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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	CV-00--11324 GAF (CWx)
Plaintiff,)	
)	REVISED
v.)	FINAL ORDER BY DEFAULT
)	AND ORDER FOR PERMANENT
WESTERN UNITED SERVICE)	INJUNCTION, DISGORGEMENT AND
CORPORATION d/b/a)	MONETARY RELIEF AGAINST
TITAN BUSINESS SOLUTIONS,)	DEFENDANT WESTERN UNITED
and)	SERVICE CORPORATION D/B/A
SCOTT FORD,)	TITAN BUSINESS SOLUTIONS
)	
Defendants,)	
_____)	

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), commenced this action by filing a Complaint pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, *et seq.*, charging Defendants Western United Service Corporation d/b/a Titan Business Solutions ("Titan") and Scott Ford ("Ford") with engaging in unfair or deceptive acts or practices in connection with the sale and offering for sale, of a work at home opportunity, in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

Plaintiff Commission sought and obtained entry of default against defendant Titan on March 2, 2000. Plaintiff Commission now seeks entry of judgment by default against defendant Titan. This Court having considered the pleadings, declarations, exhibits, and memoranda filed by the Commission, Plaintiff's Application is hereby GRANTED and default judgment is hereby entered against defendant TITAN.

FINDINGS OF FACT

1. This is an action by the Commission instituted under Sections 13(b) and 19 of the Federal Trade Commission Act, 15 U.S.C. §§ 53(b), and 57b, *et seq.* The Complaint seeks permanent injunctive relief against defendant Titan in connection with the offer and sale of a work-at-home opportunity involving medical billing.
2. This Court has jurisdiction over the subject matter of this case and over defendant Western United Service Corporation d/b/a Titan Business Solutions. Venue in the Central District of California is proper.

3. The Complaint states a claim upon which relief may be granted against defendant Titan under Sections 5(a), 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 45(a) 53(b) and 57b.
4. The Commission has the authority under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, to seek the relief it has requested.
5. Defendant Titan, was properly served with the Complaint and Summons in this matter.
6. Defendant Titan has failed to answer or otherwise respond to the complaint in this matter.
7. Defendant Titan is a California corporation and as such, it cannot appear pro se in this matter.
8. Default was properly entered by the Clerk of this Court on March 2, 2001.
9. The activities of defendant Titan charged in the Complaint are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44
10. Since at least some time in 1999 and continuing thereafter, Defendant Titan has advertised, promoted and sold medical billing employment opportunities through a variety of media, including Internet advertisements, newspaper classified employment advertisements, advertisements in national magazines, and via an Internet website.
11. In numerous instances in the course of offering for sale and selling their medical billing employment opportunities, Defendant Titan or its employees or agents have represented, expressly or by implication,
 - a. that consumers who purchase the medical billing employment opportunity from Defendant Titan will receive a complete package suitable for a consumer to start his or her own medical billing business;
 - b. that Defendant Titan will furnish consumers with the names and addresses of pre-screened physicians who are likely to use the consumers to process their medical claims; and
 - c. that consumers, by use of Defendant Titan's medical billing employment opportunity, will earn specific levels of earnings, such as an income as high as \$45,000 per year or from \$3 to \$7 per claim.
12. In truth and in fact,
 - a. consumers who purchase the medical billing employment opportunity from Defendant Titan do not receive a complete package suitable for a consumer to start his or her own medical billing business;
 - b. the physicians whose names Defendant Titan provides to consumers do not have a pre-existing relationship with Defendant Titan, few, if any, physicians will use the consumers to process their medical claims; and
 - c. few, if any, consumers who purchase Defendant Titan's medical billing employment opportunity earn, or will earn, the specific level of earnings represented by Defendant Titan, such as an income as high as \$45,000 per year or from \$3 to \$7 per claim.
13. Therefore, Defendant Titan's representations are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).
14. This Order is remedial in nature and shall not be construed as the payment of a fine, penalty, punitive assessment, or forfeiture.
15. Entry of this Order is in the public interest.

ORDER

For purposes of this Final Judgment and Order for Permanent Injunction and Monetary Relief, the following definitions shall apply:

Definitions

1. "**Telemarketing**" means a plan, program or campaign, which is conducted to induce the purchase of goods or services by the use of one or more telephones and which involves more than one interstate telephone call.
2. "**Document**" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
3. "**Defendant Titan**" means defendant Western United Service Corporation d/b/a Titan Business Solutions.
4. "**Consumer**" means any person, including any individual, group, unincorporated association, limited or general partnership, corporation or other business entity.

5. "**Receivership defendant**" means the business assets and operations of any and every business that has been operated under the name Western United Service Corporation or Western United Service Corporation d/b/a Titan Business Solutions.
6. The terms "**and**" and "**or**" have both conjunctive and disjunctive meanings.
7. "**Business Venture**" means any written or oral business arrangement, however denominated, which consists of the payment of any consideration for:
 - a. the legal right or logistical means to offer, sell or distribute goods or services (whether or not identified by a trademark, service mark, trade name, advertising, or other commercial symbol), including but not limited to the sale of a franchise; and
 - b. assisting others in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business.
8. "**Assisting others**" means knowingly providing any of the following goods or services to another person or entity:
 - a. performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; or
 - b. formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material; or
 - c. providing names of, or assisting in the generation of, potential customers; or
 - d. performing marketing services of any kind.
9. "**Work-at-home opportunity**" means any program, plan, product, or service that enables a participant or purchaser to earn money while working from home.

**I.
PERMANENT INJUNCTION**

IT IS THEREFORE ORDERED that defendant Titan, whether acting directly or through any corporation, limited liability company, subsidiary, division or other device, is hereby permanently restrained and enjoined from engaging in, or receiving any remuneration of any kind whatsoever from, or holding a majority ownership interest, share, or stock in, or serving as an officer, director, trustee, or general manager of, any business entity engaged in whole or in part;

- A. advertising for sale, marketing for sale, promoting for sale, offering for sale, or sale of any business venture, any employment opportunity, or any work-at-home opportunity; and
- B. Telemarketing or assisting others engaged in telemarketing.

**II.
PROHIBITED BUSINESS ACTIVITIES**

IT IS FURTHER ORDERED that defendant Titan, in connection with the advertising for sale, marketing for sale, promoting for sale, offering for sale or sale of any business venture, any employment opportunity or any work-at-home opportunity [collectively "employment program"], is hereby restrained and enjoined from:

- A. Making, or assisting in the making of, expressly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading, including but not limited to, any misrepresentation:
 1. that consumers who purchase the employment program from defendant Titan will receive a complete package suitable for a consumer to start his or her own business, or
 2. that consumers will be furnished the names and addresses of pre-screened physicians who are likely to use the consumers to process their medical claims; or
 3. that consumers, by use of defendant Titan's employment program, will earn specific levels of earnings; or
- B. Making, or assisting in the making of, expressly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading, including but not limited to, any misrepresentation about any other fact material to a consumer's decision to purchase any employment program.

IT IS FURTHER ORDERED that, in connection with the advertising, marketing, promoting, telemarketing, offering for sale, or sale of any good or service, defendant Titan, and its agents, employees, and all persons or entities acting

directly or indirectly under its control, or in active concert or participation with defendant Titan, whether acting directly or through any corporation, limited liability company, subsidiary, division or other device, who receive actual notice of this Order by personal service or otherwise, are hereby permanently restrained and enjoined from misrepresenting, expressly or by implication, any fact material to a consumer's decision to buy or accept the good or service.

III. MONETARY JUDGMENT

IT IS FURTHER ORDERED that judgment is hereby entered against defendant Titan in the amount of \$4,948,593 (FOUR MILLION NINE HUNDRED FORTY-EIGHT THOUSAND FIVE HUNDRED NINETY-THREE DOLLARS).

IV. CUSTOMER LISTS

IT IS FURTHER ORDERED that defendant Titan, and its successors, assigns, directors, officers, agents, servants, employees, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to defendant Titan, Western United Service Corporation or Titan Business Solutions for purchase of a business venture or medical billing software, at any time; *Provided* that defendant Titan may disclose such identifying information to a law enforcement agency or as required by any law, regulation, or court order.

V. CEASE COLLECTIONS FROM CONSUMERS, NOTICES TO CONSUMERS

IT IS FURTHER ORDERED that defendant Titan, and its successors, assigns, directors, officers, agents, servants, employees, attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, shall:

- A. Cease all collection efforts on accounts arising from contracts, agreements, or understandings between defendant Titan and consumers, including but not limited to directing all third parties engaged in collection efforts regarding such accounts to cease all such collection activities and to cease furnishing any negative information to any consumer reporting agencies;
- B. Within twenty (20) days after the date this Order is entered, return to consumers all uncashed checks or other negotiable instruments, if any, in defendant Titan's possession that have been received by defendant Titan, directly or indirectly, on accounts arising from contracts, agreements, or understandings between defendant Titan and consumers. Include with each such returned check or other negotiable instrument a notice to the consumer stating that, as a result of an agreement between defendant Titan and the Federal Trade Commission settling allegations regarding defendant Titan's offer and sale of a work-at-home opportunity involving medical billing, those consumers' contracts are rescinded; and
- C. Within sixty (60) days after the date this Order is entered, provide the names and addresses of those consumers to whom checks or other negotiable instruments were returned pursuant to Subparagraph B above to: Jennifer Larabee, Esq., Federal Trade Commission, 10877 Wilshire Blvd., Suite 700, Los Angeles, California 90024.

VI. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, defendant Titan, and his successors, assigns, directors, officers, agents, servants, employees, attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with any

business where defendant Titan is the majority owner of the business or directly or indirectly manages or controls the business, and where the business involves the offer and sale of any business venture, any employment opportunity or any work-at-home opportunity, are hereby restrained and enjoined from failing to create, and from failing to retain for a period of five (5) years following the date of such creation, unless otherwise specified:

- A. Books, records and accounts that, in reasonable detail, accurately and fairly reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable. The businesses subject to this Paragraph shall retain such records for any terminated employee for a period of three (3) years following the date of termination;
- C. Records containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, for all consumers to whom such business has sold, invoiced or shipped any goods or services, or from whom such business accepted money or other items of value;
- D. Records that reflect, for every consumer complaint or refund request, whether received directly or indirectly or through any third party:
 - 1. the consumer's name, address, telephone number and the dollar amount paid by the consumer;
 - 2. the written complaint or refund request, if any, and the date of the complaint or refund request;
 - 3. the basis of the complaint, including the name of any salesperson complained against, and the nature and result of any investigation conducted concerning any complaint;
 - 4. each response and the date of the response;
 - 5. any final resolution and the date of the resolution; and
 - 6. in the event of a denial of a refund request, the reason for the denial; and
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials utilized; *provided* that copies of all sales scripts, training materials, advertisements, or other marketing materials utilized shall be retained for three (3) years after the last date of dissemination of any such materials.

VII. DISTRIBUTION OF ORDER BY DEFENDANT TITAN

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, defendant Titan shall:

- A. Provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, immediately upon employing or retaining any such persons, for any business involving telemarketing, or any business involving the offer and sale of any business venture, any employment opportunity or any work-at-home opportunity, where defendant Titan is the majority owner of the business or directly or indirectly manages or controls the business.
- B. Maintain for a period of three (3) years after creation, and upon reasonable notice, make available to representatives of the Commission, the original signed and dated acknowledgments of the receipt of copies of this Order, as required in Section A of this Paragraph.

VIII. COMPLIANCE REPORTING BY DEFENDANT TITAN

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of five (5) years from the date of entry of this Order, defendant Titan shall notify the Commission of the following:
 - 1. Any changes in defendant Titan's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;

2. Any changes in defendant Titan's employment status (including self-employment) within ten (10) days of such change. Such notice shall include the name and address of each business that defendant Titan is affiliated with or employed by, a statement of the nature of the business, and a statement of defendant's duties and responsibilities in connection with the business or employment; and
 3. Any proposed change in the structure of any business entity owned or controlled by defendant Titan such as creation, incorporation, dissolution, assignment, sale, merger, creation or dissolution of subsidiaries, proposed filing of a bankruptcy petition, or change in the corporate name or address, or any other change that may affect compliance obligations arising out of this Order, thirty (30) days prior to the effective date of any proposed change; *provided*, however, that, with respect to any proposed change in the corporation about which defendant Titan learns less than thirty (30) days prior to the date such action is to take place, defendant Titan shall notify the Commission as soon as is practicable after learning of such proposed change;
- B. One hundred eighty (180) days after the date of entry of this Order, defendant Titan shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which defendant Titan has complied and is complying with this Order. This report shall include but not be limited to:
1. Defendant Titan's then current residence addresses and telephone numbers;
 2. Defendant Titan's then current employment, business addresses and telephone numbers, a description of the business activities of each such employer, and defendant Titan's title and responsibilities for each employer;
 3. A copy of each acknowledgment of receipt of this Order obtained by defendant Titan;
 4. A statement describing the manner in which defendant Titan has complied and is complying with the injunctive provisions in Paragraphs 1 and 11 of the Order;
- C. Upon written request by a representative of the Commission, defendant Titan shall submit additional written reports (under oath, if requested) and produce documents on fifteen (15) days' notice with respect to any conduct subject to this Order;
- D. For the purposes of this Order, defendant Titan shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Assistant Regional Director
Federal Trade Commission
10877 Wilshire Blvd., Suite 700
Los Angeles, California 90024

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- E. For the purposes of this Paragraph, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" includes any individual or entity for whom defendant Titan performs services as an employee, consultant, or independent contractor; and
- F. For purposes of the compliance reporting required by this Paragraph, the Commission is authorized to communicate directly with defendant Titan.

IX.

COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE

IT IS FURTHER ORDERED that the Commission is authorized to monitor defendant Titan's compliance with this Order by all lawful means, including but not limited to, the following means:

- A. The Commission is authorized, without further leave of court, to obtain discovery from any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26-37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating defendant Titan's compliance with any provision of this Order;

- B. The Commission is authorized to use representatives posing as consumers and suppliers to defendant Titan, defendant Titan's employees, or any other entity managed or controlled in whole or in part by defendant Titan, without the necessity of identification or prior notice; and
- C. 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. § § 49 and 57b-1, to investigate whether defendant Titan has violated any provision of this Order or Section 5 of the FTC Act, 15 U. S. C. § 45, and
- D. For purposes of the compliance monitoring required by this Paragraph, the Commission, and its agents, are authorized to communicate directly with defendant Titan.

X.

ACCESS TO BUSINESS PREMISES

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, for the purpose of further determining compliance with this Order, defendant Titan shall, within three (3) business days of receipt of written notice from the Commission, permit representatives of the Commission:

- A. Access during normal business hours to any office, or facility storing documents, of any business involving telemarketing, or any business involving the offer and sale of any business venture or employment opportunity or work-at-home opportunity, where defendant Titan is the majority owner of the business or directly or indirectly manages or controls the business. In providing such access, defendant Titan shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Order; and shall permit Commission representatives to remove documents relevant to any matter contained in this Order for a period not to exceed five (5) business days so that the documents may be inspected, inventoried, and copied; and
- B. To interview the officers, directors, and employees, including all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, of any business to which Section A of this Paragraph applies, concerning matters relating to compliance with the terms of this Order. The person interviewed may have counsel present; and
- C. For purposes of the access request permitted by this Paragraph, the Commission is authorized to communicate directly with defendant Titan.

Provided that, upon application of the Commission and for good cause shown, the Court may enter an *ex parte* order granting immediate access to defendant's business premises for the purposes of inspecting and copying all documents relevant to any matter contained in this Order.

XI.

CONTINUATION OF RECEIVERSHIP

IT IS FURTHER ORDERED that the receivership imposed in the Preliminary Injunction entered in this proceeding shall be continued until such time as the Receiver has taken the necessary steps to wind down the business of the receivership defendant. Such necessary steps shall include, but are not limited to, canceling the receivership defendant's contracts, liquidating the receivership defendant's assets, and taking such other steps as may be necessary to terminate the receivership defendant efficiently.

XII.

ASSET DISTRIBUTION PLAN

IT HAS BEEN DETERMINED THAT the remaining assets of the receivership defendant, amounting to approximately \$131,000 are subject to pending administrative claims of approximately \$55,000 and an asserted claim against the Crosscheck settlement proceeds in the amount of \$60,000.

IT IS FURTHER ORDERED THAT:

- A. the Receiver shall distribute the remaining net assets on a prorated basis to the 140 purchasers of the Titan Business Solutions software, whose purchases totaled \$62,470, who authorized Titan to deposit electronic checks of \$449 in full payment for the software but who did not receive any software from Titan;
- B. Because of the limited remaining assets and the expense associated with a distribution to a large number of claims, the Receiver shall not attempt any distribution to the remaining 13,739 purchasers of the Titan Business Solutions software who actually received copies of the software;
- C. If any assets remain after payment of administrative claims, other claims and the maximum possible distribution of \$62,470 to the 140 purchasers, the remaining assets shall be forwarded to the Federal Trade Commission for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to the defendants' practices alleged in the complaint. Any funds not used for such equitable relief shall be deposited to the Treasury as disgorgement, and
- D. Defendants shall have no right to challenge the Commission's choice of remedies under this paragraph.

**XIII.
CONTINUED JURISDICTION**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

**XIV.
INDEPENDENCE OF OBLIGATIONS**

IT IS FURTHER ORDERED that the expiration of any requirements imposed by this Order shall not affect any other obligation under this Order.

**XV.
WAIVER OF CLAIMS**

IT IS FURTHER ORDERED that defendant Titan waives all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and all rights to seek appellate review or otherwise challenge or contest the validity of this Order, or the temporary or preliminary orders entered in this proceeding, and further waives and releases any claim it may have against the FTC, the Receiver, or their employees, agents or representatives.

**XVI.
ENTRY BY CLERK**

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

IT IS SO ORDERED,

Dated: January 10, 2002

/signed/ **GARY FEESS**

UNITED STATES DISTRICT COURT JUDGE

Presented by:

/signed/ **JENNIFER LARABEE**

Jennifer Larabee
Attorney for Plaintiff Federal Trade Commission