

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

GLOBAL U.S. RESOURCES, also doing
business as AMERICAN PUBLISHING,
AMERICAN PUBLICATIONS, AMERICAN
POWER PUBLICATIONS, ESM GROUP, and
EAST SHORE MARKETING GROUP, and

LOUIS SALATTO, individually and as an
officer of Global U.S. Resources,

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DEFENDANTS LOUIS SALATTO AND GLOBAL U.S. RESOURCES

On September 13, 2010, Plaintiff, Federal Trade Commission (“FTC”), filed its Complaint for a permanent injunction and other relief in this matter, pursuant to Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b).

Simultaneously, the FTC moved for an *ex parte* temporary restraining order with asset freeze and other equitable relief, and an order to show cause why a preliminary injunction should not issue pursuant to Fed. R. Civ. P. 65. On September 13, 2010, the Court granted the FTC’s *ex parte* motion for a temporary restraining order. On October 15, 2010, Norman A. Pattis, Esq. appeared for the Defendants. On October 18, 2010, the Court entered a stipulated preliminary injunction against the Defendants. On November 10, 2010, the parties through counsel filed their Report of Rule 26(f) Planning Meeting, that required Defendants to file their responses, if any, to the Complaint filed on September 13, 2010, by November 15, 2010. The Court approved the parties’ Rule 26(f) Report on November 12, 2010. Defendants have failed to answer or otherwise respond to the Complaint by the November 15, 2010 deadline set forth in the Scheduling Order. Pursuant to Federal Rule of Civil Procedure 55(a), defaults were entered against Defendants by the Clerk of the Court on November 30, 2010.

The FTC has now moved this Court for entry of a judgment by default and permanent injunction against Defendants pursuant to Federal Rule of Civil Procedure 55(b)(2). Having considered the memoranda and exhibits filed in support of said motion, and having granted the FTC's motion, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

independent home workers to stuff envelopes and that Defendants also represented that they will provide the brochures and envelopes necessary to perform the offered work.

9. The Court finds that the above representations are false and misleading. Defendants do not operate a bona fide business enterprise that seeks to hire independent home workers to stuff envelopes nor do they provide the brochures and envelopes necessary to perform the offered work.

10. The Court finds that Defendants' misrepresentations are material to consumers determining whether to purchase Defendants' work-at-home opportunity and, therefore, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

11. As to Count II of the Complaint, the Court finds that in connection with the advertising, marketing, promotion, offering for sale, or sale of work-at-home opportunities, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who join their work-at-home opportunity are likely to earn substantial income.

12. The Court finds that the above representations are false and misleading. Consumers who join Defendants work-at-home opportunity are not likely to earn substantial income.

13. The Court finds that Defendants' misrepresentations are material to consumers determining whether to purchase Defendants' work-at-home opportunity and, therefore, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

14. As to Count III of the Complaint, the Court finds that in connection with the advertising, marketing, promotion, offering for sale, or sale of work-at-home opportunities, Defendants have represented, directly or indirectly, expressly or by implication, that Defendants will pay consumers a specified sum, usually \$8, per envelope they process as part of Defendants' work-at-home employment program.

15. The Court finds that the above representations are false and misleading. Defendants do not pay consumers a specified sum per envelope processed as part of Defendants' work-at-home employment program.

16. The Court finds that Defendants' misrepresentations are material to consumers determining whether to purchase Defendants' work-at-home employment program and, therefore, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

17. As to Count IV of the Complaint, the Court finds that in connection with the advertising, marketing, promotion, offering for sale, or sale of work-at-home opportunities, Defendants have represented, directly or indirectly, expressly or by implication, that Defendants will provide a refund if the consumer is not satisfied with the Defendants' work-at-home employment program.

18. The Court finds that the above representations are false and misleading. Defendants do not provide a refund if the consumer is not satisfied with the Defendants' work-at-home employment program.

19. The Court finds that Defendants' misrepresentations are material to consumers determining whether to purchase Defendants' work-at-home

employment program and, therefore, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

20. Defendants, therefore, are liable under Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), for these deceptive acts and practices.

21. The Court finds that consumers in the United States have suffered or are likely to suffer substantial monetary loss as a result of Defendants' unlawful acts or practices. In addition, Defendants have been unjustly enriched as a result of their unlawful practices.

22. This Court has authority, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to grant injunctive and other ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and disgorgement of ill-gotten monies, to prevent and remedy any violations of any provision of law enforced by the FTC.

23. Defendants' total net sales amounted to \$2,014,825.01 from the conduct alleged in the FTC's Complaint during the period from 2004 until September 2010.

24. The FTC is entitled to prejudgment interest of \$211,381.79

25. The FTC is therefore entitled to equitable monetary relief against Defendants Salatto and Global U.S. Resources, jointly and severally, in the amount of \$2,226,206.80, which is the amount of consumer injury from 2004 until September 2010.

26. The Court finds that, absent a permanent injunction, Defendants will likely violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in the future

27. The Court finds that the equities weigh in favor of granting a permanent injunction, and that such injunction is in the public interest.
28. The Court finds that Defendants are liable for equitable monetary relief.
29. This Order is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.
30. Because there is no just reason for delay, the Court expressly directs entry of this Default Final Judgment and Order.

DEFINITIONS

For purposes of this Preliminary Injunction Order (“Order”), the following definitions shall apply:

1. “Asset” means any legal or equitable interest in, right to, or claim to, any real and personal property including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, premises, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, lists of consumer names, funds, and all cash, wherever located.
2. "Assisting others" includes, but is not limited to:
 - a. performing customer service functions, including, but not limited to, receiving or responding to consumer complaints;
 - b. formulating or providing, or arranging for the formulation or provision of, any advertising, promotional or marketing material;
 - c. providing names of, or assisting in the generation of, potential customers;
 - d. performing promotional or marketing services of any kind; and

- f. acting or serving as an owner, officer, director, manager or principal of, or consultant to, any entity.
- 3. “Individual Defendant” means Louis R. Salatto.
 - 4. “Corporate Defendant” means Global U.S. Resources, also doing business as American Publishing, American Publications, American Power Publications, ESM Group, and East Shore Marketing Group, and its successors and assigns.
 - 5. “Defendants” means the Individual Defendant and the Corporate Defendant, individually, collectively, or in any combination.
 - 6. “Work-at-home Opportunity” means any program, plan, product, or service, that claims to enable a participant or purchaser to earn money or consideration while working primarily from the participant’s or purchaser’s home.
 - 7. “Document” is synonymous in meaning and equal in scope to the usage of the term in Fed. R. Civ. P. 34(a) and includes:
 - a. the original or a true copy of any written, typed, printed, electronically stored, transcribed, taped, recorded, filmed, punched, or graphic matter or other data compilations of any kind, including, but not limited to, letters, email or other correspondence, messages, memoranda, interoffice communications, notes, reports, summaries, manuals, magnetic tapes or discs, tabulations, books, records, checks, invoices, work papers, journals, ledgers, statements, returns, reports, schedules, or files; and
 - b. any electronically stored information on any desktop personal computer and workstations, laptops, notebooks, and other portable computers, whether assigned to individuals or in pools of computers

11. The terms “and” and “or” shall be construed conjunctively or disjunctively as necessary, and to make the applicable phrase or sentence inclusive rather than exclusive.

CONDUCT PROVISIONS

I.

PERMANENT BAN ON WORK-AT-HOME OPPORTUNITIES

IT IS THEREFORE ORDERED that Defendants, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, are hereby permanently restrained and enjoined from:

- A. Advertising, marketing, promoting, offering for sale, or selling any Work-at-home Opportunity; and**
- B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any Work-at-home Opportunity.**

II.

PROHIBITION AGAINST VIOLATION OF SECTION 5(a) OF THE FTC ACT

IT IS FURTHER ORDERED that Defendants, their officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, marketing, promotion, or offering for sale or sale,

of any goods or services, are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, to any potential purchaser of any goods or services, any material fact, including, but not limited to:

- A. The total cost to purchase, receive, or use, and the quantity of, any goods or services that are subject of the sales offer;
- B. Any material restrictions, limitations, or conditions to purchase, receive, or use the goods or services;
- C. Any material aspect of the nature or terms of a refund, cancellation, exchange or repurchase policy for the goods or services;
- D. The income, profits, or sales volume likely to be achieved from the goods or services; and
- E. Providing substantial assistance to any third-party to make any material misrepresentations, including, but not limited to, those misrepresentations prohibited by this Section.

III.

MONETARY JUDGMENT

- A. Judgment in the amount of \$2,226,206.80 (two million two-hundred twenty-six, two-hundred six dollars and eighty cents) is hereby entered against Defendants, jointly and severally, as equitable monetary relief, in favor of the FTC.

2. **failing to dispose of such customer information in all forms in their possession, custody, or control within thirty (30) days after entry of this Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed.**

***Provided, however,* that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency ~~and~~**

B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:

- 1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;**
- 2. having its representatives pose as consumers and suppliers to Defendants, their employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and**

C. Defendants each shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

***Provided however,* that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C.**

§§av Section 20 and 69; p

- A. For a period of five (5) years from the date of entry of this Order:**
- 1. The Individual Defendant shall notify the Commission of the following:**
 - a. Any changes in such Defendant's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;**
 - b. Any changes in such Defendant's employment status (including self-employment), and any change in such Defendant's ownership in any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that such Defendant is affiliated with, employed by, creates or forms, or performs services for; a detailed description of the nature of the business; and a detailed description of such Defendant's duties and responsibilities in connection with the business or employment; and**
 - c. Any changes in such Defendant's name or use of any aliases or fictitious names within ten (10) days of the date of such change;**
 - 2. Defendants shall notify the Commission of any changes in structure of any Corporate Defendant or any business entity that any Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations**

**such Defendant is affiliated with, employed by, or
per**

Provided that,

description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

D. Complaints and refund requests (whether received directly or indirectly, such as through a third party,) and any responses to those complaints or requests;

E. Copies of all sales scripts, training materials, advertisements, or other marketing materials; and

F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports submitted to the FTC pursuant to the Section titled "Compliance Reporting."

X.

DISTRIBUTION OF ORDER

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants shall deliver copies of the Order as directed below:

A. Corporate Defendant: The Corporate Defendant must deliver a copy of this Order to (1) all of its principals, officers, directors, and managers; (2) all of its employees, agents, and representatives who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five

(5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

B. Individual Defendant as control person: For any business that an Individual Defendant controls, directly or indirectly, or in which such Defendant has a majority ownership interest, such Defendant must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five (5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

C. Individual Defendant as employee or non-control person: For any business where an Individual Defendant is not a controlling person of a business but otherwise engages in conduct related to the subject matter of

this Order, such Defendant must deliver a copy o