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**UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
PORTLAND DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

PRODUCTION MEDIA COMPANY also d/b/a
PMC NETWORKING also d/b/a **SCHOOL
HOUSE FOLDERS**, an Oregon corporation,

THE FERRARO GROUP CORP also d/b/a
FERRARO GROUP, a Colorado corporation, and

JENNIFER FERRARO a/k/a Jennifer D. Ferraro
a/k/a Jennifer Hanson a/k/a Jennifer D. Hanson,
individually and as an officer of **PRODUCTION
MEDIA COMPANY** and of **THE FERRARO
GROUP CORP**,

Defendants.

Case No. _____

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain preliminary and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of

the FTC Act, 15 U.S.C. § 45(a), in connection with the offer and sale of advertising to consumers throughout the United States.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.
3. Venue is proper in this District under 28 U.S.C. § 1391(b)(1), (b)(2), and (c)(2), and 15 U.S.C. § 53(b).

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).

DEFENDANTS

6. Defendant **Production Media Company** (“PMC”), also doing business as PMC Networking, also doing business as School House Folders, is an Oregon corporation with its principal place of business at 8700 SW Creekside Place Ste. F, Beaverton, Oregon 97008. Defendant PMC transacts or has transacted business in this District and throughout the United States. At all times material to this Complaint, acting alone or in concert with others, Defendant PMC has advertised, marketed, distributed, or sold advertising to consumers throughout the United States.

7. Defendant **The Ferraro Group Corp** (“Ferraro Group”), also doing business as Ferraro Group, is a Colorado corporation with its place of business listed as 3055 South Parker Road, Suite A, Aurora, Colorado, 80014. Ferraro Group operates out of 8700 SW Creekside Place Ste. F, Beaverton, Oregon 97008. Defendant Ferraro Group transacts or has transacted business in this District and throughout the United States. At all times material to this Complaint, acting alone or in concert with others, Defendant Ferraro Group has advertised, marketed, distributed, or sold advertising to consumers throughout the United States.

8. Defendant **Jennifer Ferraro** (“Ferraro”), also known as Jennifer D. Ferraro, Jennifer Hanson, and Jennifer D. Hanson, is the President, Chief Executive Officer, sole shareholder, and registered agent of Defendant PMC and the incorporator, sole shareholder and registered agent of Defendant Ferraro Group. At all times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Defendant PMC and Defendant Ferraro Group, including the acts and practices set forth in this Complaint. Defendant Ferraro resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

COMMON ENTERPRISE

9. Defendant PMC and Defendant Ferraro Group (collectively “Corporate Defendants”) have operated as a common enterprise while engaging in the deceptive acts and practices alleged below. Corporate Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, managers, business functions, employees, and office locations. Because Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendant Ferraro has formulated, directed, controlled, had the authority to control, or

participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

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

DEFENDANTS’ BUSINESS ACTIVITIES

11. Since at least 2014, Defendants have solicited, and are continuing to solicit, small businesses nationwide to purchase advertising in promotional folders.

12. Defendants solicit these small business consumers through telemarketing calls to purchase advertising in folders that Defendants claim local real estate offices and schools will use to hold documents associated with the purchase of a home or to transport homework and communications between teachers and parents. Defendants tell consumers that, for a relatively small fee, they have the opportunity to advertise to hundreds, if not thousands, of prospective customers because real estate offices and schools have entered into agreements with Defendants to use Defendants’ folders exclusively with all of their clients or students for a minimum of one year.

13. Defendants create a sense of urgency by representing there are only a few spaces left in the folder or that a particular folder is about to be printed and distributed. They tell consumers that they must accept Defendants’ offer immediately to ensure placement of an advertisement in a folder that they are “getting ready to produce.”

14. Defendants’ representations about imminent production of the folders in which consumers’ advertisements will appear is significant because consumers agree to purchase

advertising in the belief that the folders are going to print shortly and their advertisements will result in new business within a few weeks or months after they purchase the advertising.

15. In response to questions about whether a folder will also contain advertisements for competitors (e.g., more than one home inspection service or dentist), Defendants follow a script that asks, “Would your decision be based on whether or not you are exclusive?” If a consumer says yes, Defendants respond with, “Great, let’s get you signed up, that’s definitely something I can do for you.” Despite these statements, Defendants often include advertisements for consumers’ competitors in the same folder.

16. After a consumer agrees to the purchase, and provides her name, address, and credit card information, Defendants instruct the consumer to expect a “reservation form” by email and that the consumer should immediately send a reply email with the word “confirmed.” The reservation form contains numerous material conditions and terms that contradict the oral representations made to consumers. The new terms include, but are not limited to, that the agreement cannot be cancelled and that the consumer has not relied on any oral representations in agreeing to the purchase. The reservation form contradicts Defendants’ oral representations that they are “getting ready to produce” folders. Reservation forms for real estate folders state that Defendant PMC shall deliver the advertisement “in a reasonable time, which PMC estimates to be 120 days.” Reservation forms for school folders state that Defendants “shall deliver the ad at the next reasonably available school term.”

17. Defendants typically refuse to cancel reservations or issue refunds when a consumer complains that her advertisement has not been printed in the time promised. In numerous instances, when a consumer seeks a refund from her credit card company or files a complaint with the Better Business Bureau or a state agency, Defendants take the position that, by replying

“confirmed,” to the emailed reservation form, the consumer agreed to a non-cancellable contract and the consumer will eventually receive advertising for the full term of her contract.

18. In numerous instances, a folder with a consumer’s advertisement is never printed or is printed only after the consumer files a complaint with the Better Business Bureau or a state agency or seeks a refund from her credit card issuer.

19. Many of Defendants’ customers, either directly or through intermediaries, have informed Defendants of the deceptive acts and practices described in this Complaint. In response to such complaints, Defendant Ferraro has communicated with the Better Business Bureau, replied to negative consumer reviews about Defendants posted on public websites such as Yelp and Google, and changed Defendants’ business names identified in negative reviews and complaints.

20. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the Commission.

VIOLATIONS OF THE FTC ACT

21. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits “unfair or deceptive acts or practices in or affecting commerce.”

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

Count I: Misrepresentations of Exclusivity

23. In numerous instances, in connection with the offering for sale, or sale of, advertising for small businesses, Defendants represent, directly or indirectly, expressly or by implication, that the consumer’s advertisement in a folder will be the exclusive advertisement for the consumer’s line of business in the folder.

24. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 23, the consumer's advertisement in a folder is not the exclusive advertisement for the consumer's line of business in the folder.

25. Therefore, Defendants' representation as set forth in Paragraph 23 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II: Misrepresentations of Timing for Printing and Distribution

26. In numerous instances, in connection with the offering for sale, or sale of, advertising for small businesses, Defendants represent, directly or indirectly, expressly or by implication, that if a consumer purchases an advertisement, Defendants will print and distribute a folder with the consumer's advertisement imminently or within the specified time.

27. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 26, Defendants do not print and distribute a folder with the consumer's advertisement imminently or within the specified time.

28. Therefore, Defendants' representation as set forth in Paragraph 26 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

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

THIS COURT'S POWER TO GRANT RELIEF

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

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

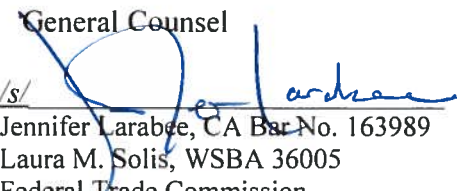
- A. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;
- B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
- C. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,
ALDEN F. ABBOT
General Counsel

Dated:

January 23, 2020

/s/


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