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10 UNITED STATES DISTRICT COURT  
11 DISTRICT OF NEVADA

3:11-cv-00055

12 FEDERAL TRADE COMMISSION

13 Plaintiff,

14 v.

15 IMMIGRATION CENTER, *et al.*,

16 Defendants.

Civil Action No.

MEMORANDUM SUPPORTING  
FTC'S *EX PARTE* MOTION FOR  
TEMPORARY RESTRAINING  
ORDER APPOINTING TEMPORARY  
RECEIVER, FREEZING ASSETS,  
AND GRANTING OTHER  
EQUITABLE RELIEF

19 I. INTRODUCTION

20 The Federal Trade Commission ("FTC") seeks an *Ex Parte* TRO to stop a nationwide  
21 scheme that fraudulently markets and sells unauthorized immigration and naturalization services.  
22 Defendants target consumers in the U.S. from Canada, Ethiopia, Mexico, Haiti, Asia, and  
23 elsewhere who seek lawful immigration and naturalization benefits including green card  
24 renewals, travel documents, employment authorization, and citizenship.

25 Since June 2007, defendants Immigration Center, Immigration Forms and Publications,  
26 Inc. ("IFP"), and their principals, Charles Doucette, Deborah Stilson, Alfred Boyce, Thomas  
27 Strawbridge, Robin Meredith, Thomas Laurence, and Elizabeth Meredith have taken hundreds of  
28 thousands of dollars from consumers by leading them to believe that defendants are part of or

1 affiliated with the United States Citizenship and Immigration Services (USCIS), that their fees  
2 will cover all USCIS processing fees, and that defendants are authorized to provide immigration  
3 and naturalization services. In fact, defendants are not affiliated with the USCIS or any other  
4 agency of the U.S. government, nor are they authorized to provide immigration and  
5 naturalization services. Not only do defendants' fees fail to cover USCIS processing fees, but  
6 defendants' forms and the services they purport to provide are available for free from USCIS.  
7 Defendants' misrepresentations violate Section 5(a) of the Federal Trade Commission Act ("FTC  
8 Act"), 15 U.S.C. § 45(a), and must be halted immediately to prevent further consumer injury.

9 Absent the immediate relief requested, defendants will continue to deceive consumers  
10 with impunity. The Colorado and Missouri Attorneys General ("CO AG" and "MO AG") took  
11 action against defendants, but they simply moved to another state. The FTC seeks an *ex parte*  
12 temporary restraining order ("TRO") to freeze and preserve defendants' assets for eventual  
13 restitution to injured consumers, appoint a temporary receiver over defendant Immigration  
14 Center, grant the FTC immediate access to defendants' premises, and permit limited expedited  
15 discovery. This relief is necessary to prevent ongoing injury to consumers, destruction of  
16 evidence, and dissipation of assets, and to preserve the Court's ability to provide effective final  
17 relief to consumers.

## 18 **II. THE PARTIES**

### 19 **A. Plaintiff Federal Trade Commission**

20 The FTC, an independent agency of the U.S. Government, enforces Section 5(a) of the  
21 FTC Act, 15 U.S.C. § 45(a), which prohibits deceptive acts or practices in or affecting  
22 commerce. 15 U.S.C. §§ 41-58. The FTC is authorized to initiate federal district court  
23 proceedings to enjoin violations of the FTC Act and secure equitable relief, including restitution  
24 and disgorgement. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 6105(b).

### 25 **B. Defendants**

26 The defendants are corporations Immigration Center and Immigration Forms and  
27 Publications, Inc., and individuals Charles Doucette, Deborah Stilson, Alfred Boyce, Thomas  
28 Strawbridge, Thomas Laurence, Robin Meredith, and Elizabeth Meredith. To avoid detection,

these persons operate through a maze of fictitious company names and sole proprietorships.

### 1. Immigration Center and its Principals

**Immigration Center** was formed as a Colorado nonprofit corporation in 2007,<sup>1</sup> but it exists solely to carry on business for its own profit or that of its members within the meaning of Section 4 of the FTC Act, 15 U.S.C. § 44. Immigration Center operates a telemarketing call center<sup>2</sup> in Reno, Nevada. **Charles Doucette** is the registered agent and owner of Immigration Center.<sup>3</sup> He is and has been the mastermind behind the immigration scheme. To avoid detection, Doucette operates under various trade names and sole proprietorships including Telestaffing, Immigration Forms and Services, Immigration Form Processing, Maydene Media, Liberty Legal Services, and American Legal Project.<sup>4</sup> **Deborah Stilson** owns and manages Immigration Center,<sup>5</sup> and is responsible for banking, accounting, and obtaining consumers' check routing numbers to draw funds from their accounts.<sup>6</sup> She operates under trade names including Liberty Legal Services, American Legal Services, and Ninner.<sup>7</sup> **Alfred Boyce** is manager of Immigration Center,<sup>8</sup> and operates under trade names including Maydene Web Services.<sup>9</sup> Both Stilson and

<sup>1</sup> Brannon-Quale Dec. ¶ 4, Att. A (PX 24, p. 646, ¶ 4, pp. 667-69). (Declarations and exhibits cited in this memorandum have been filed concurrently with this motion. "PX" refers to Plaintiff's Exhibit).

<sup>2</sup> Transcript of Civil Investigative Hearing, Sworn Statement of Charles R. Doucette, *Colorado v. Immigration Center, et al.*, El Paso County District Court Case No. 09CV5071, July 1, 2008 ("Investigative Hearing, Doucette"), at 25-26, 32-33, 56 (PX 18, pp. 471-72, 478-79, 502).

<sup>3</sup> Investigative Hearing, Doucette at 24 (PX 18, p. 470); Brannon-Quale Dec. ¶ 4 (PX 24, pp. 646, 667).

<sup>4</sup> Brannon-Quale Dec. ¶¶ 6-8, 35, 39, Att. C, D, E (PX 24, p. 647-49, ¶¶ 6-8, pp. 654, ¶ 35, p. 832, ¶ 39, pp. 686-87, 690-95, 700-02, 706-07, 797, 832).

<sup>5</sup> Smith Dec. ¶ 3 (PX 14, p. 172, ¶ 3) at 11-13 (PX 19, pp. 558-560). Smith states that "Debbie" own and manages Telestaffing. Telestaffing is one of Charles Doucette's dba's.

<sup>6</sup> Transcript of Civil Investigative Hearing, Sworn Statement of Deborah Stilson, *Colorado v. Immigration Center, et al.*, El Paso County District Court Case No. 09CV5071, July 1, 2008 ("Investigative Hearing, Stilson") at 12 (PX 19, pp. 557, 559); Investigative Hearing, Doucette at 22-23 (PX 20, pp. 468-469); Transcript of Preliminary Injunction Hearing, *Colorado v. Immigration Center, et al.*, El Paso County District Court Case No. 09CV5071, September 2, 2009 ("CO PI Hearing Tr.") at 94 (PX 17, p. 315).

<sup>7</sup> Brannon-Quale Dec. ¶¶ 6 (PX 24, pp. 647-49, ¶ 6, pp. 682-83, 688-89, 698-99).

<sup>8</sup> Wild Aff. Att. D (Immigration Center cover letter identifies Boyce as manager) (PX 16, p. 217); Berry Dec. Att. B (PX 2, p. 36); Johnson Dec. Att. A (PX 6, p. 78); Mittelstadt Dec. Att. A (PX 7, p. 119).

<sup>9</sup> Brannon-Quale Dec. ¶ 6 (PX 24, pp. 647-49, ¶ 6).

Boyce handled consumer complaints.<sup>10</sup>

Funds from Immigration Center are routinely commingled with the personal funds of Doucette and Stilson, who treat corporate assets as their own. Doucette and Stilson routinely make cash withdrawals from Immigration Center accounts and transfer funds from these business accounts to their personal accounts.<sup>11</sup> They have used these funds for a variety of personal expenses such as gas, airline tickets, casino purchases, hardware store purchases, groceries, fast food, utilities, hotel rooms, and clothing.<sup>12</sup>

## 2. Immigration Forms and Publications, Inc. (IFP) and its Principals

**Immigration Forms and Publications, Inc. ("IFP")** operates a call center for defendants' immigration and naturalization services in Sedalia, Missouri.<sup>13</sup> IFP has operated under the names Immigration Forms and Services, Immigration Center, and U.S. Immigration Center. **Thomas Strawbridge** is president and owner of IFP.<sup>14</sup> He has signed contracts on behalf of IFP as its president and owner.<sup>15</sup> **Robin Meredith** is vice-president of IFP.<sup>16</sup> **Thomas Laurence** is registered agent for IFP.<sup>17</sup> He and **Elizabeth Meredith** are managers of IFP, and are responsible for IFP's daily operations.<sup>18</sup>

IFP business funds are also routinely commingled with personal funds of Laurence.

<sup>10</sup> Investigative Hearing, Stilson, at 24 (PX 19, p. 571). Johnson Dec. ¶ 13 (PX 6, pp. 76-77, ¶ 13) (Johnson states that he spoke with Alfred Boyce).

<sup>11</sup> Brannon-Quale Dec. ¶¶ 34-48 (PX 24, pp. 654-661, ¶¶ 34-49; e.g., pp. 803, 808, 837, 857-58, 863-65, 867-68, 879, 936, 940, 942, 946, 948, 963, 978).

<sup>12</sup> Brannon-Quale Dec. ¶¶ 37, 42, 48 (PX 24, pp. 655, 657, 660, ¶¶ 37, 42, 48; e.g., pp. 867-68, 878-79, 888-89, 892-93, 972-73, 976-77, 980-81, 984-85, 988-89, 1016).

<sup>13</sup> DeBlasio Dec. Att. A (PX 15, pp. 184).

<sup>14</sup> Brannon-Quale Dec. ¶ 5 (PX 24, p. 646-647, ¶ 5, pp. 678-79); Rowe Dec. Att. B, D (PX 20, p. 601); Meek Aff. ¶ 5 (PX 13, p. 168, ¶ 5).

<sup>15</sup> Rowe Dec. Att. B, D (PX 20, p. 586, 601).

<sup>16</sup> Brannon-Quale Dec. ¶ 5 (PX 24, p. 646-47, ¶ 5, pp. 678-79).

<sup>17</sup> Brannon-Quale Dec. ¶ 5 (PX 24, p. 646, ¶ 5, p. 675).

<sup>18</sup> Meek Aff. ¶¶ 5, 8 (PX 13, p. 168-169, ¶¶ 5, 8).

1 Laurence is the authorized signer on an IFP U.S. Bank account.<sup>19</sup> Laurence made cash  
 2 withdrawals totaling approximately \$41,419 from May 27, 2009 through June 30, 2009.<sup>20</sup> He  
 3 also wrote checks payable to Charles Doucette totaling \$7,493 and Thomas Strawbridge totaling  
 4 \$4,500 from this account from June 8, 2009 through June 10, 2009.<sup>21</sup> He uses the business  
 5 account for personal expenses including jail bonds and purchases at a flea market.<sup>22</sup>

### 6 3. Contract between Defendants Strawbridge and Stilson

7 One of the links between the Missouri defendants and those now in Nevada is a contract  
 8 entered into in June, 2009, between IFP and Ninner, which is one of Stilson's trade names.<sup>23</sup>  
 9 Ninner agreed to provide all websites, marketing, telephone service, equipment, shipping, and  
 10 deposit and wire transfer services for IFP. In return, IFP was to provide 60% of all sales to  
 11 Ninner. The contract also states that Ninner is moving to 160 Hubbard Way, Reno, NV.<sup>24</sup>  
 12 Stilson signed the contract on behalf of Ninner and Strawbridge signed for IFP.<sup>25</sup>

13 Doucette trained IFP employees to deceptively sell unauthorized immigration and  
 14 naturalization services to consumers.<sup>26</sup> He also processed orders, sent out immigration packages,  
 15 set appointments, and handled customer service calls for IFP.<sup>27</sup>

### 16 III. DEFENDANTS' ILLEGAL BUSINESS PRACTICES

17 Defendants market and sell unauthorized immigration and naturalization services over the  
 18 Internet to consumers nationwide. On websites and in telephone calls, defendants routinely

19 <sup>19</sup> Brannon-Quale Dec. ¶ 55 (PX 24, p. 662, ¶ 55); *see* pp. 1075-1082.

20 <sup>20</sup> Brannon-Quale Dec. ¶ 58 (PX 24, p. 663, ¶ 58); p. 1077-78, 1081.

21 <sup>21</sup> Brannon-Quale Dec. ¶ 57 (PX 24, p. 663, ¶ 57); p. 1070-74.

22 <sup>22</sup> Brannon-Quale Dec. ¶ 58 (PX 24, p. 663, ¶ 58); p. 1077-78.

23 <sup>23</sup> Rowe Dec. Att. B (PX 20, p. 581, ¶ 4, pp. 585-586); Brannon-Quale dec. ¶ 6 (PX 24, p. 648, ¶ 6, pp. 682-  
 24 83)

25 <sup>24</sup> Rowe Dec. Att. B (PX 20, p. 581, ¶ 4, pp. 585-86); Smith Dec. ¶ 3 (PX 14, p. 172, ¶ 2) ("Telestaffing had  
 two different locations at various times, one on Hubbard Street and one on Plumb Street").

26 <sup>25</sup> Rowe Dec. Att. B (PX 20, p. 581, ¶ 4, pp. 585-586).

27 <sup>26</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶¶ 12, 13, 17).

28 <sup>27</sup> DeBlasio Dec. Att. A (PX 15, p. 180, ¶ 5, p. 184).

1 misrepresent to consumers that (1) defendants are affiliated with the U.S. government; (2)  
 2 defendants are authorized to provide immigration and naturalization services; and (3) consumers'  
 3 payments to defendants will cover all USCIS processing fees.

4 **A. Misrepresentations on Websites**

5 Since 2007, Defendant Immigration Center has advertised on  
 6 www.immigrationhelpline.org; www.uscis-ins.us; www.usgovernmenthelpline.com;  
 7 www.uscis-helpline.info;<sup>28</sup> and, most recently, www.usa-helpline.info.<sup>29</sup> Defendant IFP has  
 8 advertised its services on www.immformspub.com.<sup>30</sup>

9 When consumers search for the USCIS or the INS on the Internet, defendants' websites  
 10 appear prominently.<sup>31</sup> This is no accident. Defendants pay major internet search engines such as  
 11 Google and Yahoo thousands of dollars for certain immigration-related search terms including  
 12 "USCIS," with the result that when consumers enter those search terms, defendants' websites  
 13 appear at the top of the search results.<sup>32</sup>

14 Defendants' websites display seals or graphics including an American eagle, the U.S.  
 15 flag, and the Statue of Liberty.<sup>33</sup> Many consumers think they have reached the USCIS official  
 16 website.<sup>34</sup> Buried low on web pages in small, hard to read print are disclaimers stating that

17 <sup>28</sup> Brannon-Quale Dec. ¶¶ 15-16, 28 (PX 24, p. 650, 653, ¶¶ 15-16, 28).

18 <sup>29</sup> Brannon-Quale Dec. ¶¶ 17-20 (PX 24, p. 651, ¶¶ 17-20); Smith Dec. ¶ 7 (PX 14, p. 173, ¶ 7).

19 <sup>30</sup> Brannon-Quale Dec. ¶¶ 21-22 (PX 24, pp. 651-52, ¶¶ 21-22).

20 <sup>31</sup> Agudelo Dec. ¶ 3 (PX 1, p. 1, ¶ 3); Berry Dec. ¶ 2 (PX 2, p. 28, ¶ 2); Dalatri Dec. ¶ 2 (PX 3, p. 50, ¶ 2)  
 21 (used search terms such as "green card" and "immigration forms"); Dilbert Dec. ¶ 3 (PX 4, p. 60, ¶ 3) (searched for  
 22 term "immigration center"); Iwuamada Dec. ¶¶ 2-3 (PX 5, p. 65, ¶¶ 2-3); Johnson Dec. ¶ 2 (PX 6, p. 74, ¶ 2);  
 23 Mittelstadt Dec. ¶ 2 (PX 7, p. 116, ¶ 2) (used search terms similar to "U.S. visas"); Koon Dec. ¶ 1 (PX 9, p. 146, ¶ 1)  
 (conducted search on Bing with term, "United States Citizenship and Immigration Service"; IFP website appeared at  
 or near the top); Legault Dec. ¶ 3 (PX 10, p. 150, ¶ 3); CO PI Hearing Tr. at 86, 88-89 (PX 17, pp. 307, 309-10);  
 Smith Dec. ¶ 7 (PX 14, p. 173, ¶ 7).

24 <sup>32</sup> Investigative Hearing, Doucette at 85, 87, 93-94 (PX 18, pp. 531, 533, 539-40).

25 <sup>33</sup> Brannon-Quale Dec. Att. K, N, P (PX 24, pp. 750, 752, 758, 761, 763, 772, 774, 776-79, 792); CO PI  
 26 Hearing Tr. at 49-50 (PX 17, p.370- 71).

27 <sup>34</sup> Agudelo Dec. ¶ 3 (PX 1, p. 1, ¶ 3); Berry Dec. ¶ 2 (PX 2, p. 28, ¶ 2); Dalatri Dec. ¶¶ 2-3 (PX 3, p. 50, ¶¶ 2-  
 28 3); Dilbert Dec. ¶ 3 (PX 4, p. 60, ¶ 3); Iwuamadi Dec. ¶¶ 2-3 (PX 5, p. 65, ¶¶ 2-3); Johnson Dec. ¶ 3 (PX 6, p. 74, ¶  
 3); Mittelstadt Dec. ¶ 2 (PX 7, p. 116, ¶ 2); Koon Dec. ¶ 2 (PX 9, p. 146, ¶ 2) (IFP website); Legault Dec. ¶ 3 (PX  
 10, p. 150, ¶ 3) (IFP website); McLeod Dec. ¶¶ 1-3 (PX 11, p. 162, ¶¶ 1-3) (IFP website); Shafer Dec. ¶ 15 (PX 12,

1 defendants are not a government agency or affiliated with the USCIS or the U.S. Department of  
 2 Homeland Security.<sup>35</sup> These disclaimers are completely inadequate and ineffective to overcome  
 3 the net impression that these are government or government-affiliated websites.

4 According to their websites, defendants are a "group of specialists formerly employed at a  
 5 U.S. Immigration office"<sup>36</sup> who "specialize in helping you find and prepare the correct up to date  
 6 forms," "go step by step through the process of filling out the forms and getting the correct  
 7 material ready to file,"<sup>37</sup> and "help people deal with the laws and processes"<sup>38</sup> of applying for  
 8 immigration benefits. However, defendants' employees are poorly trained and often make  
 9 mistakes.<sup>39</sup> One received a quick 30-minute overview by Doucette about immigration  
 10 information, products, prices, and responses to consumers' questions.<sup>40</sup>

11 **B. Misrepresentations on the Phones**

12 To obtain defendants' services, consumers are directed by defendants' websites to call  
 13 specific toll-free numbers.<sup>41</sup> An automated voice answers as "Immigration Center."<sup>42</sup> The  
 14 consumer is then given the option of selecting "1" for English or "2" for Spanish.<sup>43</sup> The  
 15 consumer is subsequently transferred to a live person who answers the call, "USCIS,"<sup>44</sup>

16  
 17 p. 166, ¶ 15) (IFP website); CO PI Hearing Tr. at 49 (PX 17, p. 270).

18 <sup>35</sup> Brannon-Quale Dec. Att. K, Att. N (PX 24, p. 761, 768).

19 <sup>36</sup> Brannon-Quale Dec. Att. S (PX 24, p. 792).

20 <sup>37</sup> Brannon-Quale Dec. Att. N (PX 24, p. 768).

21 <sup>38</sup> Brannon-Quale Dec. Att. K (PX 24, p. 758).

22 <sup>39</sup> Wild Aff. ¶ 23 (PX 16, p. 202, ¶ 23).

23 <sup>40</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

24 <sup>41</sup> Dilbert Dec. ¶ 3 (PX 4, p. 60, ¶ 3); Iwuamadi Dec. ¶ 3 (PX 5, p. 65, ¶ 3); Legault Dec. ¶ 4 (PX 10, pp. 150-  
 25 51, ¶ 4); Brannon-Quale Dec. Att. K, N, P (PX 24, pp. 756, 759, 768-69, 772, 774, 776).

26 <sup>42</sup> McPeck Dec. Att. A at 3 (PX 23, p. 633); Dalatri Dec. ¶ 3 (PX 3, pp. 50-51, ¶ 3); Dilbert Dec. ¶ 4 (PX 4, p.  
 27 60, ¶ 4).

27 <sup>43</sup> McPeck Dec. Att. A at 3 (PX 23, p. 633).

28 <sup>44</sup> Smith Dec. ¶ 8 (PX 14, p. 173, ¶ 8).

1 “Immigration Center,”<sup>45</sup> “U.S. Immigration Center,”<sup>46</sup> “Immigration Forms and Services,”<sup>47</sup> or  
 2 “Immigration Forms and Publications.”<sup>48</sup> The live person also identifies him or herself as an  
 3 “agent,”<sup>49</sup> “immigration officer,”<sup>50</sup> or “caseworker,”<sup>51</sup> and offers to select for consumers the  
 4 proper USCIS forms<sup>52</sup> and complete<sup>53</sup> or help consumers complete them.<sup>54</sup>

5 Defendants typically charge consumers from \$200 to \$2500, depending on the services  
 6 provided. Defendants’ agents inform consumers that these fees will cover “processing,” which  
 7 consumers think means USCIS processing fees.<sup>55</sup> This is especially true because defendants’  
 8 fees are identical or similar to USCIS processing fees. For example, the USCIS charges \$595 to  
 9 process the N-400 naturalization form, while the defendants charge \$595 for the N-400 form.<sup>56</sup>

10 The evidence shows that defendants’ agents will say anything to consumers to persuade  
 11 them to purchase defendants’ services. For instance, consumers who ask about defendants’  
 12 qualifications are told over the phone that they are qualified, certified, and trained to provide

13  
 14 <sup>45</sup> Monnin Dec. at ¶ 5 (PX 8, p. 140, ¶ 5).

15 <sup>46</sup> Meek Aff. ¶¶ 1, 3 (PX 13, p. 168, ¶¶ 1, 3).

16 <sup>47</sup> Agudelo Dec. ¶ 4 (PX 1, p. 1, ¶ 4).

17 <sup>48</sup> Meek Aff. ¶ 4 (PX 13, p. 168, ¶ 4).

18 <sup>49</sup> Dilbert Dec. ¶¶ 4, 5 (PX 4, p. 61, ¶ 4, 5); Johnson Dec. ¶ 4 (PX 6, p. 74, ¶ 4); Mittelstadt Dec. ¶ 4 (PX 7, p. 116, ¶ 4).

19 <sup>50</sup> Iwuamada Dec. ¶ 5 (PX 5, p. 66, ¶ 5).

20 <sup>51</sup> Legault Dec. ¶ 4 (PX 10, pp. 150-51, ¶ 4); McLeod Dec. ¶ 7 (PX 11, p. 162, ¶ 7).

21 <sup>52</sup> Dilbert Dec. ¶ 5 (PX 4, p. 61, ¶ 5); Iwuamadi Dec. ¶ 6 (PX 5, p. 66, ¶ 6); Monnin Dec. ¶ 6 (PX 8, p. 141, ¶ 6); Mittelstadt Dec. ¶ 4 (PX 7, p. 116-17, ¶ 4); Legault Dec. ¶ 5 (PX 10, p. 151, ¶¶ 4-5); Shafer Dec. ¶ 6 (PX 12, p. 165, ¶ 6) (IFP).

22 <sup>53</sup> Koon Dec. ¶ 7 (PX 9, p. 147, ¶ 7).

23 <sup>54</sup> Agudelo Dec. ¶ 5 (PX 1, p. 2, ¶ 5); Koon Dec. ¶ 15 (PX 9, p. 147, ¶ 15) (IFP).

24 <sup>55</sup> Agudelo Dec. ¶ 5 (PX 1, p. 2, ¶ 5); Monnin Dec. ¶ 6 (PX 8, p. 141, ¶ 6); Koon Dec. ¶¶ 8, 11 (PX 9, p. 147, ¶¶ 8, 11); McLeod Dec. ¶ 9 (PX 11, p. 162, ¶ 9) (IFP consumer told that fee was “just a one time fee”); Berry Dec. ¶ 3 (PX 2, p. 28, ¶ 3).

25 <sup>56</sup> Koon Dec. ¶¶ 18-19 (PX 9, pp. 147-48, ¶¶ 18-19) (An IFP consumer was charged \$595 for the N-400 form  
 26 - \$575 to process it and \$20 for delivery by priority mail). According to usa-helpline.info website, Immigration  
 27 Center charges \$595 for form N-400. See www.uscis.gov (USCIS charges \$595 for processing the N-400 form).  
 28



1 immigration assistance to consumers<sup>57</sup> even though this is not true. Consumers who specifically  
 2 ask whether they have reached “immigration” are told, “yes,” they have reached “immigration.”<sup>58</sup>  
 3 Employees were instructed to tell consumers that defendants were affiliated with the USCIS<sup>59</sup> or  
 4 the U.S. government.<sup>60</sup> Doucette instructed a former employee to tell consumers that defendants  
 5 “can do everything [the USCIS] can do.”<sup>61</sup> A former Immigration Center employee was told that  
 6 it was her job to “lie” to consumers.<sup>62</sup>

7 **C. Verification Call**

8 After consumers agree to purchase defendants’ services, someone from the verification  
 9 department contacts them within the hour.<sup>63</sup> These verification calls are recorded.<sup>64</sup> Defendants’  
 10 verifiers inform consumers that an immigration package will be sent to them by email<sup>65</sup> or  
 11 Federal Express.<sup>66</sup> In the package is a cover letter with “U.S. Immigration Center” and an  
 12 official-looking seal on the letterhead,<sup>67</sup> making consumers believe it comes from the USCIS.<sup>68</sup>  
 13 Agents instruct consumers to have payment ready upon delivery - in the form of a money order,  
 14

15  
 16 <sup>57</sup> McPeck Dec. Att. A at 11 (PX 23, p. 641).

17 <sup>58</sup> Agudelo Dec. ¶ 4 (PX 1, pp. 1-2, ¶ 4); McLeod Dec. ¶ 12 (PX 11, p. 163, ¶ 12).

18 <sup>59</sup> Meek Aff. ¶ 25 (PX 13, p. 170, ¶ 25) (IFP); see also Smith Dec. ¶ 8 (PX 14, p. 173, ¶ 8) (Immigration  
 19 Center).

20 <sup>60</sup> Meek Aff. ¶ 13, 16, 17 (PX 13, p. 167-170, ¶¶ 13, 16, 17).

21 <sup>61</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

22 <sup>62</sup> Smith Dec. ¶ 16 (PX 14, p. 176, ¶ 16).

23 <sup>63</sup> CO PI Hearing Tr. at 36 (PX 17, p. 257).

24 <sup>64</sup> CO PI Hearing Tr. at 31-32 (PX 17, pp. 249-50).

25 <sup>65</sup> Dalatri Dec. ¶ 3 (PX 3, p. 50, ¶ 3).

26 <sup>66</sup> Berry Dec. ¶ 4 (PX 2, p. 29, ¶ 4); Iwuamadi Dec. ¶ 6 (PX 5, p. 66, ¶ 6); Johnson Dec. ¶ 6 (PX 6, p. 75, ¶  
 27 6); Legault Dec. ¶ 5 (PX 10, p. 151, ¶ 5); Mittelstadt Dec. ¶ 4 (PX 7, p. 116, ¶ 4); Monnin Dec. ¶ 6 (PX 8, p. 141, ¶  
 28 6); CO PI Hearing Tr. at p. 33 (PX 17, p. 254) (recorded verification call).

<sup>67</sup> Wild Aff. Att. D (PX 16, p. 217).

<sup>68</sup> Mittelstadt Dec. ¶ 5, Att. A (PX 7, p. 117, ¶ 5, p. 119).

1 personal check, or cashier's check made payable to "Immigration Forms and Services,"<sup>69</sup>  
2 "Immigration Forms and Documents,"<sup>70</sup> "Immigration Form Processing,"<sup>71</sup> or "Immigration  
3 Forms"<sup>72</sup> or, in the case of IFP, a money order or cashier's check made payable to "Immigration  
4 Forms and Publications"<sup>73</sup> or "IFP."<sup>74</sup>

5 Defendants do not adequately disclose to consumers in the sales calls that an additional  
6 fee is necessary for the USCIS to process the forms. The only reference to these fees in the  
7 verification call occurs *after* consumers have agreed to the transactions:

8 In the future, the Department of Homeland Security may or may not require  
9 additional forms or fees. In the event that the USCIS requires you to, or you  
10 choose to apply for future USCIS benefits, there may be additional fees. The US  
11 Department of Homeland Security and the USCIS can raise fees or impose new  
12 fees at any time [ ] without notice.<sup>75</sup>

13 By the time they hear this, consumers have already been convinced by defendants that their  
14 payment is going to USCIS to cover USCIS processing fees.<sup>76</sup> Consumers who hear the  
15 reference to "additional fees" that the U.S. Department of Homeland Security "may or may not  
16 require" also hear that these fees would be for "future" applications, not the one for which they  
17 have already paid defendants.<sup>77</sup>

18 In some cases, defendant Immigration Center sends consumers an email, enclosing an  
19 authorization letter and the signature page of the immigration form that Immigration Center has

20 <sup>69</sup> Monnin Dec. ¶ 6 (PX 8, p. 141, ¶ 6); Dilbert Dec. ¶ 5 (PX 4, p. 61, ¶ 5).

21 <sup>70</sup> CO PI Hearing Tr. at 34 (PX 17, p. 255).

22 <sup>71</sup> Brannon-Quale Dec. ¶ 35, Att. U (PX 24, p. 654, ¶ 35; p. 797).

23 <sup>72</sup> Dalatri Dec. ¶ 4 (PX 3, p. 51, ¶ 4).

24 <sup>73</sup> Legault Dec. ¶¶ 5,6 Att. B (PX 10, pp. 151, 159, p. 159); Shafer Dec. ¶ 6 (PX 12, p. 165, ¶ 6).

25 <sup>74</sup> Rowe Dec. Att. C (PX 20, p. 593); Koon Dec. ¶ 13 (PX 9, p. 147, ¶ 13).

26 <sup>75</sup> Rowe Dec. Att. C (PX 20, p. 596) (script); Wild Aff. Att. C (PX 16, p. 214) (recorded verification call is  
27 nearly identical to script).

28 <sup>76</sup> Co PI Hearing Tr. at 16, 21 (PX 17, pp. 237, 242).

<sup>77</sup> CO PI Hearing Tr. at 16, 21, 43- 44 (PX 17, pp. 237, 242, 264-65).

1 selected for the consumer.<sup>78</sup> The email instructs the consumer to contact the assigned agent upon  
 2 receipt of the forms and then send a personal check made payable to "Immigration Forms" by  
 3 overnight mail.<sup>79</sup> The authorization letter bears an official-looking seal and states:

4 I approve of the services, fees, and costs stated in this authorization. I authorize  
 5 Provider to do the work and to bill bank account as specified. All banking  
 6 information will remain secure and duplicate fees will be electronically forwarded  
 7 to the United States Department of Homeland Security through a bank draft.  
 Endorsement of this authorization constitutes your authorization to duplicate your  
 banking information for the sole purpose of payment of United States Department  
 of Homeland Security application fees[.]<sup>80</sup>

8 Nothing in this language makes it clear that consumers will be charged double the amount of  
 9 their check. In fact, Immigration Center makes an exact copy of the consumer's personal check,  
 10 using Versacheck computer software, and forwards the consumer's routing number, account  
 11 number, check number, and dollar amount to USCIS.<sup>81</sup> The reference to "duplicate fees" is  
 12 insufficient to inform consumers that they are agreeing to be debited once by defendants and  
 13 again by USCIS. Consumers are stunned to learn that they have been charged twice.<sup>82</sup>

14 Employees are trained to avoid discussing payment details. Only if specifically asked  
 15 what the payment covers may the employee reply that it covers "application fees" and will be  
 16 "electronically duplicated and processed and forwarded to the Department of Homeland  
 17 Security." If asked about "duplication," the employee is trained to repeat this response.<sup>83</sup>

18 Understandably, many consumers are confused.<sup>84</sup> Employees may not deviate from the script.<sup>85</sup>

21 <sup>78</sup> Dalatri Dec. ¶ 3 (PX 3, p. 50, ¶ 3, pp. 54-57); McPeck Dec. ¶ 5, Att. B (PX 23, p. 629, ¶ 5, pp. 644-645).

22 <sup>79</sup> Dalatri Dec. ¶ 4 (PX 3, p. 51, ¶ 4); McPeck Dec. Att. B (PX 23, p. 644).

23 <sup>80</sup> Dalatri Dec. ¶ 5, Att. B (PX 3, p. 51, ¶ 5, pp. 55-56).

24 <sup>81</sup> Smith Dec. ¶ 11 (PX 14, pp. 3-4, ¶ 11).

25 <sup>82</sup> Dalatri Dec. ¶ 11 (PX 3, p. 53, ¶ 11); Smith Dec. ¶ 12 (PX 14, p. 175, ¶ 12).

26 <sup>83</sup> Smith Dec. ¶ 11 (PX 14, pp. 174-75, ¶ 11)

27 <sup>84</sup> Smith Dec. ¶ 12. (PX 14, p. 175, ¶ 12).

28 <sup>85</sup> Smith Dec. ¶ 4 (PX 14, p. 172, ¶ 4).

**D. Defendants Do Not Provide Services or Refunds to Consumers.**

1 Some consumers do not see the immigration packages defendants send until after they  
 2 have paid the delivery person.<sup>86</sup> They may discover that they received the wrong USCIS form.<sup>87</sup>  
 3 Others notice several mistakes on the forms, which defendants have “completed” for them.<sup>88</sup>  
 4 Others still mail the signed and completed forms to the USCIS address provided by the  
 5 defendants,<sup>89</sup> only to have the USCIS return the forms to consumers for failure to include the  
 6 processing fee.<sup>90</sup> In other cases, consumers call the defendants to get assistance with the forms,  
 7 but defendants do not answer.<sup>91</sup> Forms consumers send back to Immigration Center are often  
 8 misplaced and not forwarded to USCIS.<sup>92</sup>

9 Consumers are unable to obtain refunds from defendants, despite repeated efforts.<sup>93</sup>  
 10 Defendants do not answer their customer service lines or respond to messages.<sup>94</sup> When  
 11 consumers are able to reach defendants, agents typically tell consumers that they are not eligible  
 12 for a refund because defendants have already provided consumers with the promised services.<sup>95</sup>  
 13  
 14  
 15

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16 <sup>86</sup> Berry Dec. ¶¶ 4-6 (PX 2, p. 29, ¶¶ 4-6).

17 <sup>87</sup> Legault Dec. ¶ 7 (PX 10, pp. 152, ¶ 7); Dilbert Dec. ¶ 8 (PX 4, p. 62, ¶ 8).

18 <sup>88</sup> Koon Dec. ¶ 21 (PX 9, p. 148, ¶ 21).

19 <sup>89</sup> Dilbert Dec. ¶ 8 (PX 4, p. 62, ¶ 8); Iwuamadi Dec. ¶ 8 (PX 5, p. 67, ¶ 8); Monnin Dec. ¶¶ 6-8 (PX 8, p.  
 20 141, ¶¶ 6-8); Meek Aff. ¶ 22 (PX 13, p. 170, ¶ 22).

21 <sup>90</sup> Iwuamadi Dec. ¶ 9 (PX 5, p. 67, ¶ 9); Monnin Dec. ¶ 8 (PX 8, p. 141, ¶ 8, p. 145); see also Meek Aff. ¶¶  
 22 22-23 (PX 13, p. 170, ¶¶ 22-23).

23 <sup>91</sup> Johnson Dec. ¶ 10 (PX 6, p. 76, ¶ 10); Mittelstadt Dec. ¶ 6 (PX 7, p. 117, ¶ 6); Dalatri Dec. ¶ 8 (PX 3, p.  
 24 52, ¶ 8); Meek Aff. ¶ 31 (PX 13, p. 171, ¶ 31).

25 <sup>92</sup> Smith Dec. ¶ 16 (PX 14, p. 176, ¶ 16).

26 <sup>93</sup> Agudelo Dec. ¶¶ 11-13 (PX 1, p. 4, ¶¶ 11-13); Berry Dec. ¶ 8, p. 31 (PX 2, p. 31, ¶ 8); Dilbert ¶ 12 (PX 4,  
 27 p. 63, ¶ 12); Johnson ¶ 13 (PX 6, p. 76-77, ¶ 13); Monnin Dec. ¶ 11 (PX 8, p. 142, ¶ 11); see also Legault Dec. ¶¶  
 28 16, 17 (received a refund check after calling BBB and making numerous calls to defendants, but the refund check did  
 not clear).

<sup>94</sup> Legault Dec. ¶ 8 (PX 10, p. 152, ¶ 8).

<sup>95</sup> Agudelo Dec. ¶ 11 (PX 1, p. 4, ¶ 11).

#### IV. ARGUMENT

##### A. Section 13(b) of the FTC Act Authorizes the Requested Relief

The FTC seeks an *ex parte* TRO, including an order to freeze defendants' assets and appoint a receiver over Immigration Center, to prevent defendants from committing further violations pending resolution of this action and to preserve assets needed for restitution, and an order to show cause why a Preliminary Injunction should not issue. In its Complaint, the FTC also seeks permanent injunctions and other equitable relief.

This Court has authority to grant such preliminary and permanent relief pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), 28 U.S.C. § 1651(a), and Fed. R. Civ. P. 65(b). Section 13(b) of the FTC Act authorizes a district court to grant permanent injunctions to enjoin violations of the FTC Act in "proper cases,"<sup>96</sup> including any matter involving violation of a law the FTC enforces.<sup>97</sup> In actions under Section 13(b), the district court may exercise the full breadth of its equitable authority, imposing additional relief, such as consumer restitution, if necessary to accomplish complete justice.<sup>98</sup> Incident to its authority to issue permanent injunctive relief, this Court has inherent equitable power to grant all preliminary relief necessary to effectuate ultimate relief.<sup>99</sup>

##### B. The FTC's Evidence Satisfies the Standard for a TRO and Preliminary Relief

The evidence submitted by the FTC meets the standard for issuing a TRO and a preliminary injunction. To grant the FTC a preliminary injunction, the Court must only (1)

<sup>96</sup> As in *FTC v. H.N. Singer, Inc.*, 668 F.2d 1107 (9<sup>th</sup> Cir. 1982), this case proceeds under the second proviso of Section 13(b), and is thus not subject to the conditions set forth in the first proviso of Section 13(b) for the issuance of preliminary injunction in aid of administrative proceedings. *Singer*, 668 F.2d at 1111 (routine fraud case may be brought under second proviso, without being conditioned on first proviso requirement that the FTC institute an administrative proceeding); *FTC v. U.S. Oil & Gas Corp.*, 748 F.2d 1431, 1434 (11<sup>th</sup> Cir. 1984) ("Congress did not limit the court's powers under the final proviso of § 13(b)").

<sup>97</sup> *FTC v. Evans Products Co.*, 775 F.2d 1084, 1086-87 (9<sup>th</sup> Cir. 1985); *Singer*, 668 F.2d at 1113.

<sup>98</sup> *FTC v. World Wide Factors, Ltd.*, 882 F.2d 344, 346-347 (9<sup>th</sup> Cir. 1989) (affirming district court's power to freeze assets and appoint a receiver); *Singer*, 668 F.2d at 1113 (preliminary injunction with asset freeze affirmed).

<sup>99</sup> *FTC v. Stefanchik*, 559 F.3d 924, 931 (9<sup>th</sup> Cir. 2009) ("The district court has broad authority under the FTC Act to 'grant ancillary relief necessary to accomplish complete justice'"); *FTC v. Pantron I Corp.*, 33 F.3d 1088, 1102 (9<sup>th</sup> Cir. 1994); *FTC v. Amy Travel Service, Inc.*, 875 F.2d 564, 572 (7<sup>th</sup> Cir. 1989); *Singer*, 668 F.2d at 1113.

determine the likelihood that the FTC will ultimately succeed on the merits and (2) balance the equities.<sup>100</sup> Unlike the determination of whether to grant a preliminary injunction to a private party, in statutory enforcement cases where the government has met the “probability of success” prong of the preliminary injunction test, the usual prerequisite of irreparable injury is presumed because the passage of the statute implies a finding by Congress that violations will harm the public.<sup>101</sup> Thus, the FTC has a lighter burden than private litigants and “need not show irreparable harm.”<sup>102</sup> The FTC’s evidence clearly meets the standard for issuance of a TRO and Preliminary Injunction.

**1. The FTC is Likely to Succeed on the Merits.**

The FTC will ultimately succeed in proving defendants have violated Section 5 of the FTC Act. There is substantial evidence of defendants’ fraudulent scheme. Consumer testimony, corroborated by former employee’s testimony, defendants Doucette and Stilson’s admissions, and documents obtained from IFP’s files including scripts, contract, and consumer information establish that the FTC is likely to succeed on the merits in showing that defendants fraudulently deceived consumers and are liable for the resulting injury.

**a. Deception Under the FTC Act.**

Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.” An act or practice is “deceptive” within the meaning of Section 5 if a representation, omission, or practice is likely to mislead consumers acting reasonably under the circumstances and that representation, omission, or practice is material to

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<sup>100</sup> *Affordable Media*, 179 F.3d at 1233 (quoting *FTC v. Warner Communications, Inc.*, 742 F.2d 1156, 1160 (9<sup>th</sup> Cir. 1984); *World Wide Factors*, 882 F.2d at 346.

<sup>101</sup> *United States v. Odessa Union Warehouse Co-op*, 833 F.2d, 172, 175 (9<sup>th</sup> cir. 1987); *see also Gresham v. Windrush Partners, Ltd.*, 730 F.2d 1417, 1423 (11<sup>th</sup> Cir. 1984) (“[w]here . . . an injunction is authorized by statute and the statutory conditions are satisfied . . . the usual prerequisite of irreparable injury need not be established and the agency to whom the enforcement action has been entrusted is not required to show irreparable injury before obtaining an injunction.”)

<sup>102</sup> *Affordable Media*, 179 F.3d at 1233; *Odessa Union*, 833 F.2d at 175 (agency enforcing statute authorizing injunction “not required to show irreparable injury”).

the consumer's payment decision.<sup>103</sup>

A misleading impression "is material if it 'involves information that is important to consumers and, hence, likely to affect their choice of, or conduct regarding, a product.'"<sup>104</sup> A finding of deception normally justifies an inference of materiality.<sup>105</sup> Express claims are presumed material, so consumers are not required to question their veracity in order to be deemed reasonable.<sup>106</sup> Implied claims are also presumed material if there is evidence that the seller intended to make the claim<sup>107</sup> or if the claims go to the heart of the solicitation or the central characteristics of the product or service offered.<sup>108</sup>

A claim is deemed made if consumers, acting reasonably, would interpret the statements to contain that message.<sup>109</sup> A solicitation capable of being interpreted in a misleading way is construed against the maker of the solicitation.<sup>110</sup> In determining what messages may reasonably be ascribed to a statement or statements, the Court is to consider the overall net impression.<sup>111</sup>

**b. Defendants Have Made Material Misrepresentations to Consumers in violation of Section 5 of the FTC Act.**

In this case, defendants violate Section 5(a) of the FTC Act by making a series of false claims designed to induce consumers to purchase immigration and naturalization services. They

<sup>103</sup> *FTC v. Stefanchik*, 559 F.3d 924, 928 (9<sup>th</sup> Cir. 2009); *FTC v. Cyberspace.com, LLC*, 453 F.3d 1196, 1199 (9<sup>th</sup> Cir. 2006); *FTC v. Gill*, 265 F.3d 944, 950 (9<sup>th</sup> Cir. 2001).

<sup>104</sup> *Cyberspace.com*, 453 F.3d at 1201 (quoting *Cliffdale Associates, Inc.*, 103 F.T.C. 110, 165 (1984)).

<sup>105</sup> *FTC v. Colgate-Palmolive*, 380 U.S. 374, 391-92 (1965); *American Home Products Corp. v. FTC*, 695 F.2d 681, 688 n. 11 (3<sup>rd</sup> Cir. 1982); *Simeon Management Corp. v. FTC*, 579 F.2d 1137, 1146 (9<sup>th</sup> Cir. 1978).

<sup>106</sup> *Pantron*, 33 F.3d at 1095-96.

<sup>107</sup> *Kraft, Inc. v. FTC*, 970 F.2d 311, 322 (7<sup>th</sup> Cir. 1992).

<sup>108</sup> *Southwest Sunsites, Inc.*, 105 F.T.C. 7, 149 (1985), *aff'd*, 785 F.2d 1431 (9<sup>th</sup> Cir. 1986). *See also FTC v. Figgie Int'l, Inc.*, 994 F.2d 595, 604 (9<sup>th</sup> Cir. 1993) (no loophole for implied deceptive claims).

<sup>109</sup> *Kraft, Inc.*, 114 F.T.C. 40, 120 (1991).

<sup>110</sup> *Simeon Management Corp.*, 579 F.2d at 1146 (quoting *Resort Car Rental Systems, Inc. v. FTC*, 518 F.2d 962, 964 (9<sup>th</sup> Cir. 1975)).

<sup>111</sup> *Stefanchik*, 559 F.3d at 928; *Cyberspace.com*, 453 F.3d at 1200 (solicitation may be likely to mislead by virtue of its net impression even if it contains truthful disclosures). To judge the tendency of advertising to deceive, it must be viewed as a whole, without emphasizing isolated words or phrases apart from their context. *Removatron International Corp. v. FTC*, 884 F.2d 1489, 1496 (1<sup>st</sup> Cir. 1989).

1 misrepresent that (1) defendants are authorized to provide immigration and naturalization  
2 services to consumers; (2) defendants are affiliated with or part of the USCIS or an agency of the  
3 U.S. government; and (3) payments to defendants will cover all USCIS processing costs. These  
4 misrepresentations are false and material and violate Section 5 of the FTC Act.

5 **(1) Defendants Misrepresent That They are Authorized to  
6 Provide Immigration and Naturalization Services.**

7 On their websites and sales calls, defendants repeatedly claim that they are authorized to  
8 provide immigration and naturalization services to consumers in the U.S. Defendants' websites  
9 represent that defendants are a "group of specialists formerly employed at a U.S. Immigration  
10 office"<sup>112</sup> who "specialize in helping you find and prepare the correct up to date forms," "go step  
11 by step through the process of filling out the forms and getting the correct material ready to  
12 file,"<sup>113</sup> and "help people deal with the laws and processes"<sup>114</sup> of applying for immigration  
13 benefits. In their telephone sales pitches, defendants' employees further state that they are  
14 qualified, certified, and trained to provide immigration assistance to consumers.<sup>115</sup> Employees  
15 are further instructed to inform consumers that defendants "can do everything [the USCIS] can  
16 do,"<sup>116</sup> which bolsters the claims made on the websites.

17 These claims are false and misleading and violate Section 5 of the FTC Act. Contrary to  
18 their representations, defendants are not legally authorized nor qualified to provide immigration  
19 and naturalization services. None of these defendants meets the requirements to represent an  
20 individual in immigration and naturalization matters.<sup>117</sup> A person seeking immigration or  
21 naturalization benefits may be *represented* by any of the following: (1) attorneys in or outside the  
22 United States; (2) law students or law graduates not yet admitted to the bar; (3) reputable

23 <sup>112</sup> Brannon-Quale Dec. ¶ 27, Att. S (PX 24, p. 653, ¶ 27, p. 792).

24 <sup>113</sup> Brannon-Quale Dec. ¶ 21, Att. N (PX 24, pp. 651-52, ¶ 21, p. 768).

25 <sup>114</sup> Brannon-Quale Dec. ¶ 18, Att. K (PX 24, p. 651, ¶ 18, p. 758).

26 <sup>115</sup> McPeck Dec. Att. A at 11 (PX 23, p. 641).

27 <sup>116</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

28 <sup>117</sup> Department of Homeland Security, 8 C.F.R. § 292.1 (2010); Executive Office of Immigration Review,  
Department of Justice, 8 C.F.R. § 1292.1 (2008).



1 individuals; (4) accredited representatives; or (5) accredited officials.<sup>118</sup> The term,  
 2 “representation,” includes “practice and preparation.”<sup>119</sup> To select, prepare, and file immigration  
 3 forms constitutes “representation” of persons seeking immigration benefits.

4 Defendants are not licensed attorneys or law students.<sup>120</sup> Defendants are also not  
 5 “reputable” individuals, as defined by the regulations. Indeed, to be “reputable,” defendants  
 6 cannot charge for their services, must have a pre-existing relationship with the consumer, and  
 7 must have permission to appear before an official.<sup>121</sup> None of the corporate or individual  
 8 defendants is recognized as an accredited representative by the USCIS<sup>122</sup> or the U.S. Department  
 9 of Justice.<sup>123</sup> Furthermore, none of the defendants is an accredited official in the U.S.  
 10 Defendants do not meet the criteria under 8 C.F.R. § 292.1 or 8 C.F.R. § 1292.1 to provide  
 11 immigration and naturalization services to consumers in the U.S.

12 Moreover, defendants do not have expertise to provide immigration and naturalization  
 13 services to consumers. Defendants’ employees are poorly trained and make several mistakes.<sup>124</sup>

14  
 15 <sup>118</sup> *Id.*

16 <sup>119</sup> 8 C.F.R. 1000.1(m) (2009) states that “[t]he term *representation* before the Board and the Service includes  
 17 practice and preparation as defined in paragraphs (i) and (k) of this section.” The term “practice” means “the act or  
 18 acts of any person appearing in any case, either in person or *through the preparation or filing* of any brief or other  
 19 document, paper, application, or petition on behalf of another person.” Executive Office for Immigration Review,  
 20 Department of Justice, 8 C.F.R. § 1001.1(i) (emphasis added). The term, “preparation,” means the “study of the  
 21 facts of a case and the applicable laws, coupled with the giving of advice and auxiliary activities, *including the*  
 22 *incidental preparation of papers*, but does not include the lawful functions of a notary public or service consisting  
 23 solely of assistance in the completion of blank spaces on printed Service forms by one whose remuneration, if any, is  
 24 nominal and who does not hold himself out as qualified in legal matters or in immigration and naturalization  
 25 procedure.” Executive Office for Immigration Review, Department of Justice, 8 C.F.R. § 1001.1(k) (emphasis  
 26 added).

27 <sup>120</sup> Brannon-Quale Dec. ¶ 31 (PX 24, p. 654, ¶ 31) (search on Martindale-Hubbell indicates that no individual  
 28 defendant is identified as a licensed attorney). Smith Dec. ¶ 14 (PX 14, p. 175, ¶ 4) (former employee confirms that  
 no one employed at Immigration Center is known to have a law license or be a law student).

29 <sup>121</sup> 8 C.F.R. § 292.1(a)(3); 8 C.F.R. § 1292.1(a)(3).

30 <sup>122</sup> USCIS District 20 Director Anne Corsano states that links to accredited organizations are available on the  
 31 official uscis.gov website. Corsano Dec. ¶ 11 (PX 21, p. 615, ¶ 11).

32 <sup>123</sup> According to USDOJ EOIR representative Paulomi Dhokai, individual defendants Doucette, Stilson,  
 33 Boyce, Strawbridge, R. Meredith, Laurence, and E. Meredith have never been identified as accredited  
 34 representatives. Dhokai Dec. ¶¶ 6-7 (PX 22, p. 626, ¶¶ 6-7).

35 <sup>124</sup> Wild Aff. ¶ 23 (PX 16, p. 202, ¶ 23).

1 The training is limited to a quick 30-minute overview about immigration information, prices, and  
 2 rebuttal responses to consumers' questions and responses.<sup>125</sup> Immigration Center former  
 3 employees further state that there was very little structure and accountability at the call centers.<sup>126</sup>  
 4 Because defendants have neither the legal authorization nor the experience to provide consumers  
 5 with immigration services, their claim that they are authorized to provide such services to  
 6 consumers is false and misleading, and violates Section 5 of the FTC Act.

7 **(2) Defendants Misrepresent That They are Affiliated with  
 8 the U.S. Government.**

9 Defendants' claim on their websites that they are affiliated with the USCIS or an agency  
 10 of the U.S. government. Defendants' websites are designed to look like government websites.  
 11 They display official seals or graphics that appear on a U.S. government website such as the  
 12 American eagle, the U.S. flag, and the Statue of Liberty.<sup>127</sup> Consumers report that defendants'  
 13 websites appeared at the top when they searched for the USCIS on Yahoo, Bing, and Google,  
 14 leading them to believe that they had reached the official government website.<sup>128</sup> The URL  
 15 names for Immigration Center websites, www.uscis-ins.us, www.uscis-helpline.info, www.usa-  
 16 helpline.info, also mimic the names of U.S. government websites.

17 Defendants reinforce consumers' mistaken beliefs by claiming that defendants are part of  
 18 or affiliated with the U.S. government during their telephone sales pitches. Not only do live  
 19 agents answer calls, "USCIS," but former employees knew they were misleading consumers by  
 20 stating that they were "immigration" or "U.S. Immigration Center."<sup>129</sup> As noted above, one

21 <sup>125</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

22 <sup>126</sup> Wild Aff. ¶ 29 (PX 16, pp. 203-204, ¶ 29).

23 <sup>127</sup> Brannon-Quale Dec. ¶¶ 18, 21, 24, Att. K, N, P (PX 24, pp. 651-52, ¶¶ 18, 21, 24, pp. 750, 752, 758, 761,  
 763, 772, 774, 776-79, 792); CO PI Hearing Tr. at 49-50 (PX 17, p.370-71).

24 <sup>128</sup> Agudelo Dec. ¶ 3 (PX 1, p. 1, ¶ 3); Berry Dec. ¶ 2 (PX 2, p. 28, ¶ 2); Dalatri Dec. ¶ 2 (PX 3, p. 50, ¶ 2)  
 25 (used search terms such as "green card" and "immigration forms"); Dilbert Dec. ¶ 3 (PX 4, p. 60, ¶ 3) (searched for  
 26 term "immigration center"); Iwuamada Dec. ¶¶ 2-3 (PX 5, p. 65, ¶¶ 2-3); Johnson Dec. ¶ 2 (PX 6, p. 74, ¶ 2);  
 27 Mittelstadt Dec. ¶ 2 (PX 7, p. 116, ¶ 2) (used search terms similar to "U.S. visas"); Koon Dec. ¶ 1 (PX 9, p. 146, ¶ 1)  
 (conducted search on Bing with term, "United States Citizenship and Immigration Service"; IFP website appeared at  
 or near the top); Legault Dec. ¶ 3 (PX 10, p. 150, ¶ 3); CO PI Hearing Tr. at 86, 88-89 (PX 17, pp. 307, 309-10);  
 Smith Dec. ¶ 7 (PX 14, p. 173, ¶ 7).

28 <sup>129</sup> Meek Aff. ¶ 13 (PX 13, p. 169, ¶ 13); Smith Dec. ¶ 8 (PX 14, p. 173, ¶ 8).

1 former IFP employee was instructed to tell consumers that IFP was affiliated with the USCIS,<sup>130</sup>  
 2 witnessed many IFP employees tell consumers that they were the U.S. government,<sup>131</sup> and heard  
 3 defendant Laurence tell consumers that he was the "government" in his sale pitches.<sup>132</sup>

4 Consumers further state that they never would have paid defendants for any of its services  
 5 if they had known it was not affiliated with the USCIS<sup>133</sup> and they could have obtained the  
 6 USCIS forms for free.<sup>134</sup> Defendants' misrepresentations that they are affiliated with an agency  
 7 of the U.S government or the USCIS are false and material, and violate Section 5 of the FTC Act.

8 **(3) Defendants Misrepresent that the fees that consumers  
 9 pay defendants will cover USCIS processing fees.**

10 Defendants lead consumers to believe the fees that consumers pay defendants cover  
 11 USCIS processing fees. However, the fee is only for defendants' forms and services.  
 12 Defendants' misrepresentation that the fees consumers pay to defendants will cover all costs  
 13 associated with submitting immigration documents to the USCIS is false and misleading, and  
 14 violates Section 5 of the FTC Act.

15 Defendants' employees specifically inform consumers that their payment to defendants  
 16 will cover "processing,"<sup>135</sup> which consumers take to mean USCIS processing fees,<sup>136</sup> especially  
 17 since the fees charged by defendants are identical or similar to the fees that the USCIS charges  
 18 for processing the forms. A former IFP employee corroborates this evidence, and states that  
 19 defendants "led consumers to believe that the fee consumers paid was the only fee required to

20 <sup>130</sup> Meek Aff. ¶ 25 (PX 13, p. 170, ¶ 25).

21 <sup>131</sup> Meek Aff. ¶ 16 (PX 13, p. 169, ¶ 16).

22 <sup>132</sup> Meek Aff. ¶ 17 (PX 13, p. 169, ¶ 17).

23 <sup>133</sup> Berry Dec. ¶ 12 (PX 2, p. 32, ¶ 12); Dalatri Dec. ¶ 12 (PX 3, p. 53, ¶ 12); Mittelstadt Dec. ¶ 9 (PX 7, p. 118,  
 24 ¶ 9); Monnin Dec. ¶ 13 (PX 8, p. 143, ¶ 13); Legault Dec. ¶ 19 (PX 10, p. 156, ¶ 19); McLeod Dec. ¶ 32 (PX 11, p.  
 164, ¶ 32).

25 <sup>134</sup> Agudelo Dec. ¶ 13 (PX 1, p. 4, ¶ 13); Berry Dec. ¶ 12 (PX 2, p. 32, ¶ 12); Dilbert Dec. ¶ 13 (PX 4, p. 63, ¶  
 26 13); Iwuamada Dec. ¶ 12 (PX 5, p. 68, ¶ 12); Johnson Dec. ¶ 15 (PX 6, p. 77, ¶ 15); Mittelstadt Dec. ¶ 9 (PX 7, p.  
 118, ¶ 9); Monnin Dec. ¶ 13 (PX 8, 143, ¶ 13); Legault Dec. ¶ 19 (PX 10, p. 156, ¶ 19).

27 <sup>135</sup> Agudelo Dec. ¶ 5 (PX 1, p. 2, ¶ 5); Berry Dec. ¶ 3 (PX 2, p. 28, ¶ 3); Johnson Dec. ¶ 6 (PX 6, p. 75, ¶ 6).

28 <sup>136</sup> Agudelo Dec. ¶ 5 (PX 1, p. 2, ¶ 5); Berry Dec. ¶ 3 (PX 2, p. 28, ¶ 3); Monnin Dec. ¶ 6 (PX 8, p. 141, ¶ 6);  
 Koon Dec. ¶¶ 8, 11 (PX 9, p. 147, ¶¶ 8, 11); McLeod Dec. ¶ 9 (PX 11, p. 162, ¶ 9).

apply for and process their immigration documents.”<sup>137</sup>

In some cases, defendant Immigration Center charges consumers twice. It cashes the consumer’s check, then forwards an exact copy of it to USCIS, along with the consumer’s immigration forms, for processing.<sup>138</sup> Consumers are upset and confused when they learn that they are charged twice the amount quoted.<sup>139</sup> Employees are trained to avoid going into details of payment.<sup>140</sup> Defendants’ misrepresentation that consumers’ payment to defendants would cover USCIS processing fees violates Section 5(a) of the FTC Act.

**c. The Individual Defendants are Personally Liable.**

The FTC is also likely to succeed in demonstrating that individual defendants are individually liable for the deceptive practices of the corporate defendants, Immigration Center and IFP. Like businesses, individuals who perpetrate such acts are subject to injunctive and equitable liability.<sup>141</sup> An individual may be subject to injunctive relief for the corporate defendants’ violations of the FTC Act if he or she either (a) participated in the challenged conduct or (b) had authority to control it.<sup>142</sup>

Individual defendants may also be held liable for restitution based on corporate misconduct if they had actual knowledge of material misrepresentations, were recklessly indifferent to the falsity of the misrepresentations, or were aware of a high probability of fraud and intentionally avoided the truth.<sup>143</sup> An individual’s “degree of participation in business affairs is probative of knowledge.” The FTC does not need to prove subjective intent to defraud.<sup>144</sup>

Both corporate and individual defendants are liable for violations of the FTC Act. As

<sup>137</sup> Meek Aff. ¶ 26 (PX 13, p. 170, ¶ 26).

<sup>138</sup> Smith Dec. ¶ 11 (PX 14, pp. 174-75, ¶ 11).

<sup>139</sup> Dalatri Dec. ¶ 11 (PX 3, p. 53, ¶ 11); Smith Dec. ¶ 12 (PX 14, p. 175, ¶ 12).

<sup>140</sup> Smith Dec. ¶ 11 (PX 14, pp. 174-75, ¶ 11).

<sup>141</sup> *FTC v. INC21.Com Corp.*, 2010 U.S. Dist. LEXIS 98944, at \* 56 (N.D. Cal. Sept. 21, 2010).

<sup>142</sup> *Cyberspace.com*, 453 F.3d at 1202 (9<sup>th</sup> Cir. 2006).

<sup>143</sup> *FTC v. Network Services Depot*, 617 F.3d 1127, 1138-39.

<sup>144</sup> *Affordable Media*, 179 F.3d at 1234-35.

discussed above, the corporate defendants have engaged in misrepresentations that were reasonably relied upon by consumers and caused consumer injury. The individual defendants are also liable for the corporate misconduct.

**(1) Immigration Center's principals.**

Defendants Doucette, Stilson, and Boyce meet the test for individual liability. As the director and owner of Immigration Center, defendant Doucette is in a position to exercise control over Immigration Center. He hired and fired employees.<sup>145</sup> He is an authorized signer on at least two business accounts. He is an authorized signer on a Bank of America account titled, "Charles R. Doucette Jr. (sole proprietor) dba Immigration Form Processing," and a U.S. Bank account, "Charles Doucette d/b/a Immigration Forms and Services."<sup>146</sup> His knowledge is established by evidence of his involvement in the fraudulent activities of Immigration Center. He created websites that contained the deceptive claims,<sup>147</sup> and chose search words for the major search engines to ensure that defendants' websites appear at the top of most immigration-related searches.<sup>148</sup> He has provided employees with scripts.<sup>149</sup> He trains employees to sell unauthorized immigration and naturalization services,<sup>150</sup> and instructs them to inform consumers that defendants are the "help line for Immigration" and "can do everything [Immigration] can do."<sup>151</sup>

Defendants Stilson and Boyce run the daily operations of Immigration Center. Stilson had authority to control Immigration Center as the one responsible for hiring and firing employees.<sup>152</sup> She is also the sole account owner of a U.S. Bank account, titled "Deborah Ann

<sup>145</sup> Smith Dec. ¶ 3 (PX 14, p. 172, ¶ 3).

<sup>146</sup> Brannon-Quale Dec. ¶¶ 35, 39, Att. U, AA (PX 24, pp. 654, 656, ¶¶ 35, 39, p. 797, 832).

<sup>147</sup> Investigative Hearing, Doucette at 36, 40. (PX 18, pp. 482, 486)

<sup>148</sup> Investigative Hearing, Doucette at 93-94 (PX 18, pp. 539-40).

<sup>149</sup> Smith Dec. ¶ 4 (PX 14, p. 172, ¶ 4).

<sup>150</sup> Investigative Hearing, Doucette at 55 (PX 18, pp. 501); Wild Aff. ¶ 23 (PX 16, p. 202, ¶ 23).

<sup>151</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

<sup>152</sup> Investigative Hearing, Silson, at 12 (PX 19, p. 559); Smith Dec. ¶ 3 (PX 14, p. 172, ¶ 3).

1 Stilson dba Immigration Forms," which was used to pay employees.<sup>153</sup> Furthermore, Stilson had  
 2 knowledge of the misrepresentations of Immigration Center. Not only did she train employees,  
 3 she provided their verification scripts.<sup>154</sup> She also handled consumer complaints and admitted  
 4 that consumers were misled into believing that they were talking to the government, did not  
 5 understand that the fees did not include USCIS processing fees, and were sent improper forms.<sup>155</sup>

6 As the manager of Immigration Center, defendant Boyce also had authority to control  
 7 Immigration Center.<sup>156</sup> Moreover, he had knowledge about the material misrepresentations  
 8 because he handled consumer complaints.<sup>157</sup> A consumer indicates that he specifically spoke to  
 9 Boyce complaining that Immigration Center misrepresented that it was affiliated with USCIS.<sup>158</sup>

## 10 (2) IFP Principals.

11 Defendant IFP's principals are also individually liable. As president and owner of IFP,  
 12 Strawbridge had authority to control the operations of IFP.<sup>159</sup> He had actual knowledge of IFP's  
 13 misconduct. He created the IFP website that contains the misleading claims.<sup>160</sup> He applied for a  
 14 merchant processing account on behalf of IFP.<sup>161</sup>

15 As the vice-president of IFP, Robin Meredith had the authority to control IFP.<sup>162</sup> She  
 16 corresponded with Colorado Assistant Attorney General Olivia DeBlasio as vice-president of  
 17

18  
 19 <sup>153</sup> Brannon-Quale Dec. ¶¶ 46-47, Att. GG, HH (PX 24, p. 659, ¶ 46-47, pp. 921-922, 924, 933).

20 <sup>154</sup> Investigative Hearing, Stilson at 11-13, 22-23 (PX 19, pp. 558-60, 569-70).

21 <sup>155</sup> Investigative Hearing, Stilson at 20-25. (PX 19, p. 567-572).

22 <sup>156</sup> Wild Aff. Att. D (PX 16, p. 217).

23 <sup>157</sup> Johnson Dec. ¶ 13 (PX 6, p. 76, ¶ 13) (Johnson states that he spoke with Alfred Boyce).

24 <sup>158</sup> Johnson Dec. ¶ 13 (PX 6, p. 76, ¶ 13).

25 <sup>159</sup> Brannon-Quale Dec. ¶ 5, Att. C (PX 24, pp. 646-47, ¶ 5, pp. 678-79); Meek Aff. ¶ 5 (PX 13, p. 168, ¶ 5).

26 <sup>160</sup> Brannon-Quale Dec. ¶ 22 (PX 24, p. 651-52, ¶22) (Strawbridge is the domain name registrant for the  
 27 website).

28 <sup>161</sup> Rowe Dec. Att. D (PX 20, pp. 597-599).

<sup>162</sup> Brannon-Quale Dec. ¶ 5 (PX 24, p. 646, ¶ 5); Meek Aff. ¶ 5 (PX 13, p. 168, ¶ 5).

1 IFP,<sup>163</sup> admitting that IFP is “the call center handling the incoming calls from the website” and  
 2 that it collected \$61,515 for 500 orders in June and July, 2009.<sup>164</sup>

3 As supervisors and managers of IFP, both Laurence and E. Meredith have authority to  
 4 control IFP.<sup>165</sup> Present at the site of the call center,<sup>166</sup> both know what IFP employees say to  
 5 consumers and what the many consumer complaints say about IFP.<sup>167</sup> Laurence directly  
 6 participated in the fraudulent activity by representing to consumers that he was the “government,”  
 7 and instructing IFP employees to inform consumers that they were “immigration.”<sup>168</sup>

8 **(3) Doucette and Stilson are liable for the fraudulent acts of  
 IFP and its Principals.**

9 Defendants Doucette and Stilson furnished IFP, Strawbridge, R. Meredith, Laurence, and  
 10 E. Meredith with the means and instrumentalities to market and sell immigration and  
 11 naturalization services. “Those who put into the hands of others the means by which they may  
 12 mislead the public, are themselves guilty of a violation of Section 5 of the FTC Act.”<sup>169</sup> Under  
 13 this theory, liability may rest on a finding that the defendant knew deception was a “possible”  
 14 result of the supported practices.<sup>170</sup>

15 Here, defendants Doucette and Stilson are liable for the deceptive acts and practices of  
 16 defendants IFP, Strawbridge, R. Meredith, Laurence, and E. Meredith. Doucette and Stilson  
 17 provided them with training, equipment, websites, and marketing to deceive consumers.  
 18 According to the contract between Stilson and Strawbridge, Stilson d/b/a Ninner provided IFP

19 \_\_\_\_\_  
 20 <sup>163</sup> DeBlasio Dec. Att A (PX 15, pp. 182-189).

21 <sup>164</sup> DeBlasio Dec. Att. A (PX 15, p. 184).

22 <sup>165</sup> Meek Aff. ¶ 8 (PX 13, p. 169, ¶ 8).

23 <sup>166</sup> Meek Aff. ¶ 8 (PX 13, p. 169, ¶ 8).

24 <sup>167</sup> Meek Aff. ¶ 32 (PX 13, p. 171, ¶ 32).

25 <sup>168</sup> Meek Aff. ¶ 17 (PX 13, p. 169, ¶ 17).

26 <sup>169</sup> *Waltham Watch Co. v. FTC*, 318 F.2d 28, 31 (7<sup>th</sup> Cir. 1963); *see also FTC v. Winsted Hosiery Co.*, 258 U.S.  
 27 483, 494, 42 S.Ct. 384, 66 L.Ed. 729 (1922); *C. Howard Hunt Pen Co. v. FTC*, 197 F.2d 273, 281 (3d Cir. 1952)  
 (finding violations of the FTC Act for furnishing others with the means to commit a fraud).

28 <sup>170</sup> *Regina Corp. v. FTC*, 322 F.2d 765, 768 (3d. Cir 1963); *see also FTC v. Magui Publishers, Inc.*, 1991-1  
 Trade Cas. (CCH) ¶ 69,425 (C.D. Cal. 1991) (finding liability on means and instrumentalities theory), *aff'd* 9 F.3d  
 1551 (9<sup>th</sup> Cir. 1993).

1 with websites, marketing, telephone service and equipment, shipping for all orders, and deposit,  
 2 wire, and transfer services.<sup>171</sup> In return, IFP agreed to provide 60% of all sales revenue.<sup>172</sup>

3 Moreover, Doucette trained all IFP employees. According to a former IFP employee,  
 4 Doucette trained her for 30 minutes on immigration matters, including immigration information,  
 5 products, prices, and responses to consumers' questions.<sup>173</sup> Doucette instructed employees to tell  
 6 consumers that IFP was the "help line for Immigration" and IFP "can do everything [USCIS] can  
 7 do."<sup>174</sup> Based on these facts, defendants Doucette and Stilson provided defendants IFP,  
 8 Strawbridge, R. Meredith, Laurence, and E. Meredith with the means and instrumentalities to  
 9 deceive consumers in violation of Section 5(a) of the FTC Act. Defendants Doucette and Stilson  
 10 are liable for the deceptive acts of defendants IFP, Strawbridge, R. Meredith, Laurence, and E.  
 11 Meredith.

## 12 2. The Equities Tip Decidedly in the FTC's Favor.

13 In balancing the equities, the "public interest should receive greater weight" than private  
 14 interests.<sup>175</sup> This is particularly true where a defendant's business is rooted in deception, for "[a]  
 15 court of equity is under no duty 'to protect illegitimate profits or advance business which is  
 16 conducted [illegally].'"<sup>176</sup>

17 The public interest in halting defendants' law violations and preserving assets for a  
 18 meaningful monetary remedy far outweighs any interest defendants may have in continuing to  
 19 mislead consumers. Defendants have no legitimate interest in continuing to deceive consumers  
 20  
 21  
 22

23 <sup>171</sup> Rowe Dec. Att. B (PX 20, pp. 585-586).

24 <sup>172</sup> *Id.*

25 <sup>173</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

26 <sup>174</sup> Meek Aff. ¶ 12 (PX 13, p. 169, ¶ 12).

27 <sup>175</sup> *FTC v. Affordable Media*, 179 F.3d 1228, 1236 (9<sup>th</sup> Cir. 1999); *FTC v. Warner Communications, Inc.*, 742  
 F.2d 1156, 1165 (9<sup>th</sup> Cir. 1984).

28 <sup>176</sup> *CFTC v. British Am. Commodity Options Corp.*, 560 F.2d 135, 143 (2<sup>nd</sup> Cir. 1977) (quoting *FTC v.*  
*Thomsen-King & Co.*, 109 F.2d 516, 519 (7<sup>th</sup> Cir. 1940).



1 and violate federal law.<sup>177</sup> Compliance with the law is not an unreasonable burden.<sup>178</sup> These  
 2 equitable factors strongly favor the proposed TRO.

3 **C. The Temporary Restraining Order Should be Issued Ex Parte.**

4 A TRO may be granted without notice if it appears notice will result in irreparable injury  
 5 and the applicant certifies the reasons why. Fed. R. Civ. P. 65(b). It is particularly appropriate  
 6 where giving notice could result in an inability to provide any relief at all.<sup>179</sup> *Ex parte* TRO are  
 7 granted in such cases to serve the “underlying purpose of preserving the status quo and preventing  
 8 irreparable harm just so long as is necessary to hold a hearing, and no longer.”<sup>180</sup>

9 For instance, in *Vuitton, supra*, a trademark infringement case, the Second Circuit issued a  
 10 writ of mandamus ordering the district court to grant an *ex parte* temporary restraining order. The  
 11 Second Circuit found that the petitioner had demonstrated that, if notice were given to the alleged  
 12 infringer, it was highly probable that the infringer would dispose of the infringing goods in the  
 13 few hours before the hearing. The petitioner had supported that contention by describing its  
 14 experience in other, similar cases where the actions became futile after defendants disposed of  
 15 their inventories before courts could issue orders and hold hearings. The Second Circuit held that  
 16 the petitioner’s showing was sufficient to justify the issuance of an order *ex parte*.<sup>181</sup>

17 Here, the evidence supports issuing the temporary restraining order *ex parte* under Rule  
 18 65(b). If defendants were given notice of the TRO, defendants’ past behavior indicates that they  
 19 would attempt to evade detection. Despite two state law enforcement actions, defendants have not  
 20 stopped their deceptive practices. They merely operate from a new business location, through  
 21 different trade names or sole proprietorships, with changed telephone numbers and websites.

22 In evading law enforcement, they will also conceal and dissipate assets. Already

23 <sup>177</sup> *FTC v. Sabal*, 32 F.Supp.2d 1004, 1009 (N.D. Ill. 1998) (citing *World Wide Factors*, 882 F.2d at 347).

24 <sup>178</sup> *World Wide Factors*, 882 F.2d at 347 (affirming the district court’s finding that “there is no oppressive  
 25 hardship to defendants in requiring them to comply with the FTC Act, refrain from fraudulent representation or  
 26 preserve their assets from dissipation or concealment”).

26 <sup>179</sup> *In re Vuitton et Fils S.A.*, 606 F.2d 1, 4-5 (2<sup>nd</sup> Cir. 1979).

27 <sup>180</sup> *Reno Air Racing Association, Inc. v. McCord*, 452 F.3d 1126, 1131 (9<sup>th</sup> Cir. 2006) (quoting *Granny Goose*  
 28 *Foods, Inc. v. Teamsters*, 415 U.S. 423, 439 (1974)).

<sup>181</sup> *Vuitton*, 606 F.2d at 3-5.

1 defendants have made large cash withdrawals and wire transfers from accounts associated with  
 2 Immigration Center and IFP into their individual accounts, which do not appear to have been in  
 3 the regular course of business. The FTC's experience shows that defendants engaged in similar  
 4 schemes will withdraw funds from bank accounts and move or shred documents upon learning of  
 5 impending legal action.<sup>182</sup> District Courts therefore have regularly granted the FTC *ex parte* relief  
 6 in similar cases. Thus, issuing the TRO *ex parte* in this case is indispensable to preserving the  
 7 status quo and securing full and effective relief pending a hearing on the preliminary injunction.

8 **D. An Asset Freeze is Necessary to Preserve Assets for Consumer Redress**

9 To preserve the availability of funds for injured consumers, the FTC requests that the  
 10 Court issue an order requiring the preservation of assets and evidence. Such an order is well  
 11 within the Court's authority.<sup>183</sup> An asset freeze is appropriate once the Court determines that the  
 12 FTC is likely to prevail on the merits and restitution would be an appropriate final remedy.<sup>184</sup>

13 "A party seeking an asset freeze must show a likelihood of dissipation of the claimed  
 14 assets, or other inability to recover monetary damages, if relief is not granted."<sup>185</sup> In *Johnson v.*  
 15 *Couturier*, the Ninth Circuit recently upheld an asset freeze because plaintiffs had established they  
 16 were "likely to succeed in proving that [Defendant] impermissibly awarded himself tens of  
 17 millions of dollars," and because:

18 Such an individual is presumably more than capable of placing assets in his  
 19 personal possession beyond the reach of a judgment. Accordingly, [Defendant's]  
 20 own prior conduct establishes a likelihood that in the absence of an asset freeze  
 and accounting, Plaintiffs will not be able to recover the improperly diverted funds  
 and will thus be irreparably harmed.<sup>186</sup>

21 Where a defendant's business is permeated with fraud, the court may conclude that there is

22  
 23 <sup>182</sup> See Kim Dec. ¶¶ 22-23 (citing numerous instances of such conduct).

24 <sup>183</sup> *Singer*, 668 F.2d at 1113 ("§ 13(b) provides a basis for an order freezing assets").

25 <sup>184</sup> *FTC v. World Travel Vacation Brokers, Inc.*, 861 F.2d 1020, 1031 (7<sup>th</sup> Cir. 1988).

26 <sup>185</sup> *Johnson v. Couturier*, 572 F.3d 1067, 1085 (9<sup>th</sup> Cir. 2009). There, the Ninth Circuit overruled its holding in  
 27 *FSLIC v. Sahni*, 868 F.2d 1096, 1097 (9<sup>th</sup> Cir. 1989), that the petitioner needed to show only a "possibility of  
 28 dissipation" when seeking an asset freeze. The *Johnson* court based its new "likelihood of dissipation" standard on  
*Winter v. Natural Res. Defense Council, Inc.*, 129 S.Ct. 365, 374 (2008)(moving party must show a "likelihood"  
 rather than the mere "possibility" of irreparable harm).

<sup>186</sup> *Johnson*, 572 F.3d at 1085.

1 a likelihood of defendant attempting to dissipate or conceal assets while the action is pending and  
 2 may grant an asset freeze.<sup>187</sup> A defendant's prior attempt to hide assets establishes the likelihood  
 3 that without an asset freeze, the plaintiff will be unable to recover any funds.<sup>188</sup>

4 Here, an asset freeze is necessary to preserve assets for consumer redress. Defendants' past  
 5 behavior indicates that they are likely to dissipate assets. As stated above, ill-gotten corporate  
 6 funds are being used to support individual defendants. For instance, Doucette and Stilson have  
 7 used Immigration Center funds for personal expenses such as airline tickets, car maintenance, and  
 8 jewelry.<sup>189</sup> Doucette has made cash withdrawals totaling over \$116,000 between February 3, 2010  
 9 and July 31, 2010 alone.<sup>190</sup> Between December 14, 2009 and December 3, 2010, Stilson  
 10 withdrew cash totaling \$272,000 and transferred approximately \$115,300 from her dba  
 11 Immigration Forms account into her individual account.<sup>191</sup> From Stilson's dba Immigration  
 12 Forms account, she signed checks to Doucette totaling approximately \$92,925 between June 2010  
 13 and November 2010.<sup>192</sup> Similarly, Laurence has used Immigration Forms and Publications, Inc.  
 14 funds for personal items such as bail bonds and shopping. He made large cash withdrawals  
 15 totaling approximately \$41,185.95 between May 27, 2009 and June 30, 2009 alone.<sup>193</sup> He also  
 16 wrote several checks to Strawbridge and Doucette from this account. Strawbridge used funds he  
 17 received from Doucette's dba Immigration Forms and Services and Laurence's dba Immigration  
 18 Forms and Publication's accounts to sign checks made payable to several individuals including

19 <sup>187</sup> See, e.g., *SEC v. Manor Nursing Ctrs., Inc.*, 458 F.2d 1082, 1106 (2<sup>nd</sup> Cir. 1972); *SEC v. R.J. Allen &*  
 20 *Assocs., Inc.*, 386 F.Supp. 866, 881 (S.D. Fla. 1974).

21 <sup>188</sup> *Affordable Media*, 179 F.3d at 1236 (likelihood of dissipation existed "[g]iven the [defendants'] history of  
 22 spiriting their commissions away to a Cook Islands trust").

23 <sup>189</sup> Brannon-Quale Dec. ¶¶ 42, 48 (PX 24, pp. 657, 660, ¶¶ 42, 48; e.g. pp. 814, 867-68, 878-79, 888-89, 892-  
 24 93, 972-73, 976-77, 980-81, 984-85, 988-89, 1012, 1016). Doucette has used the account for miscellaneous  
 25 personal expenses including dental fees, funerals, and shopping at Walmart, Overstock.com, and Bestbuy.com.  
 26 Stilson has also used her dba account for miscellaneous personal expenses such as shopping at Lane Bryant,  
 27 Walmart, and Coach. See also Brannon-Quale Dec. Att. CC, KK (PX 24, pp. 878-79, 888, 892, 897, 976, 1021).

28 <sup>190</sup> Brannon-Quale Dec. ¶ 36, Att. V (PX 24, p. 654-55, ¶ 36, pp. 803, 808, 813-14, 819).

<sup>191</sup> Brannon-Quale Dec. ¶¶ 48-49, Att. II (PX 24, p. 660-61, ¶¶ 48-49; see pp. 936, 940, 942, 946, 948, 954,  
 956, 958, 960, 962-63).

<sup>192</sup> Brannon-Quale Dec. ¶ 47, Att. JJ (PX 24, p. 660, ¶ 47, pp. 968-69).

<sup>193</sup> Brannon-Quale Dec. ¶ 58, Att. RR (PX 24, p. 663, ¶ 58, pp. 1028-1031, 1077-78, 1081).

1 Laurence, Elizabeth Meredith, and Robin Meredith.<sup>194</sup> Thus, large cash withdrawals and  
 2 suspicious transfers from corporate funds to individual accounts indicate that there is a strong  
 3 likelihood that defendants will dissipate or conceal assets.

4 The asset freeze should include any assets of the individual defendants, who have no right  
 5 to dissipate or conceal funds that the Court may later determine were wrongfully gained. If  
 6 frozen, those assets can be located and inventoried. Freezing individual assets is warranted where  
 7 the individual defendant controls the business that perpetrated the unfair and deceptive acts.<sup>195</sup>

8 **E. A Receiver Will Halt the Injury and Locate and Preserve Business Assets and Records**

9 The FTC seeks appointment of a temporary receiver to take control of Immigration Center  
 10 and of individual defendants' business interests in Immigration Center. Because pervasive fraud  
 11 is at the heart of defendants' business, a receiver is needed to stop the fraud and prevent  
 12 destruction of documents and concealment of assets during the pendency of this proceeding, thus  
 13 helping to insure the effectiveness of final relief. This Court has the inherent power to appoint a  
 14 receiver as an incident to its statutory authority to issue a permanent injunction under Section  
 15 13(b) of the FTC Act.<sup>196</sup> Appointment of a receiver is necessary when the corporate defendant's  
 16 management has defrauded the public.<sup>197</sup> In addition, individual assets are properly included in  
 17 receiverships when there is a risk that fraudulent business proceeds have been commingled or  
 18 dissipated through individual estates.<sup>198</sup>

19 Here, a receiver over Immigration Center is necessary to locate and preserve business  
 20

21 <sup>194</sup> Brannon-Quale Dec. ¶ 52, Att. MM (PX 24, p. 661, ¶ 52, pp. 1040-42).

22 <sup>195</sup> *World Travel Vacation Brokers*, 861 F.2d at 1031.

23 <sup>196</sup> *FTC v. U.S. Oil & Gas*, 748 F.2d 1431, 1432 (11<sup>th</sup> Cir. 1984). *E.g.*, *FTC v. Advanced Management*  
 24 *Services NW LLC*, CV-10-148-LR (E.D. Wa. May 10, 2010) (*ex parte* TRO with asset freeze and two receivers).

25 <sup>197</sup> *SEC v. First Financial Group of Texas*, 645 F.2d 429, 438 (5<sup>th</sup> Cir. 1981) ("hardly conceivable that the trial  
 26 court should have permitted those who were enjoined from fraudulent misconduct to continue in control of [the  
 corporate defendant]'s affairs").

27 <sup>198</sup> Examples of receiverships over individual assets granted to the FTC include *FTC v. Nationwide*  
 28 *Connections, Inc.*, No. 06-80180 (S.D. Fla. Sept. 25, 2006) (amended preliminary injunction including individuals in  
 receivership); *FTC v. Ameridebt, Inc.*, No. 03-3317 (D. Md. Apr. 20, 2005) (preliminary injunction including assets  
 of individual defendants in receivership property); *FTC v. Maxwell*, No. 03-0128 (C.D. Cal. Jan. 8, 2003) (*ex parte*  
 TRO with asset freeze and appointment of receiver for business activities of individual defendants).

1 assets and records to obviate the threat of destruction, dissipation or secretion. The individual  
 2 defendants operate under a maze of trade names and sole proprietorships, commingle accounts  
 3 associated with Immigration Center with their personal accounts, and make large cash  
 4 withdrawals from these accounts. Thus, the receivership must include the individual defendants'  
 5 assets in order to take full control of their business activities. The receiver may also investigate  
 6 and determine the extent of defendants' fraud, and identify injured consumers. To avoid  
 7 additional consumer injury, the receiver will ensure that adequate notice of this proceeding is  
 8 given to employees, agents, and others who participated in defendants' scheme.

9 **F. Immediate Access and Limited Expedited Discovery are Appropriate**

10 The proposed TRO directs the receiver to provide both the FTC and defendants with  
 11 reasonable access to defendant Immigration Center's premises (which may be necessary to  
 12 prepare for a preliminary injunction hearing), and provides the FTC with immediate access to  
 13 locate assets wrongfully obtained from defrauded consumers, consistent with the purpose of the  
 14 receivership.

15 The FTC also seeks limited expedited discovery to locate quickly and efficiently assets  
 16 defendants have wrongfully taken from consumers, identify possible additional defendants, locate  
 17 documents pertaining to defendants' business, and locate defendants, should they attempt to evade  
 18 service. Specifically, the FTC seeks permission to conduct depositions upon forty-eight hours'  
 19 notice, and to issue requests (or subpoenas) for production of documents on five days' notice for  
 20 this purpose. In appropriate circumstances, district courts are authorized to depart from normal  
 21 discovery procedures.<sup>199</sup> Expedited discovery is particularly appropriate as preliminary relief in a  
 22 case involving the public interest.<sup>200</sup>

23 The FTC also asks that the Court require defendants to produce financial records and  
 24 information, and require financial institutions and other third parties served with the TRO to  
 25 disclose whether they are holding any of defendants' assets. These measures will protect the  
 26 effectiveness of the Court's asset freeze and temporary receivership.

27 <sup>199</sup> See Fed. R. Civ. P. 26(d), 30(a)(2), 33(a), and 34(b) (authorizing courts to alter standard provisions).

28 <sup>200</sup> Equitable powers are broader if the public interest is involved. *Porter v. Warner Holding Co.*, 328 U.S. 395, 398 (1946); *Johnson*, 572 F.3d at 1081-82.

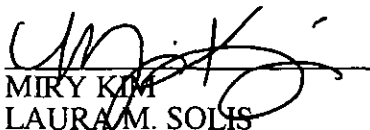
V. CONCLUSION

1 Defendants have caused and are likely to continue to cause substantial injury to the public  
2 through their violations of the FTC Act. Two states have tried, unsuccessfully, to stop defendants  
3 from continuing their scam. The FTC respectfully requests that the Court issue the proposed TRO  
4 to protect the public from further harm by immediately halting their fraudulent conduct  
5 nationwide, and to help ensure the possibility of effective final relief for all of their defrauded  
6 consumers.<sup>201</sup>  
7

8 Dated: January 26, 2011  
9

Respectfully Submitted,

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<sup>201</sup> The FTC has submitted a proposed Temporary Restraining Order with its papers.