "Defendants") market, sell, and provide payment processing and equipment leasing services throughout the United States. Their clients are small businesses, such as restaurants and retail shops.

4. Defendants deceive small businesses into enrolling in Defendants' services, and obtain bank account information from such businesses, using false and misleading claims about costs and savings the small businesses will experience with Defendants relative to other processors. They also misrepresent that enrollment is "risk free" and easily terminated, when, in fact, there is a $695 penalty for early termination of the three-year processing agreement.

5. Defendants tell clients that they provide payment processing equipment, but they

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do not disclose that the equipment is provided through a lease and subscription agreement with Cascade, which is separate from Riverside's service agreement, has a non-cancelable four-year term, and automatically renews if the client does not take action.

6. Riverside and Cascade operate as a common enterprise, sharing ownership, marketing, officers, employees, office space, policies, and practices.

7. Defendants enroll clients in Defendants' agreements through documents that Defendants send, and the businesses sign, electronically. They collect bank account information from the business, in the form of a voided check, before the business receives a copy of the agreement purportedly containing the material terms, such as the three-year term for Riverside's agreement that automatically renews for one year at a time, Riverside's $695 early termination fee, and Cascade's non-cancelable equipment lease with a four-year term. Defendants do not disclose these material terms clearly and conspicuously within the roughly 26-page document that the business signs. And the material terms are largely inconsistent with Defendants' oral representations to the businesses.

8. When frustrated clients try to cancel Defendants' services, those clients often get stuck in a complicated loop of deflection and fruitless phone calls, all while Defendants continue to bill them.

9. Defendants market their services through sales agents. In recruiting sales agents, Defendants make false and unsubstantiated claims about the income agents will or are likely to earn.

10. Defendants' practices have generated hundreds of complaints. Their clients have complained directly to Defendants, to the Better Business Bureau, and to at least 10 state

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attorneys general. Despite receiving these complaints, Defendants have not corrected their unlawful practices.

11. Defendants have thousands of small business clients across the country. Their deceptive and unfair practices have likely caused millions of dollars in consumer injury.

JURISDICTION AND VENUE

12. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a) and 1345.

13. This Court has supplemental jurisdiction over the remaining claims under 28 U.S.C. § 1367.

14. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2), (c)(2) and (d), and 15 U.S.C. § 53(b).

PLAINTIFFS

15. The FTC is an agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41–58. The FTC enforces 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. The FTC also enforces Section 521(a)(2) of the GLB Act, 15 U.S.C. § 6821(a)(2), which prohibits "making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution" "to obtain or attempt to obtain, or cause to be disclosed or attempt to cause to be disclosed to any person, customer information of a financial institution."

16. The Washington State Office of the Attorney General is an agency of Washington State and is authorized by RCW 19.86.080 and .140 to bring this action to enforce RCW

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19.86.020 of the WA CPA, which prohibits unfair or deceptive acts or practices in trade or commerce.

DEFENDANTS

17. **Riverside Payments, Inc.** is a Washington corporation with its principal place of business at 5721 SE Columbia Way, Suite 150, Vancouver, Washington 98661. It transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Riverside has advertised, marketed, or sold payment processing services and equipment leases to consumers throughout the United States.

18. **Cascade Equipment Leasing, LLC**, also doing business as Cascade Capital Group, is a Delaware limited liability corporation with its principal place of business at 5721 SE Columbia Way, Suite 150, Vancouver, Washington 98661. It transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Cascade has advertised, marketed, or sold payment processing services and equipment leases to consumers throughout the United States.

19. **Brandon Skinner** is a 50% owner and the President and Chief Executive Officer of Riverside and 50% owner of Cascade. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Riverside and Cascade, including the acts and practices described in this Complaint. Skinner signs contracts on behalf of the companies and has participated in drafting documents used to market and sell their services. He is in charge of establishing and enforcing policies relating to client agreements, complaints, and cancellation

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and refund requests; and he oversees the processing of client agreements, cancellation requests, and refund requests, as well as responses to client complaints. Skinner resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

20. **Jason Reese** is a 50% owner and the Secretary and Chief Financial Officer of Riverside and 50% owner of Cascade. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Riverside and Cascade, including the acts and practices described in this Complaint. Reese signs contracts on behalf of the companies and has participated in drafting documents used to market and sell their services. He is in charge of establishing and enforcing policies relating to client agreements, complaints, and cancellation and refund requests; and he oversees the processing of client agreements, cancellation requests, and refund requests, as well as responses to client complaints. Reese resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

COMMON ENTERPRISE

21. Riverside and Cascade (collectively, "Corporate Defendants") have operated as a common enterprise while engaging in the deceptive and unfair acts and practices and other violations of law alleged below. For example, Corporate Defendants:

a. are each owned, in whole or in part, by Skinner and Reese;

b. share officers, employees, operations, and a business address;

c. share marketing materials and processes;

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d. share a Customer Relationship Management ("CRM") system; and

e. comingle funds.

22. Because these Corporate Defendants have operated as a common enterprise, each of them is liable for the acts and practices alleged below.

COMMERCE

23. At all times relevant to this Complaint, Defendants have 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.

24. Defendants' conduct, as described in this Complaint, has also occurred in trade or commerce within the meaning of the Washington Consumer Protection Act, RCW 19.86.010(2), directly or indirectly affecting the people of the State of Washington.

DEFENDANTS' BUSINESS ACTIVITIES

25. Defendants market and sell payment processing services and lease equipment to small businesses throughout the United States. Their services allow their merchant clients to accept debit and credit card payments from consumers.

26. Defendants market and provide payment processing services and equipment as an independent sales organization ("ISO") of other payment processing companies, including, for example, Fiserv Inc. (formerly known as First Data Merchant Services).

27. Defendants also partner with ISOs to market payment processing services and equipment on Defendants' behalf throughout the country.

28. Defendants solicit small business clients primarily through telemarketing and door-to-door sales conducted by hundreds of sales agents, many of whom are independent

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contractors working on commission. The agents make a sales pitch to the prospective client and present a quote, and then a sales manager for the Defendants facilitates the client's electronic execution of the agreement.

29. Defendants control how their sales agents market Defendants' services. Defendants recruit, train, and provide sales leads and closing assistance to sales agents and managers, and Defendants require them to adhere to approved scripts and follow a prescribed sales process using the marketing materials that Defendants provide.

30. During training, sales agents are required to practice writing the sales script verbatim so that they can commit it to memory. Defendants monitor whether their agents follow the approved scripting and sales process by, for example, observing telemarketing calls and sales manager calls with prospective clients in real time, and by reviewing recordings of calls between prospective clients and sales managers.

31. Riverside claims to use a progressive discipline policy to enforce compliance with sales scripts and procedures, and, under its contracts with its sale agents, Riverside is authorized to impose disciplinary action, including termination, for noncompliance.

Defendants' Deceptive Sales Pitch

32. Defendants' sales pitch typically involves claims that prospective clients will realize cost savings by replacing their current payment processor with Riverside.

33. Defendants' typical pricing structure includes processing rates—percentage-based fees that are assessed for each transaction depending on the card type and payment method—and monthly fees, including for payment processing equipment that clients must use. Clients' overall monthly payment processing costs are, in part, a function of their sales volume.

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Deceptive Claims about Payment Processing Rates and Savings

34. Following a script that Defendants provide, sales agents represent to prospective clients that Riverside will save them money on payment processing relative to their current provider. Defendants train sales agents going door-to-door to distribute Defendants' flyer, depicted below, which claims that switching to Riverside saves businesses an average of $2,000 per year.



35. As shown above, Defendants' marketing materials also claim: "You are pre-approved for 0% debit transactions and 1% average on credit transactions." Defendants claim that they are able to provide these and other promised low rates and savings based on a "strategic alliance" with card networks Visa and Mastercard, which allows them to offer small business clients "the same great rates" that Fortune 500 companies like Starbucks, McDonald's, and Nordstrom qualify for. They claim that they do this by cutting out "the middleman" and offering better rates because they provide their clients with the "highest level" of data security. But they do not have a "strategic alliance" with Visa or Mastercard, and they cannot offer the supposedly

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pre-approved low rates based on that or based on any corresponding cutting out "the middleman" or provision of higher data security.

36. In their sales pitch, Defendants distinguish Riverside from prospective clients' current payment processors (regardless of what company that is), claiming that, because the current processors use additional payment processors (often identified as First Data or Global Payments) and ISOs for the processing, their clients "end up [having] 2-3 additional markups which ends up driving [their] rates, and costing [them] more money." But, in reality, no such distinction exists. Riverside and its ISOs are, in fact, "middlemen" between businesses and payment processors, such as Fiserv Inc.; Defendants' clients may go through at least three different processing companies before reaching the card networks. Defendants typically do not offer a more streamlined, cost-effective structure than the competitors they seek to replace.

37. Defendants' claim that the savings they promise are also made possible by getting their clients "the highest level of [data] security with Visa/MasterCard," which also keeps the client's business safer "from a fraud standpoint," is also false. Although in some instances Defendants' clients may be required to pay fees based on not being compliant with card networks' data security standards, the rates that the card networks charge Defendants' clients are not based on an assessment of the processors' or merchants' data security.

38. During the sales pitch, Defendants show savings projections to the prospective client with a price quote. Defendants use a recent cost statement from the business's existing payment processor in developing the quote for the prospective client. Defendants train sales agents to "[l]ook at the [business's] statement with a concerned look on your face because they are paying too much" and to inform hesitant businesses that "we actually just switched someone

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the other day from (Current Company) and saved them over $1200 per year on the fees." This representation is made regardless of the "Current Company's" identity and rates, or when the pitch takes place.

39. The sales agent provides the cost statement to Defendants' National Sales Managers ("NSMs"), who input information from the prospective client's current processor into an internal spreadsheet to calculate proposed rates. NSMs have discretion to edit the inputs, including the monthly service and equipment package, and transaction fees, to provide a quote that shows roughly 15–25% of savings versus the current provider.

40. The NSM provides the spreadsheet's output to the sales agent, who completes the quote sheet, which details for the client: rates and transaction fees for various card types (*i.e.*, debit versus credit), the fee amount for the "monthly service / equipment package," total monthly and yearly fees, and an overall effective rate for the business's processing—*i.e.*, the percentage of total sales spent on all processing and equipment-related charges.

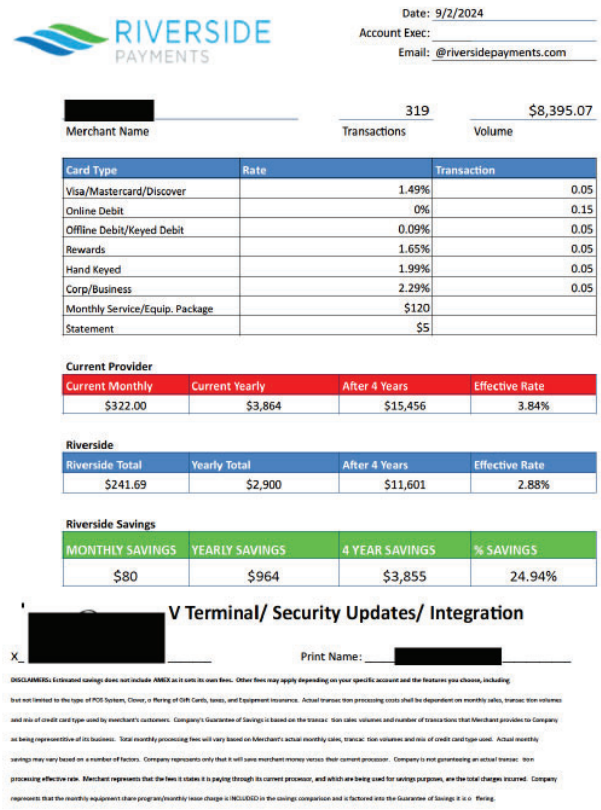
41. The quote sheet shows the business's effective rate with its current processor and the savings the business would realize with Defendants relative to its current processor—both as a percentage and a dollar amount. Defendants' sales agents claim that the quoted savings factor in monthly charges for payment processing equipment in addition to processing fees. But they do not explain that the quoted costs do not include other potential charges, including annual fees, monthly software and technology fees, and charges related to American Express transactions. Nor do they explain, identify, or factor in potential rate increases.

42. As reflected in the example below, at the bottom of the quote sheet, below the line for the client's signature, disclaimers appear in a font that is smaller than any other text on the

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document stating: "Actual monthly savings may vary based on a number of factors. Company represents only that it will save merchant money versus their current processor. Company is not guaranteeing an actual transaction processing effective rate …. Company represents that the monthly equipment share program/monthly lease charge is included in the savings comparison and is factored into the guarantee of savings offered."

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RIVERSIDE PAYMENTS

Date: 9/2/2024
Account Exec:
Email: @riversidepayments.com

[redacted] | 319 Transactions | $8,395.07 Volume

Merchant Name

Card Type	Rate	Transaction
Visa/Mastercard/Discover	1.49%	0.05
Online Debit	0%	0.15
Offline Debit/Keyed Debit	0.09%	0.05
Rewards	1.65%	0.05
Hand Keyed	1.99%	0.05
Corp/Business	2.29%	0.05
Monthly Service/Equip. Package	$120	
Statement	$5	

Current Provider

Current Monthly	Current Yearly	After 4 Years	Effective Rate
$322.00	$3,864	$15,456	3.84%

Riverside

Riverside Total	Yearly Total	After 4 Years	Effective Rate
$241.69	$2,900	$11,601	2.88%

Riverside Savings

MONTHLY SAVINGS	YEARLY SAVINGS	4 YEAR SAVINGS	% SAVINGS
$80	$964	$3,855	24.94%

[redacted] V Terminal/ Security Updates/ Integration

X_[redacted]_____ Print Name: [redacted]

DISCLAIMERS: Estimated savings does not include AMEX as it sets its own fees. Other fees may apply depending on your specific account and the features you choose, including but not limited to the type of POS System, Clover, e-Ferring of Gift Cards, taxes, and Equipment insurance. Actual transac tion processing costs shall be dependent on monthly sales, transac tion volumes and mix of credit card type used by merchant's customers. Company's Guarantee of Savings is based on the transac tion sales volumes and number of transactions that Merchant provides to Company as being representitive of its business. Total monthly processing fees will vary based on Merchant's actual monthly sales, transac tion volumes and mix of credit card type used. Actual monthly savings may vary based on a number of factors. Company represents only that it will save merchant money versus their current processor. Company is not guaranteeing an actual transac tion processing effective rate. Merchant represents that the fees it states it is paying through its current processor, and which are being used for savings purposes, are the total charges incurred. Company represents that the monthly equipment share program/monthly lease charge is INCLUDED in the savings comparison and is factored into the Guarantee of Savings it is o fering.

43. Defendants have provided quote sheets to small businesses claiming that they will save, for example, over 40%, or nearly 60% compared to their existing processor. For some businesses, such claimed savings may represent more than $10,000 per year.

44. In reality, Defendants' clients routinely do not experience the rates or savings promised. Defendants' clients also incur charges for unexpected fees—for example, activation fees, batch fees, supposed non-compliance with data security standards, or inactive processing—that were not disclosed on Defendants' quote sheet or factored into the quoted effective rate and savings. Processing rates, unexplained charges, and equipment fees add up to cost businesses more than they expected to pay based on Defendants' quote, and often more than they were

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paying with their previous processing provider.

Deceptive Risk-Free Guarantee

45. During the sales pitch, Defendants misrepresent that businesses can easily cancel Defendants' services with no risk. Sales agents claim that prospective clients can "try [Defendants' services] out 'risk free'" with a "Guarantee of Savings." Defendants guarantee that if businesses are not happy with their services or are not seeing the promised savings, "we will switch you back to a provider of your choice at absolutely no cost to you" and pay the business $500 "for the time and hassle." Defendants claim, "essentially you are only going to be with us for as long as we are saving you money" and that "$500 in your pocket" is the "worst thing that can happen" to a client that signs up for their services.

46. Defendants' scripts instruct sales agents to repeat this "Guarantee of Savings" if prospective clients raise concerns related to seeing online complaints about Defendants. Defendants give some clients a letter upon sign-up that purports to confirm this "guarantee of savings."

47. With this "guarantee of savings," Defendants represent that clients can cancel at any time without any penalty. In reality, Defendants' lengthy "merchant processing application and agreement" provides that the "initial term" of the processing agreement is three years, and businesses that choose to terminate the agreement early will be charged a $695 termination fee. In addition, if the business does not terminate the agreement before the end of the initial three-year term, the agreement automatically extends for an additional year at a time. Likewise, the equipment lease has a four-year term and automatically renews on a month-to-month basis if the client does not cancel.

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48. Defendants' sales agents and NSMs routinely fail to adequately disclose the service agreement's three-year term, early termination fee, the equipment lease's four-year term, or the automatic renewal terms during the sales pitch or closing. And these terms are not mentioned in the scripts that Defendants require sales agents and NSMs to follow.

Deceptive Claims About Point-of-Sale Equipment

49. Defendants' sales pitch also addresses point-of-sale ("POS") payment processing equipment. Sales agents sometimes show businesses a flyer stating "Free [processing] Terminals!*" or "This Future POS could be yours at **No Cost***." The sales agents claim that Riverside partners with "some of the best POS equipment providers" and that their equipment "integrate[s] with 99% of POS [software] systems on the market."

50. The equipment is not provided at "no cost"—the monthly cost of the lease often results in the business having paid more than the retail price of the equipment after only a few months of lease payments. For example, from 2020–2024, one small business in North Carolina paid approximately $47 per month for 4 years, for a total of approximately $2,250, to lease a machine that would have cost around $400 to purchase new.

51. Moreover, Defendants' agents fail to disclose to prospective clients that the equipment Defendants lease to clients is governed by Cascade's four-year non-cancelable lease and subscription agreement, which is one year longer than Riverside's payment processing agreement. Indeed, Defendants' training materials for sales agents instruct that "the [equipment] lease should never come up pre-quote," and if it does, "deflect for the end of the sale." At the end of the four-year term, the lease automatically renews on a month-to-month basis unless the client either (a) returns the equipment in good condition and pays a $150 restocking fee or (b) exercises

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an option to purchase the equipment.

52. In addition, Defendants' clients have often experienced delays receiving equipment, received more equipment than they need or agreed to pay for, incurred unexpected and unexplained charges for equipment, and encountered issues integrating Defendants' equipment with their own sales systems. Often, only after they try to get Riverside to address such issues, do businesses learn that they are stuck in a four-year non-cancelable agreement with Cascade—a company that they did not previously hear about.

53. Defendants have received hundreds of complaints—directly from clients and via the Better Business Bureau and state attorneys general—about the issues discussed above.

Defendants' Inadequately Disclosed Negative Option Terms

54. After providing the quote sheet to the prospective client, Defendants request and collect the business's payment information via a voided check. Prospective clients must provide Defendants with their bank account information, *i.e.*, customer information of a financial institution, to apply for and utilize Defendants' payment processing and equipment leasing services. Defendants then send the business a "merchant processing application and agreement" or "Esign Agreement" via email with a link to a Portable Document Format ("PDF") file—typically about 26 pages long—to be signed electronically via an e-signature system.

55. With the sales agent still present at the business, the NSM, following Defendants' script, typically reviews the lengthy agreement with the prospective client over the phone, briefly. After confirming basic information—such as the business name, address, tax identification number, and ownership information are correct—the NSM rattles off a handful of disclosures, including that the agreement contains the "rates we quoted as well as our monthly

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program that is done in the form of a lease." The NSM states that the lease fee will be charged monthly for 48 months, lists out the equipment that will be provided, and represents that the lease costs are factored into the previously provided quote. NSMs do not typically disclose that the equipment lease is not cancelable.

56. Like the script for the sales agent, Defendants' script for NSMs does not address the three-year term of the processing agreement, the early termination fee, or the automatic renewal provision contained in the agreement. These terms are only noted in the roughly 26-page agreement, where the $695 early termination fee is listed at the bottom of a page containing numerous fees, including several that were never identified on the quote sheet. Neither the scripts nor the agreement states whether and how a client could avoid automatic renewal after three years.

57. Defendants' script instructs the NSM to respond to questions from prospective clients about the various fees in the agreement by representing, falsely, that it is a boilerplate agreement from Visa and Mastercard and that certain items will not be applicable to the prospective client. The script further instructs the NSM to claim that "99% [of the fees] don't apply to you [and the] main thing is the transaction fee is exactly what we discussed and quoted."

58. Following Defendants' instructions, sales agents and NSMs repeatedly reassure prospective clients that the quote sheet reflects everything the business will have to pay for processing and equipment, and they direct prospective clients back to that one-page quote sheet in response to questions about the agreement. However, as noted above, the quote sheet, and the Defendants' scripted claims about it, omits several fees that are listed in the agreement. And it does not disclose the early termination fee or the three-year term with automatic renewal. It also

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fails to disclose Cascade's presence as the lessor, or its four-year non-cancelable equipment lease.

59. A "merchant receipt" at the end of the 26-page PDF re-states the disclaimer language in the quote sheet, including that the estimated savings "does not include American Express [fees]" and "other fees may apply depending on your specific account and the features you choose." And while the merchant receipt notes the termination fee and states that the equipment lease is separate from the processing agreement and is non-cancelable, the script NSMs are required to follow prompts them to obscure these facts by falsely claiming that the merchant receipt merely "covers everything we have already discussed in two pages."

60. After the prospective client signs the agreement electronically , Defendants' sales manager countersigns it electronically, and a fully executed copy is sent to the prospective client via email. Defendants then put the business in touch with a technician regarding equipment installation and training, and they begin withdrawing from the business's bank account for their services.

Defendants' Unfair and Difficult Cancellation Practices

61. Defendants unfairly erect barriers to cancellation and do not provide businesses with simple mechanisms to cancel Defendants' services.

62. Defendants purport to follow a written process regarding clients' cancellation requests. Once a client notifies a representative of Defendants that the client wants to cancel its services, Defendants' representative creates a cancellation ticket in their system. Then, a manager reviews the request and directs staff on how to proceed. The next step in that process requires Defendants' staff to attempt to contact the business about its request and concerns, and

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to deem the relationship a "dead deal" only after the business refuses at least three times to move forward with using Defendants' services. After that determination is made, the written process then requires a manager to review the business relationship to determine whether and how to proceed with addressing the cancellation request. For businesses that maintain their request to cancel, Defendants' written process requires their staff to close the account and notify the client when this has occurred.

63. In reality, clients that attempt to cancel Defendants' services—often after experiencing higher-than-quoted rates, unexpected and unexplained charges, missing equipment, or other service issues—typically do not hear from Defendants or see the eventual resolution of a cancellation request that the Defendants' written process outlines. Instead, they often get stuck in a loop of fruitless phone calls and deflection.

64. Upon attempting to cancel, some clients learn for the first time about Riverside's $695 termination fee. Regardless of whether the client is willing to pay that fee, Defendants' agents often claim that there is not a direct line the client can call to speak with someone who can handle cancellation, that the cancellation team is "purely outbound," and that the client will receive a call from them. But that call often never comes.

65. Despite Defendants' claims, made by sales agents during the sales pitch and following the mandated scripts, that Defendants have "24/7 technical support and client service," clients routinely experience delays and unresponsiveness. For example, an auto parts store owner in Florida tried to cancel beginning in December 2024, and Defendants continued to stonewall and bill her through at least June 2025. Following several unkept promises to address the business owner's cancellation request, Defendants' representative contacted her in May 2025 and

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stated, for the first time, that Riverside had an early termination fee and that the Cascade equipment lease could not be cancelled.

66. Similarly, around March 2025, another business owner in Indiana called to cancel his contract and was told to expect a call back from the cancellation team in a day or two. But no call ever came, and when he called back, Defendants' representatives never put him in touch with someone who handled cancellation.

67. Some small business owners have grabbed Defendants' attention only after posting negative reviews online, contacting the Better Business Bureau, a state attorney general, or seeking legal counsel, but even that often does not lead to resolution of cancellation requests. For example, after an art gallery owner in Indiana was unsuccessful in trying to cancel Defendants' services in April 2025, he noted to a representative of Defendants that he was considering hiring an attorney. Thereafter, Defendant's representative called the business owner once or twice a week for months—roughly ten calls in total. These calls were not for the purpose of resolving the business owner's issues, but instead they were apparently made to determine whether he had hired an attorney. Simultaneously, another representative separately and repeatedly contacted the business owner about payments owed.

68. The experience with attempting to cancel is no different for businesses that are beyond the initial three-year term of their processing agreement with Riverside and in an automatic renewal period. Defendants do not provide clients with a mechanism to prevent the automatic renewal or to cancel their agreement during the renewal period. For example, a restaurant owner in Kentucky that was beyond the initial term called Riverside to cancel in November 2023. The business owner spent over a year making calls, sending emails, and sent a

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certified letter, but Defendants never provided a meaningful response to the request all while attempting to collect on supposed outstanding charges.

69. Even business owners that are able to cancel their processing agreement are stuck with the noncancelable equipment lease that has a four-year term—one year longer than the processing agreement—and automatically renews if the client does not cancel. Numerous small business owners have spent weeks or months trying to cancel their agreements with Defendants, while additional charges and fees pile up. This includes an inactivity fee that is not disclosed in the sales pitch or quote sheet. In several instances, business owners were forced to close their bank account to stop Defendants' charges.

70. Defendants have received hundreds of complaints directly, through the Better Business Bureau, and from at least ten state attorneys general regarding their cancellation practices.

Defendants' False and Unsubstantiated Earnings Claims

71. Defendants primarily sell their payment processing services through a network of sales agents who are compensated entirely through commission. Defendants recruit sales agents by advertising with online message boards such as ZipRecruiter and Greenhouse. Defendants' advertisements on these platforms claim that the sales agent job has an average yearly earnings between $75,000 and $95,000 and that top sales agents are making "100k+." Defendants also use a recruiting flyer that claims sales agents can "Build your future with a 6 figure income."

72. When potential sales agents follow up with Defendants to learn more, Defendants repeat such earnings claims. Defendants' interview script claims that "average full time reps" make "$6,000 per month," which amounts to $72,000 a year.

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73. Many sales agents reported that the interview for the job turned out to be a several day online training program.

74. The training program teaches the sales agents how to sell Defendants' services, and it repeats the same earnings claims. For example, the script for the first day of training says that "Our top reps, signing 12+ [businesses per month] earn between $100-$120k per year." On the third day of training, sales agents are told that after six months of working for Defendants they should be "well on their way to a $100k." Brandon Skinner tells sales agents during training that "average people" make $50,000-60,000.

75. Defendants' earnings claims are false and unsubstantiated. Defendants' financial records classify their sales representatives as 1099 employees. In 2024, Defendants paid $1,249,850.93 in compensation to their three hundred and thirty 1099 employees, which amounts to an average pay of $3,787 per year. No sales agent earned six figures in 2023 or 2024. For the first 5 months of 2025, Defendants' 1099 employees received an average of $4,858 per employee, which, if sustained for the year, would be less than $12,000 in annual salary.

76. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the FTC. For years, consumers have complained to Defendants about the unfair and deceptive practices and inadequate disclosures that are the subject of this Complaint, and Defendants continue to engage in these practices.

VIOLATIONS OF THE FTC ACT

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

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78. Misrepresentations or deceptive omissions of material fact constitute 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

Misrepresentations Regarding Total Costs and Savings

79. In numerous instances, as described in Paragraphs 25 through 70 above, in connection with the marketing, promotion, offering for sale, or sale of payment processing services and equipment, Defendants represent, directly or indirectly, expressly or by implication,

a. the total costs that consumers will pay for Defendants' goods and services; and

b. that consumers will save money by using Defendants' services relative to other providers.

80. The representations described in Paragraph 79 are false or misleading or are not substantiated at the time the representations are made.

81. Therefore, the making of the representations as described in Paragraph 79 constitutes a deceptive act or practice in violation of Sections 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II

Misrepresentations Regarding Cancellation

82. In numerous instances, as described in Paragraphs 25 through 70 above, in

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connection with the marketing, promotion, offering for sale, or sale of payment processing services and equipment, Defendants represent, directly or indirectly, expressly or by implication, that Defendants' services are offered "risk free." For example, Defendants represent that their services can be cancelled:

a. at any time with a refund, with a $500 compensatory payment to the consumer, and with no penalty;

b. prior to the end of a written agreement with no penalty; or

c. during an initial trial period with no penalty.

83. In numerous instances in which Defendants make the representations set forth in Paragraph 82, Defendants' services cannot be canceled at any time or with no penalty, and instead Defendants charge clients a $695 early termination fee for cancellation of processing agreements before the end of their term, the equipment lease and subscription agreements are not cancelable for a four-year term, and clients continue to be billed notwithstanding their ongoing efforts to cancel Defendants' services.

84. Therefore, Defendants' representations as described in Paragraph 82 are false or misleading and constitute deceptive acts or practices in violation of Sections 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count III

Unfair Cancellation Practices

85. In numerous instances, as described in Paragraphs 61 through 70 above, Defendants' practices have made it difficult for consumers to cancel contracts, services, and other recurring charges. For example,

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a. Defendants do not allow cancellation requests to be resolved through inbound calls, and they do not make promised outbound calls to resolve such requests;

b. Defendants' will not cancel contracts until, at a minimum, a consumer refuses at least three times to move forward with using Defendants' services; or

c. Defendants are not responsive to cancellation requests until consumers contact a third party, such as the Better Business Bureau, a state attorney general, or private counsel.

86. Defendants' acts or practices, as described in Paragraph 85, 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.

87. Therefore, Defendants' acts or practices as described in Paragraph 85 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a), (n).

Count IV

Misrepresentations Regarding Sales Agent Earnings

88. In numerous instances, as described in Paragraphs 71 through 75 above, in connection with the advertising, marketing, or promotion of sales representative opportunities, Defendants represent directly or indirectly, expressly or by implication, that sales agents are likely to earn substantial income, or specific stated dollar amounts of income.

89. Defendants' representations described in Paragraph 88 are false, misleading, or were not substantiated at the time they were made.

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90. Therefore, the making of the representations, as described in Paragraph 88, constitutes deceptive acts or practices in in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE GLB ACT

91. Section 521 of the GLB Act, 15 U.S.C. § 6821, became effective on November 12, 1999, and remains in full force and effect. Section 521(a)(2) of the GLB Act, 15 U.S.C. § 6821(a), prohibits any person from "obtain[ing]" or attempt[ing] to obtain, or caus[ing] to be disclosed or attempt[ing] to be disclosed to any person, customer information of a financial institution relating to another person … by making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution."

92. The GLB Act defines "customer" to mean, "with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary." 15 U.S.C. § 6827(1). The GLB Act defines "customer information of a financial institution" as "any information maintained by or for a financial institution which is derived from the relationship between the financial institution and a customer of a financial institution and is identified with the customer. *Id.* § 6827(2). The GLB Act defines a "financial institution" as "any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution." *Id.* § 6827(4)(A).

93. Section 522(a) of the GLB Act, *id.* § 6822(a), empowers the FTC to enforce Section 521 of the GLB Act, "in the same manner and with the same power and authority as the [FTC] has under the Fair Debt Collection Practices Act [FDCPA] … to enforce compliance with

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such Act." Pursuant to Section 814(a) of the FDCPA, *id.* § 1692*l*(a), a violation of the FDCPA is deemed an unfair or deceptive act or practice in violation of the FTC Act. Section 814(a) of the FDCPA further provides that all of the functions and powers of the FTC under the FTC Act are available to the FTC to enforce compliance by any person with the FDCPA, including the power to enforce provisions of the FDCPA in the same manner as if the violation had been a violation of an FTC trade regulation rule. Thus, pursuant to Section 522(a) of the GLB Act, the FTC may enforce Section 521 of the GLB Act in the same manner as if the violation of the GLB Act were a violation of an FTC trade regulation rule.

94. Section 19 of the FTC Act authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the GLB Act, including, but not limited to, the rescission or reformation of contracts, and the refund of money or return of property. 15 U.S.C. § 57b.

Count V

Use of False, Fictitious, or Fraudulent Statements to Obtain or Attempt to Obtain Customer Information of a Financial Institution

95. In numerous instances, as described in Paragraphs 25 through 70 above, in connection with the marketing, promotion, offering for sale, or sale of payment processing services and equipment, Defendants make and have made false, fictitious, or fraudulent statements or representations to customers of financial institutions to obtain or attempt to obtain, or to cause to be disclosed or attempt to cause to be disclosed, customer information of a financial institution, such as bank account numbers, including by representing, directly or indirectly, expressly or by implication:

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a. the total costs that consumers will pay for Defendants' goods and services;

b. that consumers will save money by using Defendants' services relative to other providers; and

c. that Defendants' services are offered "risk free," including that services can be canceled at any time with a refund, with a $500 compensatory payment to the consumer, and with no penalty; prior to the end of a written agreement with no penalty; or during an initial trial period with no penalty.

96. Therefore, Defendants' acts or practices set forth in Paragraph 95 violate Section 521 of the GLB Act, 15 U.S.C. § 6821.

Count VI

Unfair or Deceptive Acts and Practices Related to the Sale, Marketing, and Provision of Payment Processing Services in Washington State

(Asserted by State of Washington)

97. Plaintiff State of Washington re-alleges and incorporates by reference the allegations contained in the preceding Paragraphs of this complaint.

98. Pursuant to the WA CPA, "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

99. At all relevant times in the course and conduct of marketing, selling, and providing payment processing and equipment leasing services to Washington consumers, Defendants engage in "trade or commerce" as those terms are defined by RCW 19.86.010(2).

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100. In the course of operating their businesses, Defendants engaged in unfair and/or deceptive acts and practices in violation of the WA CPA including, but not limited to, the following:

a. misrepresenting the terms of the merchant applications Riverside induces merchants to sign, including the cancellation policies and conditions relating to payment processing services and the purportedly "risk-free" nature of Riverside's services;

b. pressuring merchants into signing electronic contracts they have not fully read in a rushed manner, highlighting some terms but failing to disclose others, and deflecting merchant questions while burying key terms in the fine-print of 20+-page document;

c. imposing unreasonable burdens and restrictions on merchants' ability to cancel Riverside's services, including requiring merchants to make multiple attempts to cancel services while Riverside continues to bill the merchant;

d. unfairly and/or deceptively inflating the overall cost of merchants' equipment leases with unnecessary filler equipment without any disclosure to merchants or efforts to assess merchants' business needs;

e. misleading merchants regarding Riverside's ability to integrate with "99%" of merchants' pre-existing payment process services despite knowing of numerous instances in which that integration was not possible or greatly delayed;

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f. inserting equipment lease agreements into the merchant application without adequately disclosing the identity of the lessor, the terms of the lease, or assessing the equipment needs before assessing monthly payments for that lease; and

g. imposing one-sided and oppressive terms in the equipment lease, including a waiver of the statute of limitations, a unilateral attorneys' fees provision, a venue waiver, a choice of law provision, a jury trial waiver, a class action waiver, and a disclaimer of all warranties or guarantees regarding the payment processing equipment.

101. Defendants' unfair and deceptive acts and practices have affected the public interest by impacting numerous Washington consumers. These practices constitute a pattern of conduct that Defendants committed in the course of business and are likely to continue without relief from this court.

102. Based on Defendants' above-described unfair acts and practices, Washington is entitled to relief under the WA CPA, including injunctive relief and restitution pursuant to RCW 19.86.080, civil penalties pursuant to RCW 19.86.140 for each and every violation of RCW 19.86.020, and reimbursement of the costs of this action, including reasonable attorneys' fees, pursuant to RCW 19.86.080.

CONSUMER INJURY

103. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the GLB Act. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public

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interest.

PRAYER FOR RELIEF

Wherefore, the Plaintiffs request that the Court:

A. enter a permanent injunction to prevent future violations of the FTC Act, the GLB Act, and the WA CPA;

B. award monetary and other relief within the Court's power to grant; and

C. award any additional relief as the Court determines to be just and proper.

Respectfully submitted,

Dated: November 2, 2026

/s/ Molly Rucki

Molly Rucki
Benjamin R. Davidson
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20580
202-326-3774; mrucki@ftc.gov
202-326-3055; bdavidson@ftc.gov

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

NICHOLAS W. BROWN
Attorney General
/s/ Michael Bradley
MICHAEL BRADLEY, WSBA #48481
JUJU ALDHAHER, WSBA #54939
Assistant Attorneys General
Washington
Washington State Office of Attorney General
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
(206) 233-3380; Michael.bradley@atg.wa.gov

(206) 389-2057; Juju.aldhaher@wtg.wa.gov

Attorneys for Plaintiff
STATE OF WASHINGTON