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US DISTRICT COURT
MIDDLE DISTRICT OF FL
ORLANDO FLORIDA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

FEDERAL TRADE COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
 DIRECT BENEFITS GROUP, LLC,)
 a Wyoming limited liability company,)
 also dba Direct Benefits Online, and)
 Unified Savings;)
)
 VOICE NET GLOBAL, LLC,)
 a Wyoming limited liability company,)
 also dba Thrifty Dial;)
)
 SOLID CORE SOLUTIONS, INC.,)
 a Utah corporation;)
)
 WKMS, INC.,)
 a Utah corporation;)
)
 KYLE WOOD, individually and as owner,)
 officer, or manager of Direct Benefits)
 Group, LLC; and WKMS, Inc., and)
)
 MARK BERRY, individually and as owner,)
 officer, or manager of Voice Net Global,)
 LLC; and Solid Core Solutions, Inc.)
)
 Defendants.)

Case No. 11-cv-1186-ERL-286JR

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of

monies paid, disgorgement of ill-gotten monies, the appointment of a receiver, and other equitable relief for Defendants' act of practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

3. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 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.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).

DEFENDANTS

6. Defendant Direct Benefits Group, LLC ("Direct Benefits"), also doing business as Direct Benefits Online and Unified Savings, is a Wyoming limited liability company with offices located in Evanston, Wyoming, and Bluffdale, Utah. Direct Benefits

transacts or has transacted business in this district and throughout the United States.

7. Defendant Voice Net Global, LLC (“Voice Net”), also doing business as Thrifty Dial, is a Wyoming limited liability company with an office located in Bluffdale, Utah, and a business address in Lake Mary, Florida. Voice Net transacts or has transacted business in this district and throughout the United States.

8. Defendant Solid Core Solutions, Inc., (“Solid Core”), is a Utah corporation with an office in Bluffdale, Utah. Solid Core transacts or has transacted business in this district and throughout the United States.

9. Defendant WKMS, Inc., (“WKMS”), is a Utah corporation with an office in Bluffdale, Utah. WKMS transacts or has transacted business in this district and throughout the United States.

10. Defendant Kyle Wood (“Wood”) is an individual who resides in Utah. At all times material to this Complaint, alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Wood, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

11. Defendant Mark Berry (“Berry”) is an individual who resides in Utah. At all times material to this Complaint, alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Berry, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

12. Defendants Direct Benefits, Voice Net, Solid Core, and WKMS (collectively “Corporate Defendants”) have operated as a common enterprise while engaging in the unfair and deceptive acts and practices alleged below. Defendants have conducted the business practices described below through an interrelated network of companies that have common ownership, managers, employees, business functions, office locations, and substantially similar sales techniques. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Wood and Berry have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

13. At all times material 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.

DEFENDANTS’ BUSINESS PRACTICES

14. Since at least September 2009, Defendants have engaged in a scheme to debit consumers’ bank accounts without their knowledge or consent. Consumers seeking payday loans often search online to secure such a loan. In the course of their search, numerous consumers find payday lending websites operated by Defendants, including, but not limited to, citywestfinancial.com, mypaydayangel.com, paydaypickup.com, juniperloans.com, northcitymutual.com, and mycashpickup.com.

15. Defendants' websites contain what appear to be online application forms for a payday loan. For example, on mypaydayangel.com, the header advertises "Get cash up to \$500 as soon as 1 hour!" and "Easy to Apply – Approved in Minutes – Cash in Your Account." A header for the citywestfinancial.com site simply states: "your payday loan specialists." Apart from the application form itself, the websites appear focused almost entirely on the payday loan and what information is needed to obtain it. However, Defendants' websites are not online applications for payday loans, but instead are vehicles to collect financial information from consumers. With this information, Defendants enroll consumers into their programs for which they charge membership fees.

16. To complete the online application, consumers are required to provide personal and financial information, such as their name, social security number, drivers license number, bank routing number, and bank account number. Towards the end of the application, Defendants include an offer for unrelated programs and services, such as the Direct Benefits discount and Voice Net calling programs. In numerous instances, consumers do not notice the offers, much less any disclosures pertaining to such offers.

17. After filling out what appears to be a payday loan application, consumers are directed to click on a "submit" or "confirm" button to complete the process and submit their application. Thereafter, consumers begin to receive emails from various payday lenders. At the same time, consumers are enrolled unwittingly into one of Defendants' programs. For example, consumers have been enrolled into the Direct Benefits discount program, which purports to provide consumers a variety of savings on gas, restaurants, travel, long distance

calling, groceries, and merchandise; and the Voice Net calling program, which purports to offer long distance calling and internet access.

18. Defendants have charged consumers various fees for membership in their programs. For example, the Direct Benefits and Voice Net programs were initially offered as continuity plans in which consumers were charged monthly fees ranging from \$39.95 to \$59.90. However, in or around January 2011, both programs changed their structure to charge an annual fee for the programs ranging from \$98.40 to \$99.90. In numerous instances, consumers do not recall seeing any offers as part of their online application. Consumers are charged for the programs even when they specifically declined the offer for enrollment.

19. Having obtained consumers' bank account information from their websites, Defendants send this information to their payment processors, including, but not limited to, Landmark Clearing, Inc., to create and deposit remotely created payment orders ("RCPOs"), which debit consumers' bank accounts as payment for the programs. These RCPOs, which are created and processed electronically, look like pre-authorized bank checks made payable to Direct Benefits or Voice Net, where, in place of the account holder's signature, there is the statement "Authorization on File." Upon receipt, the consumers' bank then processes the RCPOs as if they were ordinary checks.

20. Consumers typically do not discover that they have been enrolled in one of the Defendants' programs until they see a debit that they do not recognize on their bank statement or until they are contacted by their bank because their accounts are overdrawn as a result of the unanticipated debit. In fact, many consumers do not know who debited their

accounts or why their accounts were debited. It is only after they see a copy of the RCPO online or contact their bank for more information that consumers discover that either Direct Benefits or Voice Net is listed as the payee and that the company's toll-free customer service number is listed on the face of the instrument. Many consumers then call the toll-free number to find out why the debit was made to their account and to try to obtain a refund.

21. Defendants make it very difficult for consumers to obtain a refund. Consumers calling the toll-free numbers frequently find it difficult to reach a live representative. Usually, there is a lengthy recorded message explaining the program and, thereafter, consumers are either placed on hold for long periods of time or not provided the opportunity to leave a voicemail message. When consumers finally get through to speak with a 'real person,' the representatives routinely dismiss the consumers' complaints and tell the consumers that they signed up for the program and agreed to pay the enrollment fee.

22. In order to get a refund of their money or stop Defendants from debiting their bank accounts, many consumers have to dispute the transaction or even close their bank accounts.

23. Defendants' conduct has caused millions of dollars in consumer injury.

VIOLATIONS OF THE FTC ACT

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

25. 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 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).

UNFAIR BILLING PRACTICES

Count I

26. In numerous instances, Defendants obtain consumers' bank account information and debit those accounts without consumers' consent.

27. Defendants' actions 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.

28. Therefore, Defendants' practices as described in Paragraph 26 of this Complaint constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and 45(n).

FAILURE TO DISCLOSE

Count II

29. In numerous instances, in connection with promoting payday loans, Defendants represent, directly or indirectly, expressly or by implication, that Defendants will use consumers' bank account information for the purpose of furthering their payday loan applications.

30. In numerous instances in which Defendants have made the representation set forth in Paragraph 29 of this Complaint, Defendants have failed to disclose adequately to consumers that, in addition to using consumers' financial information for the purpose of furthering their payday loan applications, Defendants also use consumers' bank account

information to charge consumers for enrollment in programs offering products and services unrelated to the payday loan.

31. Defendants' failure to disclose adequately the material information described in Paragraph 30 above, in light of the representation described in Paragraph 29 above, constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

32. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

33. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

PRAYER FOR RELIEF

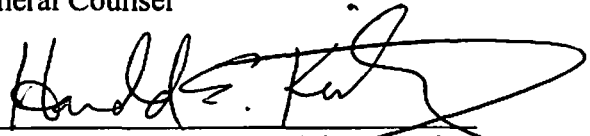
Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

- A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions, an order freezing assets, immediate access, and the appointment of a receiver;
- B. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
- D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: July 18, 2011

Respectfully submitted,

WILLARD K. TOM
General Counsel



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