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U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
SAN FRANCISCO, CALIF.

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13 FEDERAL TRADE COMMISSION

14 UNITED STATES DISTRICT COURT  
15 CENTRAL DISTRICT OF CALIFORNIA

16 FEDERAL TRADE COMMISSION,  
17  
18 Plaintiff,  
19  
20 v.

Case no. SACV10-1161 JVS(RNBx)

21 HEALTH CARE ONE LLC, an Arizona  
22 limited liability company, also d/b/a  
23 "HealthcareOne," "Americans4  
24 Healthcare," "Citizens4Healthcare,"  
25 "American Eagle Healthcare,"  
26 "EasyLife Healthcare," "Elite  
27 Healthcare," "Global Healthcare," and  
28 "Republic Healthcare";

COMPLAINT FOR PERMANENT  
INJUNCTION AND OTHER  
EQUITABLE RELIEF

AMERICANS4HEALTHCARE INC., a  
Delaware corporation;

MICHAEL JAY ELLMAN, an  
individual;

ELITE BUSINESS SOLUTIONS, INC.,  
a Nevada corporation, also d/b/a  
"EasyLife Healthcare," "Elite  
Healthcare" and "Republic Healthcare";

ROBERT DANIEL FREEMAN, a/k/a  
Dan Freeman, an individual;

Defendants.

1 Plaintiff, the Federal Trade Commission (“FTC”), for its complaint alleges:

2 1. The FTC brings this action under Sections 13(b) and 19 of the Federal  
3 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the  
4 Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing  
5 Act”), 15 U.S.C. §§ 6101-6108, to obtain temporary, preliminary, and permanent  
6 injunctive relief, rescission or reformation of contracts, restitution, the refund of  
7 monies paid, disgorgement of ill-gotten monies, the appointment of a receiver, and  
8 other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of  
9 the FTC Act, 15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales Rule (“TSR”),  
10 16 C.F.R. Part 310.

11 **JURISDICTION AND VENUE**

12 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.  
13 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and  
14 6105(b).

15 3. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c), and  
16 15 U.S.C. § 53(b).

17 **PLAINTIFF**

18 4. The FTC is an independent agency of the United States Government  
19 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC  
20 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or  
21 affecting commerce. The FTC also enforces the TSR, 16 C.F.R. Part 310, which  
22 prohibits deceptive and abusive telemarketing acts or practices.

23 5. The FTC is authorized to initiate federal district court proceedings, by  
24 its own attorneys, to enjoin violations of the FTC Act and the TSR and to secure  
25 such equitable relief as may be appropriate in each case, including rescission or  
26 reformation of contracts, restitution, the refund of monies paid, and the disgorgement  
27 of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), 56(a)(2)(B), 57b, 6102(c), and  
28 6105(b).

**DEFENDANTS**

1  
2           6.     Defendant **Health Care One LLC** (“Health Care One”), also doing  
3 business as “HealthcareOne,” “Americans4 Healthcare,” “Citizens4Healthcare,”  
4 “American Eagle Healthcare,” “EasyLife Healthcare,” “Elite Healthcare,” “Global  
5 Healthcare,” and “Republic Healthcare,” is an Arizona limited liability company  
6 with its principal place of business at 3220 S. Fair Lane, Suite 12, Tempe, Arizona  
7 85282. Health Care One transacts or has transacted business in this district and  
8 throughout the United States. At all times material to this Complaint, acting alone or  
9 in concert with others, Health Care One has advertised, marketed, distributed or sold  
10 a healthcare discount program to consumers throughout the United States.

11           7.     Defendant **Americans4Healthcare Inc.** (“Americans4Healthcare”) is a  
12 Delaware corporation with its principal place of business in Newport Beach,  
13 California. Americans4Healthcare transacts or has transacted business in this district  
14 and throughout the United States. At all times material to this Complaint, acting  
15 alone or in concert with others, Americans4Healthcare has advertised, marketed,  
16 distributed or sold a healthcare discount program to consumers throughout the  
17 United States.

18           8.     Defendant **Michael Jay Ellman** (“Ellman”) is the managing member of  
19 Health Care One and the sole director of Americans4Healthcare. At all times  
20 material to this Complaint, acting alone or in concert with others, he has formulated,  
21 directed, controlled, had the authority to control, or participated in the acts and  
22 practices of Health Care One and Americans4Healthcare, including the acts and  
23 practices set forth in this Complaint. Ellman resides in this district and, in  
24 connection with the matters alleged herein, transacts or has transacted business in  
25 this district and throughout the United States.

26           9.     Defendant **Elite Business Solutions, Inc.** (“Elite Business Solutions”),  
27 also doing business as “Elite Healthcare,” “Easy Life Healthcare,” and “Republic  
28 Healthcare,” is a Nevada corporation with its principal place of business consisting

1 of a private mail box located at Pacific Mail, 17595 Harvard Avenue, Suite C2150,  
2 Irvine, California 92614. Elite Business Solutions transacts or has transacted  
3 business in this district and throughout the United States. At all times material to  
4 this Complaint, acting alone or in concert with others, Elite Business Solutions has  
5 advertised, marketed, distributed or sold a healthcare discount program to consumers  
6 throughout the United States.

7 10. Defendant **Robert Daniel Freeman**, also known as Dan Freeman  
8 (“Freeman”), is the president, secretary, treasurer, and owner of Elite Business  
9 Solutions. At all times material to this Complaint, acting alone or in concert with  
10 others, he has formulated, directed, controlled, had the authority to control, or  
11 participated in the acts and practices of Elite Business Solutions, including the acts  
12 and practices set forth in this Complaint. Freeman resides in this district and, in  
13 connection with the matters alleged herein, transacts or has transacted business in  
14 this district and throughout the United States.

#### 15 COMMON ENTERPRISE

16 11. Health Care One and Americans4Healthcare have operated together as a  
17 common enterprise in conducting the business practices described in this Complaint.  
18 Health Care One and Americans4Healthcare are interrelated companies that have  
19 common ownership, officers, managers, and business functions. Ellman has  
20 formulated, directed, and/or controlled or had authority to control, or participated in  
21 the acts and practices of Health Care One and Americans4Healthcare that comprise  
22 the common enterprise.

#### 23 COMMERCE

24 12. At all times material to this Complaint, Defendants have maintained a  
25 substantial course of trade in or affecting commerce, as “commerce” is defined in  
26 Section 4 of the FTC Act, 15 U.S.C. § 44.

27  
28

1                                    **DEFENDANTS’ UNLAWFUL BUSINESS PRACTICES**

2            13.     Since 2006, Health Care One has been a seller and marketer of a  
3 “national healthcare discount program” which masquerades as health insurance and  
4 promises to save consumers money on their healthcare costs. Enrollment is offered  
5 at various price points, ranging from \$79.95 to \$99.95 per month, with a one-time  
6 enrollment fee typically around \$100.

7            14.     Health Care One markets this program through television and radio  
8 commercials, through Internet websites, through telemarketing, and through  
9 submarketers, operating under trade names which include “American Eagle  
10 Healthcare,” “EasyLife Healthcare,” “Elite Healthcare,” “Global Healthcare,” and  
11 “Republic Healthcare.”

12           15.     Since 2007, Elite Business Solutions has been a submarketer of Health  
13 Care One’s national healthcare discount program. It markets Health Care One’s  
14 program under the names “Elite Healthcare,” “Republic Healthcare,” and “Easy Life  
15 Healthcare” through Internet websites and through telemarketing.

16           16.     Since 2009, Americans4Healthcare has served as a sales lead generator,  
17 soliciting uninsured consumers to enroll in Health Care One’s program through  
18 television commercials, Internet websites, and telemarketing.

19           17.     Defendants have made numerous material misrepresentations to  
20 consumers in the course of marketing and selling Health Care One’s program. These  
21 misrepresentations can be grouped into five categories:

- 22            a.     that the program offered is health insurance;
- 23            b.     that the program is affiliated with, or endorsed or sponsored by, the  
24                 federal government;
- 25            c.     that enrollment in the program will result in substantial healthcare  
26                 savings to the consumer;
- 27            d.     that the consumer will be able to obtain program benefits from the  
28                 consumer’s current healthcare providers and from other healthcare

- 1 providers in the consumer's local community; and  
2 e. that Health Care One and Elite Business Solutions will refund the  
3 money the consumer has paid to enroll in the program if the consumer  
4 submits a cancellation request before the thirty-day trial period expires.  
5

6 **Representations that Health Care One's program is health insurance**

7 18. In their television commercials, radio commercials, and inbound and  
8 outbound telemarketing campaigns, Health Care One, Americans4Healthcare, and  
9 Elite Business Solutions represent that Health Care One's program is health  
10 insurance.

11 19. Health Care One's, Americans4Healthcare's, and Elite Business  
12 Solutions' telemarketers represent that Health Care One's program is health  
13 insurance. In some cases, the telemarketers make the representation explicitly, using  
14 the term "insurance" to describe the program. In other cases, the telemarketers use  
15 terms typically associated with health insurance, such as "premiums," "co-pays,"  
16 "deductibles," and "coverage."

17 20. Health Care One's and Americans4Healthcare's advertisements also  
18 lead consumers to believe that Health Care One's program is health insurance by  
19 referring extensively to health insurance and President Obama's national healthcare  
20 reform agenda.

- 21 a. Health Care One's and Americans4Healthcare's television commercials,  
22 for example, are styled to appear as an "emergency broadcast" which  
23 "interrupts" regularly-scheduled television programming to announce  
24 the latest developments in President Obama's healthcare reform agenda  
25 to provide nationwide universal health insurance. These commercials  
26 are expressly addressed to "*uninsured Americans.*" They highlight the  
27 documented harm that consumers will suffer if they do not have access  
28

1 to health insurance.

- 2 b. In one of its typical television commercials, Health Care One states as  
3 follows:

4 *The New York Times* reported that having no insurance leads to  
5 poor health and lack of early detection of potentially fatal  
6 conditions. Stop putting your health at risk. Start protecting  
7 yourself and your family today.

- 8 c. One of the television commercials for Americans4Healthcare and  
9 Health Care One (identifying itself in the commercials as “Citizens 4  
10 Healthcare”) begins with the following announcement: “*We interrupt*  
11 *this program with an important health care bulletin.*” It then shows a  
12 video of a portion of President Obama’s September 9, 2009 remarks on  
13 healthcare to a joint session of Congress, in which the President states:  
14 “. . . and show the American people that we can still do what we were  
15 sent here to do. Now’s the time to deliver on health care.” An  
16 unidentified announcer then states that there is “*immediate availability*”  
17 of a healthcare plan “*for all uninsured Americans.*”

18 21. Health Care One’s radio commercials also convey the impression that  
19 Health Care One’s program is health insurance. One radio commercial describes  
20 Health Care One’s program as a “national family health care plan.” The radio  
21 commercial begins by announcing: “*Good news for uninsured Americans – now a*  
22 *national family health care plan for under three dollars a day.*” Both the television  
23 and radio commercials lead consumers to reasonably believe that the program being  
24 offered is health insurance.

25 22. Health insurance generally involves an arrangement between an  
26 insurance company and a consumer in which the insurance company agrees to pay a  
27 substantial portion of the healthcare expenses that the consumer might incur in  
28 exchange for payment from the consumer. Under Health Care One’s program, in

1 contrast, the consumer pays Defendants for access to purportedly pre-negotiated  
2 discounts on healthcare services and products. Health Care One does not pay the  
3 healthcare providers any portion of the consumer's healthcare expenses. The  
4 consumer is responsible for paying the healthcare providers the entire discounted fee.

5 23. Healthcare One's program is not health insurance, a fact that many  
6 consumers do not realize until after they pay the enrollment fees, receive written  
7 program materials in the form of a pamphlet and "membership cards" in the mail,  
8 and review those materials. The pamphlet includes the following disclosure: "THIS  
9 PLAN IS NOT HEALTH INSURANCE."

10 **Representations that Health Care One's program is**  
11 **affiliated with, or endorsed or sponsored by, the federal government**

12 24. Health Care One and Americans4Healthcare (holding themselves out as  
13 "Health Care One," "Americans4Healthcare," and "Citizens 4 Healthcare") represent  
14 that Health Care One's program is affiliated with, or endorsed or sponsored by, the  
15 federal government through their television commercials, their telemarketing, and  
16 the websites [www.americans4healthcare.com](http://www.americans4healthcare.com), [www.a4hrx.com](http://www.a4hrx.com), and  
17 [www.citizens4healthcare.com](http://www.citizens4healthcare.com).

18 25. Many consumers are first introduced to the idea that Health Care One's  
19 program is a government program by Health Care One's and  
20 Americans4Healthcare's television commercials. Health Care One's and  
21 Americans4Healthcare's television commercials are styled as an "emergency  
22 broadcast" which "interrupts" regularly-scheduled television programming to  
23 announce the latest developments in President Obama's healthcare reform agenda.  
24 One of Health Care One's television commercials describes its program as a  
25 "*national healthcare discount program*" with "*daily registration limits.*" A similar  
26 theme is incorporated into an Americans4Healthcare's commercial, which begins by  
27 announcing: "*We interrupt this program with an important health care bulletin.*" It  
28 then shows an excerpt of President Obama's September 9, 2009 remarks on



1 healthcare to a joint session of Congress, in which the President states: “. . . *and*  
2 *show the American people that we can still do what we were sent here to do. Now’s*  
3 *the time to deliver on healthcare.*” An announcer then breaks in to offer limited but  
4 “*immediate availability of an affordable healthcare discount plan for all uninsured*  
5 *Americans.*” This narration is accompanied by images of President Obama, the  
6 American bald eagle, and the Capitol Building.

7 26. Citizens 4 Healthcare’s television commercial goes even further, by  
8 implying that it has been authorized by the federal government to offer Health Care  
9 One’s program. The commercial begins with the announcement: “*Breaking*  
10 *Healthcare News - This is a Healthcare Alert for all uninsured Americans.*” It then  
11 features a different excerpt of President Obama’s September 9, 2009 remarks to  
12 Congress, in which the President states: “*No American should be without healthcare.*  
13 *. . . No one should go broke because they get sick. That is heartbreaking, it is wrong*  
14 *and no one should be treated that way in the United States of America.*” A  
15 spokesperson then breaks in, to announce that Citizens 4 Healthcare “*is now*  
16 *authorized to offer*” the program. Like Americans4Healthcare’s commercial, this  
17 commercial is also accompanied by images of President Obama, the American bald  
18 eagle, and the Capitol Building.

19 27. Health Care One’s, Americans4Healthcare’s, and Elite Business  
20 Solutions’ telemarketers also represent that Health Care One’s program is affiliated  
21 with, or endorsed or sponsored by, the federal government. The specific  
22 representations that Defendants’ telemarketers make vary but include describing the  
23 program as part of the “Obama/Biden healthcare package.”

24 28. Health Care One’s and Americans4Healthcare’s websites similarly  
25 imply that Health Care One’s program is affiliated with, or endorsed or sponsored  
26 by, the federal government. Like their television commercials, these websites are  
27 designed to resemble an “official” news bulletin. The website  
28 [www.americans4healthcare.com](http://www.americans4healthcare.com) prominently displays images of the White House,

1 the American bald eagle, and the American flag, and reads as follows:

2 *HEALTHCARE BULLETIN! AMERICANS4HEALTHCARE ANNOUNCES*  
3 *IMMEDIATE AVAILABILITY OF AN AFFORDABLE HEALTHCARE*  
4 *DISCOUNT PLAN FOR ALL UNINSURED AMERICANS.” Over 500,000*  
5 *Healthcare Providers nationwide – Doctors, Hospitals, Dentists &*  
6 *Pharmacies – are now joined with Americans 4 Healthcare to bring you*  
7 *quality Healthcare Protection at 20 to 60% savings for UNDER \$3 A DAY.*  
8 *CLICK TO CALL NOW. ENTER YOUR PHONE NUMBER BELOW ... We will*  
9 *call you in 15 Seconds or less.*

10 29. The website [www.citizens4healthcare.com](http://www.citizens4healthcare.com) includes the same  
11 “Healthcare Bulletin!” and prominently displays images of President Obama with the  
12 quote: “*No one should go broke if they get sick,*” the American flag, and the Statue  
13 of Liberty.

14 30. Defendants’ advertisements lead consumers to reasonably believe that  
15 Health Care One’s program is affiliated with, or endorsed or sponsored by, the  
16 federal government. It is not.

### 17 **Savings claims**

18 31. A central theme of Defendants’ marketing campaign is that Health Care  
19 One’s program will save consumers significant amounts of money.

20 32. Health Care One’s and Americans4Healthcare’s television commercials,  
21 for example, are addressed to the millions of “uninsured Americans” and represent  
22 their program as “an affordable national healthcare discount program that can save  
23 you 20-60% on doctors, hospitals, labs, prescription drugs, and more.” Citizens 4  
24 Healthcare’s television commercial couples this savings claim with a video featuring  
25 President Obama’s September 9, 2009 remarks on healthcare to Congress, where he  
26 asserts:

27 *No American should be without healthcare. . . . No one should go broke*  
28 *because they get sick. That is heartbreaking, it is wrong and no one*

1        *should be treated that way in the United States of America.*

2        33. Health Care One's radio commercial and the websites,  
3 [www.americans4healthcare.com](http://www.americans4healthcare.com) and [www.citizens4healthcare.com](http://www.citizens4healthcare.com), all claim that  
4 Health Care One's program will save consumers "up to 60% on doctors, hospitals,  
5 dental, RX and more." Other websites ([www.healthcareone.com](http://www.healthcareone.com),  
6 [www.elitehealthcareinc.com](http://www.elitehealthcareinc.com), [www.republichealthcare.com](http://www.republichealthcare.com), and  
7 [www.easylifehealthcare.com](http://www.easylifehealthcare.com)) operated by Health Care One and Elite Business  
8 Solutions also contain material representations about the savings which consumers  
9 will achieve through the program. These websites claim savings of up to 50%.  
10 Similarly, the website [www.a4hrx.com](http://www.a4hrx.com) represents that its free "national Rx discount  
11 card" will provide savings of "20-60%" at "[o]ver 60,000 Retail Pharmacies."

12        34. Health Care One's and Elite Business Solutions' telemarketers go even  
13 further, claiming that Health Care One's program will provide consumers with  
14 savings of "at least 60%" and even 80%-90%.

15        35. In fact, consumers are unable to realize the purported savings touted by  
16 Defendants. After enrolling in Health Care One's program, consumers receive lists  
17 of local participating providers from the Defendants. Defendants' lists of local  
18 participating providers include doctors who cannot be located because the contact  
19 information is incorrect and doctors who do not participate in Health Care One's  
20 program and will not honor its purported discounts. Additionally, consumers who  
21 attempt to use Health Care One's program at pharmacies find that the pharmacies  
22 also do not honor the purported discounts.

23  
24                    **Representation that**  
25                    **Health Care One's network includes consumers'**  
26                    **current healthcare providers and other**  
27                    **healthcare providers in consumers' local communities**

28        36. During the telemarketing calls, Defendants' telemarketers specifically  
29 assure consumers that their current doctors are in Health Care One's network. These  
30 representations lead consumers to reasonably believe that they will be able to obtain

1 discounted healthcare services from their current doctors through Health Care One's  
2 program.

3 37. Defendants' telemarketers also represent to consumers that the  
4 program's network includes physicians practicing in the consumers' local  
5 communities, and that any doctor in Blue Cross/Blue Shield's network is also  
6 available through Health Care One's network. These representations lead consumers  
7 to reasonably believe that Health Care One's program will enable them to obtain  
8 discounted healthcare services from a local doctor.

9 38. Defendants make similar representations about the broad availability of  
10 healthcare providers in their television commercials, radio advertisements, and  
11 websites. There, Defendants represent that the size of their network of healthcare  
12 providers ranges from 500,000 to "over 900,000 healthcare provider locations."  
13 These representations contribute to the impression formed by consumers that Health  
14 Care One's program is usable in the consumers' local communities.

15 39. These representations are false. After enrolling in Health Care One's  
16 program, consumers learn that their doctors are not part of the network and will not  
17 honor the purportedly pre-negotiated discounts. Consumers also learn that  
18 Defendants' lists of participating providers include doctors who cannot be located  
19 because the contact information is incorrect and doctors who do not participate in  
20 Health Care One's program and will not honor its purported discounts. Finally,  
21 Health Care One's purported network of healthcare providers is not the Blue  
22 Cross/Blue Shield network of healthcare providers.

23  
24 **Representations regarding  
cancellation and refund practices**

25 40. Health Care One and Elite Business Solutions offer consumers a 100%  
26 satisfaction money-back guarantee. This guarantee is published on their websites, at  
27 [www.healthcareone.com](http://www.healthcareone.com), [www.elitehealthcareinc.com](http://www.elitehealthcareinc.com),  
28 [www.republichealthcare.com](http://www.republichealthcare.com), and [www.easylife.com](http://www.easylife.com). The Health Care One

1 website, as of February 2010, states its “Guarantee” as follows:

2       100% Satisfaction or Your Money Back! HealthcareOne™ is so  
3       confident you will see significant savings with our program, we offer an  
4       unconditional 30-day money-back guarantee on your entire first  
5       month’s payment.\*

6 The bottom of the webpage includes additional fine print language relating, *inter*  
7 *alia*, to Health Care One’s and Elite Business Solutions’ cancellation and refund  
8 policy:

9       \* . . .You have the right to cancel within the first 30 days after receipt of  
10       membership materials and receive a full refund, less a nominal  
11       processing fee.

12 Their other websites, [www.elitehealthcareinc.com](http://www.elitehealthcareinc.com), [www.republichealthcare.com](http://www.republichealthcare.com),  
13 and [www.easylife.com](http://www.easylife.com), contain the same or similarly-worded guarantees.

14       41. Health Care One’s and Elite Business Solutions’ telemarketers make  
15 similar representations regarding their cancellation and refund policy. Some of the  
16 telemarketers represent that consumers may cancel for a “full refund” within 30 days  
17 of receiving the program materials. These telemarketers do not disclose that the  
18 refund would be reduced by a nominal processing fee.

19       42. When consumers realize that Health Care One’s program is not as  
20 advertised, they find that Health Care One and Elite Business Solutions make it very  
21 difficult to obtain refunds. Calls to cancel their enrollments and obtain refunds are  
22 directed to Health Care One’s customer service representatives, who handle the  
23 customer service functions for both Health Care One and Elite Business Solutions.  
24 Health Care One and Elite Business Solutions delay the processing of refunds for  
25 months and require consumers to satisfy unreasonable conditions. Even after such  
26 delays, typically consumers are either not able to obtain any refund whatsoever or  
27 only obtain a refund from which a substantial processing fee (approximately \$100)  
28 has been retained.

1 **Ellman's Role**

2 43. Ellman is the managing member of Health Care One. He holds himself  
3 out as Health Care One's president and chief executive officer. He has entered into  
4 contracts on Health Care One's behalf. Ellman controls Health Care One's bank  
5 accounts. He is also Health Care One's contact person for responding to consumer  
6 complaints filed with the Better Business Bureau.

7 44. Ellman arranged for the incorporation of Americans4Healthcare and is  
8 the company's sole director.

9 45. Ellman controls the television advertising, radio advertising, and  
10 telemarketing operations of Health Care One, Americans4Healthcare, and Citizens 4  
11 Healthcare. Through a partnership under his control, Ellman is the registration  
12 contact for many of the Internet domain names used by Defendants, including  
13 [www.healthcareone.com](http://www.healthcareone.com), [www.americans4healthcare.com](http://www.americans4healthcare.com), [www.a4hrx.com](http://www.a4hrx.com),  
14 [www.citizens4healthcare.com](http://www.citizens4healthcare.com), and [www.republichealthcare.com](http://www.republichealthcare.com).

15 46. Ellman is jointly and severally liable for the conduct of Health Care One  
16 and Americans4Healthcare because he has the authority to control and direct the  
17 companies' activities; has participated in those activities; and has had knowledge of  
18 the companies' misrepresentations and other misconduct.

19 **Freeman's Role**

20 47. Freeman is the owner and sole officer and director of Elite Business  
21 Solutions. He has entered into contracts on Elite Business Solutions' behalf. He  
22 controls financial accounts in the name of Elite Business Solutions doing business as  
23 "Easy Life Healthcare," "Elite Healthcare," and "Republic Healthcare." He controls  
24 Elite Business Solutions' telemarketing operations, including serving as the contact  
25 person for the telephone service provider of Elite Business Solutions' telephone  
26 lines. He has also recorded fictitious business name statements in Orange County,  
27 California, for Elite Business Solutions to do business as "Elite Healthcare Group"  
28 and "Republic Healthcare." Freeman is the registration contact for Elite Business

1 Solutions' various Internet domain names.

2 48. Freeman is jointly and severally liable for the conduct of Elite Business  
3 Solutions because he has the authority to control and direct the company's activities;  
4 has participated in those activities; and has had knowledge of the company's  
5 misrepresentations and other misconduct.

6 **VIOLATIONS OF THE FTC ACT**

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

9 50. Misrepresentations or deceptive omissions of material fact constitute  
10 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

11 **Count 1: Misrepresentations**

12 51. In numerous instances in connection with the advertising, marketing,  
13 promotion, offering for sale, or sale of Health Care One's national healthcare  
14 discount program, Defendants have represented, directly or indirectly, expressly or  
15 by implication, that:

- 16 a. the program is health insurance;
- 17 b. the program is affiliated with or endorsed or sponsored by the federal  
18 government;
- 19 c. enrollment in the program will result in substantial healthcare savings to  
20 the consumers;
- 21 d. consumers will be able to obtain program benefits from consumers'  
22 current healthcare providers and from other healthcare providers in the  
23 consumers' local communities; and/or
- 24 e. Defendants will provide a full refund, subject to no or only a nominal  
25 processing fee, if the consumer submits a cancellation request before the  
26 thirty-day trial period expires.

1 52. In truth and in fact:

2 a. the program is not health insurance;

3 b. the program is not affiliated with or endorsed or sponsored by the  
4 federal government;

5 c. enrollment in the program does not result in substantial healthcare  
6 savings to the consumers;

7 d. consumers are not able to obtain program benefits from consumers'  
8 current healthcare providers and from other healthcare providers in the  
9 consumers' local communities; and

10 e. Defendants do not provide a full refund and retain a substantial  
11 processing fee if the consumer submits a cancellation request before the  
12 thirty-day trial period expires.

13 53. Therefore, Defendants' representations as set forth in Paragraph 51 are  
14 false and misleading and constitute deceptive acts or practices in violation of Section  
15 5(a) of the FTC Act, 15 U.S.C. § 45(a).

16 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

17 54. The FTC promulgated the Telemarketing Sales Rule, 16 C.F.R. Part  
18 310, pursuant to Section 6102(a) of the Telemarketing Act, 15 U.S.C. § 6102(a).  
19 The Rule became effective on December 31, 1995, and was amended in 2003.

20 55. Section 310.3(a) of the Telemarketing Sales Rule prohibits  
21 telemarketers and sellers from, *inter alia*, misrepresenting, directly or by implication,  
22 in the sale of goods or services:

23 a. any material aspect of the performance, efficacy, nature, or central  
24 characteristics of goods or services that are the subject of a sales offer  
25 (16 C.F.R. § 310.3(a)(2)(iii)); and

26 b. any material aspect of the nature or terms of the seller's refund or  
27 cancellation policies (16 C.F.R. § 310.3(a)(2)(iv)).

28 56. Defendants are "sellers" or "telemarketers" engaged in "telemarketing,"



1 as those terms are defined in the amended Telemarketing Sales Rule (16 C.F.R.  
2 §§ 310.2(z), (bb), and (cc)).

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

7  
8 **Count 2: Misrepresentations relating to material aspects of**  
9 **Health Care One's national healthcare discount program**

10 58. In numerous instances, in connection with the telemarketing of Health  
11 Care One's national healthcare discount program, Defendants have misrepresented,  
12 directly or by implication, material aspects of the performance, efficacy, nature, or  
13 central characteristics of the program, including that:

- 14 a. the program is health insurance;
- 15 b. enrollment in the program will result in substantial healthcare savings to  
16 the consumer; or
- 17 c. consumers will be able to obtain program benefits from consumers'  
18 current healthcare providers and from other healthcare providers in the  
19 consumers' local communities,

20 thereby violating Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

21 **Count 3: Misrepresentations regarding**  
22 **refund or cancellation policies**

23 59. In numerous instances, in connection with the telemarketing of Health  
24 Care One's national healthcare discount program, Defendants have misrepresented,  
25 directly or by implication, material aspects of the nature or terms of the seller's  
26 refund or cancellation policies, including that Defendants will provide a full refund,  
27 subject to no or only a nominal processing fee, if the consumer submits a  
28 cancellation request before the thirty-day trial period expires, thereby violating  
Section 310.3(a)(2)(iv) of the TSR, 16 C.F.R. § 310.3(a)(2)(iv).

1 **CONSUMER INJURY**

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

7 **THIS COURT’S POWER TO GRANT RELIEF**

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

15 62. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the  
16 Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as  
17 the Court finds necessary to redress injury to consumers resulting from Defendants’  
18 violations of the Telemarketing Sales Rule, including rescission or reformation of  
19 contracts, and the refund of money.

20 **PRAYER FOR RELIEF**

21 63. Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC  
22 Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C.  
23 § 6105(b), and the Court’s own equitable powers, requests that the Court:

- 24 a. Award Plaintiff such preliminary injunctive and ancillary relief as may  
25 be necessary to avert the likelihood of consumer injury during the  
26 pendency of this action and to preserve the possibility of effective final  
27 relief, including but not limited to a temporary restraining order, a  
28 preliminary injunction, an order freezing assets, immediate access to

1 business premises, and appointment of a receiver;

2 b. Enter a permanent injunction to prevent future violations of the FTC  
3 Act and the TSR by Defendants;


4 c. Award such relief as the Court finds necessary to redress injury to  
5 consumers resulting from Defendants' violations of the FTC Act and the  
6 TSR, including, but not limited to, rescission or reformation of  
7 contracts, restitution, the refund of monies paid, and the disgorgement  
8 of ill-gotten monies; and

9 d. Award Plaintiff the costs of bringing this action, as well as such other  
10 and additional equitable relief as the Court may determine to be just and  
11 proper.

12  
13 Dated: August 3, 2010

Respectfully submitted,

14 WILLARD K. TOM  
15 General Counsel

16   
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