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    FEDERAL TRADE COMMISSION
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                         UNITED STATES DISTRICT COURT
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                       CENTRAL DISTRICT OF CALIFORNIA
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     FEDERAL TRADE COMMISSION,
                                                 SACV11-01537 DOC (JPRx)
10
                              Plaintiff.
11
                                              Case No.
                        ν.
12
                                              COMPLAINT FOR PERMANENT INJUNCTION AND OTHER
     FRONTIER PUBLISHING, INC., a
     corporation, also d/b/a American Data
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                                              EQUITABLE RELIEF
     Group; and
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     WILLIAM J. CLAYTON, individually
     and as an officer of Frontier Publishing,
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     Inc.,
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                              Defendants.
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Plaintiff, the Federal Trade Commission ("FTC"), for its complaint alleges:

The FTC brings this action under Section 13(b) of the Federal Trade 1. Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain permanent injunctive relief, rescission of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in connection with the selling of employment products or services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

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

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3. Venue in the Central District of California is proper under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff Federal Trade Commission is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce. 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).

DEFENDANTS

- 5. Defendant Frontier Publishing, Inc. ("Frontier") is a California corporation with its principal place of business at 810 E. Montecito Street, Santa Barbara, California. Frontier has done or is doing business as American Data Group. Frontier transacts or has transacted business in this district and throughout the United States. At all times material to this Complaint, Frontier, acting alone or in concert with others, has advertised, marketed, distributed, or sold employment products or services to consumers throughout the United States.
- 6. Defendant William J. Clayton ("Clayton") is the owner, principal and manager of Frontier. Clayton has done or is doing business as American Data Group. Individually or in concert with others, he directs, controls, formulates or participates in the acts and practices set forth in this Complaint. He resides, transacts, or has transacted business in this district.

COMMERCE

7. 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.

illustrative of Defendants' advertisements:

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DEFENDANTS' BUSINESS PRACTICES

Since at least 2007, Defendants have conducted a nationwide

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advertising and telemarketing scheme to sell purported employment products or services to consumers residing throughout the United States. 9. Defendants place classified advertisements in the employment

sections of local newspapers located throughout the United States. They also place advertisements on employment websites, such as www.careerbuilder.com and www.employmentguide.com. The advertisements announce the availability of government jobs, and invite consumers to call for information. The following is

"FEDERAL AND STATE GOVERNMENT JOBS

Earn \$12.00 to \$48.00 Per Hour

- Full Medical and Dental Benefits
- Paid Training
- Job Security
- Career Positions

MANY FEDERAL/STATE POSITIONS HIRING NOW

In areas like Clerical, Administrative, Law Enforcement, Homeland

Security, Healthcare, Accounting, Finance, Public Relations,

Construction, Ecommerce, Aviation, Manufacturing, Transportation,

Wildlife/Park Service and more!

FT/PT available

Call Toll Free 7 Days

1-800-858-1517 EXT 1202"

10. When consumers call the telephone number, Defendants state that for a \$69 fee, they can provide consumers with access to information, applications, and job listings for all of the federal jobs, from entry level to advanced positions,

Complaint

that are available in the consumer's geographic area. Many of Defendants' telemarketers justify the \$69 fee by stating that consumers will receive federal job listings that are not available to the general public because the United States does not advertise the positions.

- 11. Defendants tell consumers that the pay for federal jobs ranges from \$12 to \$48 per hour. Many of Defendants' telemarketers also tell consumers not to worry about meeting the minimum job qualification requirements in the job listing, because most or all of the federal jobs come with paid training for new employees.
- 12. Defendants state that, once the consumer receives the materials, the consumer simply needs to review them, find the federal job listings that interest the consumer, and start applying. Many of Defendants' telemarketers also advise that consumers can set up interviews for the jobs they are interested in by calling a telephone number that Defendants will provide with the materials.
- 13. Defendants also tell consumers that they will provide practice questions and answers for the "Federal Employment Test." Defendants state that this material is important because the higher one scores on this test, the higher one's starting pay will be. Many of Defendants' telemarketers state that this test is required for most, if not all, federal jobs.
- 14. After receiving a consumer's payment, Defendants ship a packet of information that includes (1) a one-page cover letter; (2) a spreadsheet containing currently-open job listings within the customer's geographic area (typically the consumer's home state); and (3) an approximately 119-page booklet titled "Federal Employment Resource Workbook" ("the booklet").
- 15. The job information that Defendants provide to consumers is available to the general public, free of charge, on www.usajobs.gov, the United States government's official website for federal jobs. The www.usajobs.gov website contains general information about all aspects of federal employment and

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also provides detailed, up-to-date information for each open position, including the position's duties, educational and other requirements, how and where to apply, and whom to contact for more information.

- 16. Defendants' spreadsheet of job listings contains excerpts from www.usajobs.gov. For each job listing, Defendants' spreadsheet provides only the following information: (1) the position (e.g., "Administrative Support Clerk"); (2) the salary range (e.g., "From \$25,797 to \$43,412 USD per year"); (3) the announcement number (e.g., "ADS07-R5-ADMNSUPPCLK-0405DP"); (4) the location (e.g., "US-Nationwide"); and (5) the contact person or organization (e.g., "ASC HCM Staffing"). The Defendants do not provide sufficient information for consumers to determine their suitability for a position or instructions about applying for any of the positions. Rather, the bottom of each page instructs consumers to "Call our support team @ (805) 560-6102 for application instructions on any of these positions or for additional research."
- 17. The Defendants' booklet contains general information about working for the federal government, including pay and benefits, teleworking, programs for students, and working overseas. The booklet also includes a brief description of using www.usajobs.gov to identify actual job openings. The booklet also provides a list of the names, addresses, and telephone numbers of state and local employment offices.
- 18. The booklet also contains alleged sample questions and answers for the Unites States Postal Service Test, as well as for a "Verbal Task Test" and a "Clerical Task Test." The booklet states that most federal jobs do not require any written test as a condition of employment.
- 19. When consumers call Defendants for further assistance with their job search, Defendants' customer service department simply searches www.usajobs.gov, and mails, faxes, or emails the search results to consumers.

Complaint

DEFENDANTS' VIOLATIONS OF THE FTC ACT

- 20. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."
- 21. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I

- 22. In numerous instances in connection with the advertising, marketing, promotion, offering for sale or sale of employment products or services, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants' employment products or services are highly likely to obtain employment with a federal agency, including, but not limited to, by representing that
 - a. Defendants have access to federal job listings that are not available to the general public;
 - Defendants will provide consumers with detailed listings of currently available federal jobs, along with the information and materials necessary to apply for those jobs;
 - c. Defendants will provide consumers with sample questions and answers to improve their scores on the standardized employment exams used by most or all federal agencies mentioned in Defendants' ads and sales pitches; and
 - d. Most or all of the federal agencies in Defendants' ads and sales pitches will hire individuals who lack the minimum stated qualifications and will then provide paid training.
- 23. In truth and fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 22 of this Complaint, consumers who purchase Defendants' employment products or services are not highly likely to obtain employment with the Federal Government because, among other things,

- a. All job listings and other information provided by Defendants is readily available to the general public, at no charge, on www.usajobs.gov;
- Defendants do not provide consumers with detailed information about currently available federal jobs or the information necessary to apply for the position and, in most cases, do not even identify the federal agencies offering the positions;
- c. Most federal agencies mentioned in Defendants' ads and sales pitches do not require job applicants to take a standardized employment exam to obtain employment; and
- d. Most federal agencies mentioned in Defendants' ads and sales pitches will not hire job applicants who lack the minimum stated job qualifications.
- 24. Therefore, Defendants' representation as set forth in paragraph 22 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45 (a).

CONSUMER INJURY

25. Consumers throughout the United States have been injured and will continue to be injured by Defendants' violations of the FTC Act as set forth above. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and 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

26. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other relief as the Court may deem appropriate to halt violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including

Complaint

rescission or reformation of contracts, restitution, the refund of moneys 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, 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. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;
- B. 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, the rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
- C. 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: _	10/4/11	 Respectfully submitted
		WILLARD K. TOM

General Counsel

DAVID M. NEWMAN
Attorney for Plaintiff

Federal Trade Commission

Complaint

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Newman

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA CIVIL COVER SHEET

					RSHEET	_					
I (a) PLAINTIFFS (Check box if you are representing yourself □) Federal Trade Commission					DEFENDANTS Frontier Publishing Co., Inc., and William J. Clayton						
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) David M. Newman, Federal Trade Commission 901 Market Street, Suit 570, San Francisco, CA 94103 1-415-848-5100				representing	Attorneys (If Known) Robert M. Sanger and Stephen K. Dunkle, Sanger & Swysen 125 East De La Guerra Street, Suite 102 Santa Barbara, CA 93101 1-805-962-4887						
II. BASIS OF JURISDICTIO	N (Place	an X in one box only.)						For Diversity Case:	s Only		
1 U.S. Government Plaintiff								PTF	DEF □ 4		
☐ 2 U.S. Government Defendant ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)					other State						
				Citizen or Subje	ct of a Fon	eigh Country E	13 [13	Foreign Nation		□ 6	□6
IV. ORIGIN (Place an X in one box only.) IV Original 2 Removed from 3 Remanded from 4 Reinstated or 5 Transferred from another district (specify): 6 Multi- 7 Appeal to District D											
CLASS ACTION under F.R.O				·	•	EMANDED IN	•	A TRUTT- C			
											-
VI. CAUSE OF ACTION (Cit 15 USC 45(a) and 53(b)			ch you	are filing and wri	e a brief st	latement of caus	2. Do not o	cite jurisdictional st	atutes unless dive	ersity.)	
VIL NATURE OF SUIT (Plan	ce an X	in one box only.)									
			I								
□ 400 State Reapportionment □ 410 Antitrust □ 430 Banks and Banking □ 450 Commerce/ICC Rates/etc. □ 460 Deportation □ 470 Racketeer Influenced and Corrupt Organizations □ 480 Consumer Credit □ 490 Cable/Sat TV □ 810 Selective Service □ 850 Securities/Commoditiess Exchange □ 875 Customer Challenge 12 USC 3410 □ 890 Other Statutory Actions □ 891 Agricultural Act □ 892 Economic Stabilization Act □ 893 Environmental Matters □ 894 Energy Allocation Act □ 895 Freedom of Info. Act □ 900 Appeal of Fee Determination Under Equal Access to Justice □ 950 Constitutionality of State Statutes	☐ 120 ☐ 130 ☐ 140 ☐ 150 ☐ 151 ☐ 152 ☐ 160 ☐ 195 ☐ 195 ☐ 210 ☐ 220 ☐ 230 ☐ 240 ☐ 245	Veterans) Recovery of Overpayment of Veteran's Benefits Stockholders' Suits Other Contract Contract Product Liability Franchise EATEROPERTY Land Condemnation Foreclosure Rent Lease & Ejectment Torts to Land	□ 310 □ 320 □ 330 □ 340 □ 345 □ 360 □ 362 □ 363 □ 368 □ 368 □ 368	TORTS RSONAL INJURY Airplane Product Liability Assault, Libel & Slander Fed. Employers Liability Marine Marine Product Liability Motor Vehicle Product Liability Other Personal Injury Personal Injury Product Liability Asbestos Person Injury Product Liability MMIGRATION Naturalization Application Habeas Corpus- Alien Detainee Other Immigrati Actions	370 371	PERSONAL PROPERTY Other Fraud Truth in Lendi Other Persona Property Dam Product Liabil ANKRORTCY Appeal 28 US: 158 Withdrawal 28 USC 157 WILL TIGHTS Voting Employment Housing/Accommodations Welfare American with Disabilities - Cher Other Civil Rights	ng	PRISONER PETITIONS Motions to Vacate Sentence Habeas Corpus General Death Penalty Mandamus' Other Civil Rights Prison Condition ORFELTURE! PENALTY Agriculture Other Food & Drug Drug Related Seizure of Property 21 USC 881 Liquor Laws R.R. & Truck Airline Regs Occupational Safety /Health Other	TAB	Agmt. Agmt. Agmt. Agmt. Agmt. Agmt. Agmt. Agmt. Apmt. Algmt. Algmt.	Act ITS 2 ITS 2 ITS 2 ITS 2 ITS 2 ITS 3

FOR OFFICE USE ONLY: Case Number: SACV11-01537 DOC (JPRx))

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

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UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has If yes, list case number(s):	this action been pr	eviously filed in this court an	d dismissed, remanded or closed? ☑ No □ Yes			
VIII(b). RELATED CASES: Have If yes, list case number(s):	any cases been pre	viously filed in this court tha	It are related to the present case? No 🗆 Yes			
□c. I	Arise from the same Call for determination for other reasons we	or closely related transaction on of the same or substantial ould entail substantial duplic	ns, happenings, or events; or ly related or similar questions of law and fact; or ation of labor if heard by different judges; or <u>and</u> one of the factors identified above in a, b or c also is present.			
IX. VENUE: (When completing the	following informati	on, use an additional sheet if	necessary.)			
			f other than California; or Foreign Country, in which EACH named plaintiff resides. this box is checked, go to item (b).			
County in this District:*			California County outside of this District; State, if other than California; or Foreign Country			
			f other than California; or Foreign Country, in which EACH named defendant resides. If this box is checked, go to item (c).			
County in this District:*			California County outside of this District; State, if other than California; or Foreign Country			
Santa Barbara (both defendants)						
(c) List the County in this District; (Note: In land condemnation ca			f other than California; or Foreign Country, in which EACH claim arose.			
County in this District:*			California County outside of this District; State, if other than California; or Foreign Country			
* Los Augeles, Orange, San Bernan Note: In land condemnation cases, use		tract of land involved				
X. SIGNATURE OF ATTORNEY (OR PRO PER):	Vair M. M.	lewman Date 10/04/2011			
or other papers as required by law	. This form, approv	ed by the Judicial Conference	mation contained herein neither replace nor supplement the filing and service of pleadings e of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed ing the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)			
Key to Statistical codes relating to So-	cial Security Cases:					
Nature of Suit Code	Abbreviation	Substantive Statement of	Cause of Action			
861	НІА	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))				
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)				
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))				
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))				
864	SSID	All claims for supplements Act, as amended.	al security income payments based upon disability filed under Title 16 of the Social Security			
RSI All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))						

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UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge David O. Carter and the assigned discovery Magistrate Judge is Jean P. Rosenbluth.

The case number on all documents filed with the Court should read as follows:

SACV11- 1537 DOC (JPRx)

			5-07 of the United States Distrate Judge has been designated		
A	all discovery related motions	shou	ald be noticed on the calendar	of th	e Magistrate Judge
. =	=======================================	===	========	==	========
			NOTICE TO COUNSEL		
	ppy of this notice must be served w , a copy of this notice must be serv		e summons and complaint on all det n all plaintiffs).	endar	nts (if a removal action is
Sub	sequent documents must be filed a	at the	following location:		
Ш	Western Division 312 N. Spring St., Rm. G-8 Los Angeles, CA 90012	[X]	Southern Division 411 West Fourth St., Rm. 1-053 Santa Ana, CA 92701-4516		Eastern Division 3470 Twelfth St., Rm. 134 Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

CV-01A (12/07)