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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

FEDERAL TRADE COMMISSION, Case No. _____

Plaintiff,

v.

JAMIE L. WHITE,

Defendant.

1 the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), 6102(c),
2 and 6105(b).

3
4 **DEFENDANT**

5 6. Defendant Jamie L. White resides in Utah, and in connection with
6 the matters alleged herein, transacts or has transacted business in this district and
7 throughout the United States.

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9 **COMMERCE**

10 7. At all times material to this Complaint, Defendant has maintained a
11 substantial course of trade in or affecting commerce, as “commerce” is defined in
12 Section 4 of the FTC Act, 15 U.S.C. § 44.

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14 **DEFENDANT’S BUSINESS ACTIVITIES**

15 8. Beginning sometime in March of 2015 and continuing until at least
16 February 27, 2017, Defendant and her associates orchestrated a scheme to provide
17 order fulfillment and payment processing services to telemarketing operations
18 engaged in deceptive practices. Defendant and her associates provided these
19 services to telemarketing operations owned and managed by Carl E. Morris, Jr.
20 and located primarily in and around Phoenix, Arizona (collectively,
21 “Telemarketing Operations”).

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23 9. The Telemarketing Operations deceived consumers by peddling
24 purported opportunities involving Amazon-linked websites and grants, with false
25 promises of substantial income. No consumers generated income through these
26 opportunities. Defendant knew that the Telemarketing Operations were making
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1 these false promises throughout the course of Defendant's participation in the
2 scheme.

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4 10. Defendant provided order fulfillment services to the Telemarketing
5 Operations. For consumers purchasing Amazon-linked website opportunities,
6 Defendant used a template to create nominal websites linked to Amazon.com. The
7 websites were practically indistinguishable from each other, did not function in
8 numerous instances, and were not designed to generate the web traffic necessary
9 to provide the promised income.
10

11 11. For consumers purchasing the grant opportunities, Defendant
12 provided purported training material for applying for grants. The training material
13 contained general information and could never lead to successful grant
14 applications because the grants promised to consumers did not exist.
15

16 12. In addition, Defendant participated in all of the critical decisions to
17 provide the Telemarketing Operations with straw merchant accounts to process
18 consumer credit card payments for the worthless opportunities. In order to process
19 credit card payments, a business needs a merchant account with an "acquirer" (i.e.,
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1 acquirers.

2 13. Defendant and her associates obtained the straw merchant accounts
3 by first recruiting individuals to serve as “nominees.” The nominees served as the
4 principals of straw companies in whose names the merchant accounts were
5 opened. Defendant forged financial documents to fabricate corporate histories for
6 the straw companies, and provided these documents to her associates for the
7 purpose of obtaining merchant accounts. Defendant’s associates used these
8 documents, along with
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1 straw merchant accounts into bank accounts opened by the nominees in the straw
2 companies' names. Defendant and her associates maintained the credentials to
3 control the funds deposited into these bank accounts.
4

5 16. Typically, the nominees were unsophisticated individuals who were
6 not aware that Defendant and her associates used their personal and corporate
7 information to submit merchant account applications, and did not know that the
8 Telemarketing Operations used the merchant accounts to process consumer credit
9 card payments for the worthless opportunities. The nominees received a small
10 percentage of the consumer credit card payments processed through the merchant
11 accounts for their services.
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13 17. On or about May 2, 2016, Defendant and her associates prepared and
14 submitted a merchant account application to CardFlex, Inc. d/b/a Cliq
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1 18. On or about May 18, 2016, Defendant and her associates prepared
2 and submitted a merchant account application to CardFlex using: nominee Ronald
3 Bourgard's personal information; the corporate information for Bay Harbor
4 Associates Inc., which Bourgard provided at the direction of Defendant's
5 associates; and financial documents forged by Defendant. On or about May 20,
6 2016, CardFlex processed the application and opened a merchant account with
7 Merchant Number ending in 3518. The merchant account operated under a
8 written agreement with Bay Harbor Associates Inc., BMO, and PPS, that
9 authorized only the processing of credit card transactions between Bay Harbor
10 Associates Inc. and its customers.
11

12
13 19. On or about June 13, 2016, Defendant and her associates prepared
14 and submitted an application for a merchant account to CardFlex using: nominee
15 Jack Gouverneur's personal information; the corporate information for Bay
16 Harbor Associates LLC, which Gouverneur created at the direction of Defendant's
17 associates; and financial documents forged by Defendant. On or about June 14,
18 2016, CardFlex processed the application and opened a merchant account with
19 Merchant Number ending in 4390. The merchant account operated under a
20 written agreement with Bay Harbor Associates LLC, BMO, and PPS, that
21 authorized only the processing of credit card transactions between Bay Harbor
22 Associates LLC and its customers.
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26 20. On or about June 14, 2016, Defendant and her associates prepared
27 and submitted a merchant account application to CardFlex using nominee Hugh
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1 Hubbard's personal information; the corporate information for Texport Electronic
2 Sales Company, which Hubbard created at the direction of Defendant's associates;
3 and financial documents forged by Defendant. On or about July 1, 2016, CardFlex
4 processed the application and opened a merchant account with Merchant Number
5 ending in 8895. The merchant account operated under a written agreement with
6 Texport Electronic Sale Company, BMO, and PPS, that authorized only the
7 processing of credit card transactions between Texport Electronic Sales Company
8 and its customers.
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11 21. On or about July 27, 2016, Defendant and her associates prepared
12 and submitted a second merchant account application to CardFlex using
13 Hubbard's personal information; the corporate information for Texport Electronic
14 Sales Company; and financial documents forged by Defendant. On or about
15 August 1, 2016, CardFlex processed the application and opened a merchant
16 account with Merchant Number ending in 6433. The merchant account operated
17 under a written agreement with Texport Electronic Sales Company, BMO, and
18 PPS, that authorized only the processing of credit card transactions between
19 Texport Electronic Sales Company and its customers.
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22 22. Defendant and her associates forged the nominees' signatures on
23 each of the merchant account applications identified in Paragraphs 17 to 21
24 ("Applications") and submitted the Applications without the knowledge or consent
25 of the nominees.
26

27 23. Each of the merchant accounts identified in Paragraphs 17 to 21
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1 (“Merchant Accounts”) processed consumer credit card payments for the
2 Telemarketing Operations and not the corporate entities named in the Applications
3 or the corresponding agreements with BMO and PPS.
4

5 24. Despite Defendant’s efforts to minimize chargebacks, by October
6 2016, CardFlex had notified the nominees that each of the Merchant Accounts
7 were terminated for excessively high chargeback rates (47% for the Merchant
8 Accounts, collectively).
9

10 25. Prior to terminating the Merchant Accounts, the Merchant Accounts
11 processed approximately \$3,074,000 in net consumer credit card payments for
12 deceptive products and services sold by the Telemarketing Operations.
13

14 26. Upon information and belief, Defendant and her associates obtained
15 additional fraudulent merchant accounts used to process consumer credit card
16 payments for the Telemarketing Operations, by submitting false applications and
17 causing acquirers and their payment processors to enter into agreements with
18 straw companies.
19

20 **VIOLATIONS OF THE TSR AND THE FTC ACT**

21 27. Congress directed the FTC to prescribe rules prohibiting abusive and
22 deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15
23 U.S.C. §§ 6101-6108. The FTC adopted the original Telemarketing Sales Rule in
24 1995, extensively amended it in 2003, and amended certain provisions thereafter.
25 16 C.F.R. Part 310.
26

27 28. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. §
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1 6102(c) and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of
2 the TSR constitutes an unfair or deceptive act or practice in or affecting
3 commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).
4

5 29. The TSR prohibits any person from providing substantial assistance
6 or support to any seller or telemarketer when that person knows or consciously
7 avoids knowing that the seller or telemarketer is making a false or misleading
8 statement to induce any person to pay for goods or services. 16 C.F.R. §§
9 310.3(a)(4) and (b) (prohibition against assisting and facilitating).
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11 30. The Telemarketing Operations are telemarketers under the TSR.
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1 **PRAYER FOR RELIEF**

2 Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15
3 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C. §
4 6105(b), and the Court’s own equitable powers, requests that the Court:
5

6 A. Enter a permanent injunction to prevent future violations of the FTC
7 Act and the TSR by Defendant;

8 B. Award such relief as the Court finds necessary to redress injury to
9 consumers resulting from Defendant’s violations of the FTC Act and the TSR,
10 including but not limited to, rescission or reformation of contracts, restitution, the
11 refund of monies paid, and the disgorgement of ill-gotten monies; and
12

13 C. Award Plaintiff the costs of bringing this action, as well as such
14 other and additional relief as the Court may determine to be just and proper.
15

16 Respectfully submitted,

17 David C. Shonka
18 Acting General Counsel

19 Dated: December 6, 2017

20 /s/ Hong Park
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