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FEDERAL TRADE COMMISSION

11
12 UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
13 SOUTHERN DIVISION

14 FEDERAL TRADE COMMISSION,

15 Plaintiff,

16 v.

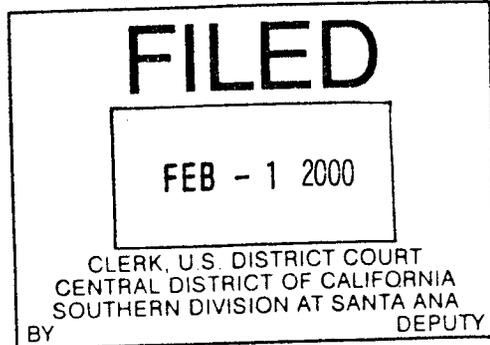
17 HOME PROFESSIONS, INC., a Nevada)
corporation also doing business)
18 as Nationwide Medical Billing;)

19 TELESALSCENTER.COM, a California)
corporation also doing business)
20 as Home Professions and)
ProClaim Software; and)

21 MICHAEL PETOK, individually, doing)
22 business as Home Professions,)
OptiMed, and Nationwide Medical)
23 Billing, and as an officer)
and director of Home Professions,)
24 Inc. and Telesalescenter.Com,)

25 Defendants.)
26

27 Plaintiff, the Federal Trade Commission ("FTC" or "the
28 Commission"), for its complaint alleges:



SACV 00-111

AHS (EEX)

Civil No.

COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF

1 1. The FTC brings this action under Sections 5(a) and 13(b) of
2 the FTC Act, 15 U.S.C. §§ 45(a) and 53(b), to obtain
3 temporary, preliminary, and permanent injunctive relief,
4 rescission of contracts, restitution, disgorgement, and other
5 equitable relief for defendants' violations of Section 5(a)
6 of the FTC Act, 15 U.S.C. §45(a).

7 **JURISDICTION AND VENUE**

8 2. This Court has subject matter jurisdiction over this action
9 pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15
10 U.S.C. § 53(b). This action arises under 15 U.S.C. §
11 45(a)(1).

12 3. Venue in the United States District Court for the Central
13 District of California is proper under 28 U.S.C. §§ 1391(b)
14 and (c), and 15 U.S.C. § 53(b).

15 **THE PARTIES**

16 4. Plaintiff, the Federal Trade Commission, is an independent
17 agency of the United States Government created by statute.
18 15 U.S.C. § 41 et seq. The Commission is charged, inter
19 alia, with enforcement of Section 5(a) of the FTC Act, 15
20 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
21 practices in or affecting commerce. The Commission is
22 authorized to initiate federal district court proceedings, by
23 its own attorneys, to enjoin violations of the FTC Act in
24 order to secure such equitable relief as may be appropriate
25 in each case, and to obtain consumer redress. 15 U.S.C.
26 § 53(b).

27 5. Defendant Home Professions, Inc. ("Home Professions"), a
28 Nevada corporation with its principal places of business at

1 311 Division Street, Carson City, NV 89703, and 27184 Ortega
2 Highway, Suite 210, San Juan Capistrano, CA 92675, promotes
3 and sells work-at-home medical billing employment
4 opportunities. Home Professions also does business as
5 Nationwide Medical Billing or Nationwide Medical. Home
6 Professions transacts or has transacted business in the
7 Central District of California.

8 6. Defendant Telesalescenter.Com ("Telesalescenter"), a
9 California corporation with its principal place of business
10 at 27184 Ortega Highway, Suite 210, San Juan Capistrano, CA
11 92675, promotes and sells work-at-home medical billing
12 employment opportunities. Defendant Telesalescenter also
13 does business as Home Professions and ProClaim Software.
14 Telesalescenter transacts or has transacted business in the
15 Central District of California.

16 7. Defendant Michael Petok ("Petok") is the owner and president
17 of Home Professions and Telesalescenter. At all times
18 material to this complaint, acting alone or in concert with
19 others, he has formulated, directed, controlled or
20 participated in the acts and practices of the corporate
21 defendants, including the acts and practices set forth in
22 this complaint. Defendant Petok resides and transacts
23 business in the Central District of California.

24 8. Defendants Home Professions, Telesalescenter, and Petok have
25 functioned as a common business enterprise and have derived
26 mutual benefit from their relationship. Home Professions and
27 Telesalescenter have used the same and/or similar promotional
28 materials and sales tactics. Home Professions and

1 Telesalescenter have shared the same banking account at the
2 Nevada State Bank and employees of both corporations have
3 been paid from the shared account. Defendants currently use
4 primarily the name "Home Professions" in offering their work-
5 at-home medical billing employment opportunities.

6 **COMMERCE**

7 9. At all times relevant to this complaint, the defendants have
8 maintained a substantial course of trade in the offering for
9 sale and sale of medical billing employment opportunities, in
10 or affecting commerce, as "commerce" is defined in Section 4
11 of the FTC Act, 15 U.S.C. § 44.

12 **DEFENDANTS' BUSINESS ACTIVITIES**

13 10. Since at least April 1998, and continuing thereafter,
14 defendants have offered and sold work-at-home medical billing
15 employment opportunities to consumers. Defendants have
16 promoted their medical billing employment opportunities to
17 prospective purchasers in a variety of media, including
18 classified advertisements in newspapers and on the Internet.
19 11. In their advertisements, defendants offer full or part-time
20 medical billing jobs that will pay between "24K to \$50K+ per
21 year," and thereby make representations about the earnings
22 potential of their medical billing employment opportunity.
23 Defendants' advertisements urge consumers to call defendants'
24 toll-free telephone number to learn more about the
25 opportunity. For example, defendants' classified
26 advertisements typically state:

27 //

28 //

1 "MEDICAL BILLERS NEEDED ASAP

2 MEDICAL BILLING

3 Work From Home-Full or Part Time.

4 From \$24K to \$50K+ per year.

5 Home Computer Required.

6 CALL NOW! 1-800-600-1844."

7 Defendants also advertise their medical billing employment
8 opportunity on their Internet web sites:

9 www.homeprofessions.com, www.telesalescenter.com, and

10 www.buyproclaim.com. Defendants' web sites also urge

11 consumers to call defendants' toll-free telephone number to
12 learn more about the opportunity.

13 12. Consumers who call the defendants' toll-free telephone number
14 are ultimately connected to defendants, or their employees or
15 agents, who represent to consumers that in exchange for a
16 payment of at least \$299, consumers will receive what they
17 need to get started in medical billing, including: (1) the
18 computer software necessary to do electronic billing for
19 physicians in the consumer's local area; and (2) training and
20 other assistance.

21 13. Defendants or their employees or agents also make
22 representations about the earnings potential of the medical
23 billing employment opportunity without giving consumers
24 access to the information they need to evaluate the claims.
25 For example, defendants or their employees or agents
26 typically represent that they will arrange for consumers to
27 receive a certain number of claims for medical billing per
28 week (generally a minimum of between one hundred (100) and

1 one hundred and fifty (150) claims per week per physician)
2 from physicians with whom defendants have business
3 arrangements. Defendants or their employees or agents claim
4 that consumers will be paid at a rate of at least \$3-\$7 per
5 claim they process. Accordingly, the minimum income
6 defendants promise consumers is \$15,000 per year.

7 14. When consumers receive the medical billing package sold by
8 defendants, it includes, *inter alia*, a list containing
9 contact information for physicians allegedly in need of
10 medical billing assistance. In numerous instances, when
11 consumers contact the physicians on the list, they are told
12 that the physicians do not have any relationship or
13 arrangements with the defendants and neither want nor need
14 medical billing services. As a result, few, if any,
15 consumers who purchase defendants' medical billing employment
16 opportunity earn, or will earn, any income.

17 15. Defendants further represent to consumers that they will
18 provide refunds to consumers who are unsatisfied with the
19 program within ninety (90) days, upon request. In numerous
20 instances, however, defendants have either not provided
21 refunds to consumers who returned the product within ninety
22 (90) days, and/or provided only partial refunds of about \$70.

23 VIOLATIONS OF SECTION 5 OF THE FTC ACT

24 16. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that
25 "unfair or deceptive acts or practices in or affecting
26 commerce are hereby declared unlawful."

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COUNT I

- 1
- 2 17. In numerous instances, in the course of offering for sale and
3 selling their medical billing employment opportunities,
4 defendants or their employees or agents have represented,
5 expressly or by implication, that consumers who purchase the
6 business venture will earn in excess of \$15,000 per year.
- 7 18. In truth and in fact, few, if any, consumers who purchase
8 defendants' business ventures earn, or will earn, in excess
9 of \$15,000 per year.
- 10 19. Therefore, defendants' representations as set forth in
11 Paragraph 17 are false and misleading and constitute
12 deceptive acts or practices in violation of Section 5(a) of
13 the FTC Act, 15 U.S.C. § 45(a).

14 COUNT II

- 15 20. In numerous instances, in the course of offering for sale and
16 selling their medical billing employment opportunities,
17 defendants or their employees or agents have represented,
18 expressly or by implication, that consumers who purchase the
19 medical billing package will receive computer billing
20 software that will allow them to process medical claims from
21 their homes.
- 22 21. In truth and in fact, the ProClaim Software sold by
23 defendants does not allow consumers to process medical claims
24 from home because the software does not properly interface
25 with a medical claims clearinghouse.
- 26 22. Therefore, defendants' representations as set forth in
27 Paragraph 20 are false and misleading and constitute

28 //

1 deceptive acts or practices in violation of Section 5(a) of
2 the FTC Act, 15 U.S.C. § 45(a).

3 COUNT III

4 23. In numerous instances, in the course of offering for sale and
5 sale of medical billing employment opportunities, defendants
6 or their employees or agents have represented, expressly or
7 by implication, that they will arrange for consumers to
8 receive medical billing work from physicians with whom
9 defendants have established relationships.

10 24. In truth and in fact, defendants do not arrange for consumers
11 to receive medical billing work from physicians with whom
12 defendants have established relationships.

13 25. Therefore, defendants' representations as set forth in
14 Paragraph 23 are false and misleading and constitute
15 deceptive acts or practices in violation of Section 5(a) of
16 the FTC Act, 15 U.S.C. § 45(a).

17 COUNT IV

18 26. In numerous instances, in the course of offering for sale and
19 selling their medical billing employment opportunities,
20 defendants have represented, expressly or by implication,
21 that they will provide full refunds upon request.

22 27. In truth and in fact, in numerous instances, defendants do
23 not issue full refunds to consumers who request them.

24 28. Therefore, defendants' representations as set forth in
25 Paragraph 26 are false and misleading and constitute
26 deceptive acts or practices in violation of Section 5(a) of
27 the FTC Act, 15 U.S.C. § 45(a).

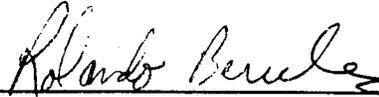
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1 DATED

1/31/00

Respectfully submitted,

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3 General Counsel

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