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10 Attorneys for Plaintiff
 FEDERAL TRADE COMMISSION

11 **IN THE UNITED STATES DISTRICT COURT**
 12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
 13 **WESTERN DIVISION**

14 FEDERAL TRADE COMMISSION,)
 15)
 16 Plaintiff,)
 17 v.)
 18 HEALTHCARE CLAIMS NETWORK, INC.,)
 19 a California corporation, doing)
 20 business as MED DATA SOLUTIONS and)
 21 SOUTHERN CALIFORNIA BILLING)
 22 SERVICES,)
 23 STANFORD MILLER, individually and)
 24 doing business as MEDICAL CLAIMS)
 25 NETWORK,)
 26 CHARLES G. LLOYD, individually and)
 27 doing business as MED DATA)
 28 SOLUTIONS, and as an officer of)
 HEALTHCARE CLAIMS NETWORK, INC.,)
 a California corporation, and)
 ANNE MILLER, individually and)
 doing business as MED DATA)
 SOLUTIONS, and as an officer of)
 HEALTHCARE CLAIMS NETWORK, INC.,)
 a California corporation,)
 Defendants.)

Civ No. 2:02CV4569 MMM(AJWx)

**AMENDED COMPLAINT FOR
 INJUNCTIVE AND OTHER
 EQUITABLE RELIEF**

1 Plaintiff, the Federal Trade Commission ("FTC" or "Commission"),
2 for its Amended Complaint alleges:

3 1. The FTC brings this action under Sections 5(a) and 13(b)
4 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a)
5 and 53(b), to obtain permanent injunctive relief, rescission or
6 reformation of contracts, restitution, disgorgement, and other
7 equitable relief for the defendants' deceptive acts or practices in
8 violation of Section 5(a) of the FTC Act, 15 U.S.C. §45(a).

9 **JURISDICTION AND VENUE**

10 2. Subject matter jurisdiction is conferred upon this Court
11 by 15 U.S.C. §§ 45(a), 53(b), and 28 U.S.C. §§ 1331, 1337(a), and
12 1345.

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

15 **PLAINTIFF**

16 4. Plaintiff Federal Trade Commission is an independent agency
17 of the United States Government created by statute. 15 U.S.C. §§ 41-
18 58, as amended. The Commission enforces Section 5(a) of the FTC Act,
19 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
20 practices in or affecting commerce. The Commission may initiate
21 federal district court proceedings by its own attorneys to enjoin
22 violations of the FTC Act and to secure such equitable relief as may
23 be appropriate in each case, including restitution for injured
24 consumers. 15 U.S.C. § 53(b).

25 **DEFENDANTS**

26 5. Defendant Healthcare Claims Network, Inc. is a California
27 corporation with its principal place of business at 1440 North Harbor
28 Boulevard, Suite 615, Fullerton, California 92835, which promotes and

1 sells work-at-home medical billing business opportunities.
2 Healthcare Claims Network also does business as Med Data Solutions
3 and Southern California Billing Services. Healthcare Claims Network
4 transacts or has transacted business in the Central District of
5 California.

6 6. Defendant Stanford Miller does business as a sole
7 proprietorship under the name Medical Claims Network from 1440 North
8 Harbor Boulevard, Suite 615, Fullerton, California 92835. Stanford
9 Miller, individually and d/b/a Medical Claims Network, promotes and
10 sells work-at-home medical billing business opportunities. Stanford
11 Miller, individually and d/b/a Medical Claims Network, transacts or
12 has transacted business in the Central District of California.

13 7. Defendant Charles G. Lloyd is, or has held himself out to
14 be, an officer of Healthcare Claims Network, doing business as Med
15 Data Solutions and Southern California Billing Services. Lloyd also
16 personally does business as Med Data Solutions to promote and sell
17 work-at-home medical billing business opportunities. At all times
18 material to this Amended Complaint, acting alone or in concert with
19 others, Lloyd has formulated, directed, controlled, or participated
20 in the acts and practices of Healthcare Claims Network, Inc.,
21 including the acts and practices set forth in this Amended Complaint.
22 Lloyd transacts or has transacted business in the Central District
23 of California.

24 8. Defendant Anne Miller is, or has held herself out to be,
25 an officer or employee of Healthcare Claims Network, doing business
26 as Med Data Solutions and Southern California Billing Services. At
27 all times material to this Amended Complaint, acting alone or in
28 concert with others, Anne Miller has formulated, directed,

1 controlled, or participated in the acts and practices of Healthcare
2 Claims Network, Inc., including the acts and practices set forth in
3 this Amended Complaint. Anne Miller transacts or has transacted
4 business in the Central District of California.

5 COMMERCE

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

11 THE DEFENDANTS' BUSINESS PRACTICES

12 10. Since at least 1999, Healthcare Claims Network, Inc.
13 (referred to in this Amended Complaint as "Med Data Solutions") has
14 offered and sold purported work-at-home medical billing business
15 opportunities to consumers throughout the United States.

16 11. Since at least 2001, Stanford Miller, doing business as
17 Medical Claims Network (referred to in this Amended Complaint as
18 "Medical Claims Network") has offered and sold purported work-at-home
19 medical billing business opportunities to consumers throughout the
20 United States.

21 12. Med Data and Medical Claims Network shared the same
22 business premises and had substantially similar business practices,
23 including the practices alleged in this Amended Complaint.

24 13. Med Data Solutions and Medical Claims Network have promoted
25 their medical billing business opportunities to prospective
26 purchasers in a variety of media, including classified advertisements
27 in newspapers and on the Internet.

1 14. In its advertisements, the defendants offer home-based
2 medical billing jobs with income up to \$60,000 per year and state
3 that "no experience [is] necessary." The defendants' advertisements
4 urge consumers to call a toll-free telephone number to learn more
5 about the opportunities. When consumers call the toll-free number
6 provided, the defendants make similar earnings representations to
7 entice consumers into purchasing their medical billing business
8 opportunities.

9 15. A typical classified advertisement for Med Data Solutions'
10 medical billing package states:

11 **MEDICAL BILLING**
12 No experience necessary
13 Will train. FT/PT
14 Computer required
15 Up to \$60,000/yr.
16 (888) 225-9652, Ext. 755

17 16. Medical Claims Network uses similar advertisements to
18 promote and sell its medical billing business opportunities.

19 17. Consumers who call the defendants' toll-free telephone
20 numbers are ultimately connected to the defendants, or their
21 employees or agents, who tell them that in exchange for a \$485
22 payment, consumers will receive everything they need to start their
23 own electronic medical billing business from home, including:

24 (1) contact information for physicians who are in need of electronic
25 medical billing services; (2) the computer software necessary to do
26 electronic claims processing for physicians; (3) "certification" as
27 a medical billing professional; and (4) lifetime training and
28 technical support.

18 18. After consumers pay the \$485 fee, they are given a password
19 for an on-line tutorial in order to study for the defendants'

1 "certification" exam. The defendants represent that their
2 "certification" will be both necessary and useful in the medical
3 billing industry. In reality, there is no certification required or
4 recognized by the medical billing industry. Those consumers who do
5 study and eventually take the defendants' "certification" exam are
6 disappointed to find that the exam is not designed to assess their
7 medical billing skills. The exam is so easy, it is almost impossible
8 to fail. On at least one occasion, a consumer received her signed
9 certificate just days after she paid for Med Data Solutions' medical
10 billing package, before she had even attempted to schedule the
11 certification exam.

12 19. The medical billing package which the defendants send to
13 consumers generally includes a medical billing software CD and a list
14 of physicians in the consumer's state who the defendants claim are
15 currently not processing their claims electronically and who thus
16 will likely use the consumer's medical billing services.

17 20. When consumers attempt to contact the physicians on the
18 defendants' lists, they often find that the contact information is
19 inaccurate and outdated. Consumers learn that the physicians on the
20 list are dead, no longer practicing medicine, or are already
21 processing their claims electronically. Therefore, the physicians
22 neither want nor need the consumer's medical billing services.

23 21. When consumers call the defendants to complain or to ask
24 for assistance, they often cannot reach a live representative.
25 Consumers may be given the opportunity to leave their names and
26 numbers, but the defendants rarely return the consumers' calls.

27 22. Few, if any, consumers who purchase the defendants' medical
28 billing business opportunities earn, or will earn, any income using

1 the defendants' medical billing packages.

2 VIOLATIONS OF SECTION 5 OF THE FTC ACT

3 23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits
4 unfair or deceptive acts and practices in or affecting commerce.

5 COUNT I

6 24. In numerous instances, in the course of offering for sale
7 and selling medical billing business opportunities, the defendants
8 or their employees or agents have represented, expressly or by
9 implication, that they will furnish the names and addresses of
10 physicians who are likely to use the consumers to process their
11 medical claims.

12 25. In truth and in fact, in numerous instances, the defendants
13 do not furnish the names and addresses of physicians who are likely
14 to use the consumers to process their medical claims.

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

19 COUNT II

20 27. In numerous instances, in the course of offering for sale
21 and selling medical billing business opportunities, the defendants
22 or their employees or agents have represented, expressly or by
23 implication, that consumers who purchase the defendants' medical
24 billing business opportunity are likely to earn a substantial income,
25 such as \$60,000 per year.

26 28. In truth and in fact, consumers who purchase the
27 defendants' medical billing business opportunity are not likely to
28 earn a substantial income.

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

5 **CONSUMER INJURY**

6 30. Consumers in many areas of the United States have suffered
7 substantial monetary loss as a result of the defendants' unlawful
8 acts or practices. Absent injunctive relief by this Court, the
9 defendants are likely to continue to injure consumers and harm the
10 public interest.

11 **THIS COURT'S POWER TO GRANT RELIEF**

12 31. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers
13 this Court to grant injunctive and other ancillary relief,
14 including consumer redress, disgorgement and restitution, to prevent
15 and remedy any violations of any provision of law enforced by the
16 Commission.

17 32. This Court, in the exercise of its equitable jurisdiction,
18 may award other ancillary relief to remedy injury caused by the
19 defendants' law violations.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiff Federal Trade Commission, pursuant to
22 Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own
23 equitable powers, requests that the Court:

24 1. Award the plaintiff such preliminary injunctive and
25 ancillary relief as may be necessary to avert the likelihood of
26 consumer injury during the pendency of this action and to preserve
27 the possibility of effective final relief;

28 2. Permanently enjoin the defendants from violating the FTC

1 Act as alleged herein;

2 3. Award such relief as the Court finds necessary to redress
3 injury to consumers resulting from the defendants' violations of the
4 FTC Act, including but not limited to, rescission or reformation of
5 contracts, restitution, the refund of monies paid, and the
6 disgorgement of ill-gotten monies; and

7 4. Award the plaintiff the costs of bringing this action, as
8 well as such other and additional relief as the Court may determine
9 to be just and proper.

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Respectfully Submitted,

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WILLIAM E. KOVACIC
General Counsel

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Dated: February 21, 2003

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CERTIFICATE OF SERVICE

I, Katherine Romano Schnack, hereby certify that on this day I caused to be served true copies of the (1) Plaintiff's Application for Leave to File Amended Complaint and Application for Entry of Stipulated Final Judgment, (2) Amended Complaint for Injunctive Relief, and (3) Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief as to Defendants Anne Miller and Stanford Miller, on the following via U.S. mail:

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Receiver for HEALTHCARE CLAIMS NETWORK, INC., d/b/a MED DATA SOLUTIONS, SOUTHERN CALIFORNIA BILLING SERVICE, MEDICAL CLAIMS NETWORK, AND PROBILLERS

Dated: February 21, 2003

Katherine Romano Schnack
Katherine Romano Schnack
Attorney for Plaintiff
Federal Trade Commission