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FEDERAL TRADE COMMISSION
11

12 **IN THE UNITED STATES DISTRICT COURT**
13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
14 **SOUTHERN DIVISION**

15 FEDERAL TRADE COMMISSION,)
16 Plaintiff,) Case No.
17 v.)
18 HEALTHCARE CLAIMS NETWORK, INC.,) **COMPLAINT FOR INJUNCTIVE**
a California corporation, doing) **AND OTHER EQUITABLE**
19 **RELIEF**
business as MED DATA SOLUTIONS,)
20 SOUTHERN CALIFORNIA BILLING)
SERVICES, MEDICAL CLAIMS NETWORK,)
21 and PROBILLERS,)
22 CHARLES G. LLOYD, individually and)
doing business as MED DATA)
23 SOLUTIONS, and as an officer of)
HEALTHCARE CLAIMS NETWORK, INC.,)
24 a California corporation, and)
25 ANNE MILLER, individually and)
doing business as MED DATA)
26 SOLUTIONS, and as an officer of)
HEALTHCARE CLAIMS NETWORK, INC.,)
27 a California corporation,)
28 Defendants.)

1 Plaintiff, the Federal Trade Commission ("FTC" or
2 "Commission"), for its 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.
5 §§ 45(a) and 53(b), to obtain permanent injunctive relief,
6 rescission or reformation of contracts, restitution, disgorgement,
7 and other equitable relief for the defendants' deceptive acts or
8 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
9 §45(a).

10 **JURISDICTION AND VENUE**

11 2. Subject matter jurisdiction is conferred upon this Court
12 by 15 U.S.C. §§ 45(a), 53(b), and 28 U.S.C. §§ 1331, 1337(a), and
13 1345.

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

16 **PLAINTIFF**

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

26 **DEFENDANTS**

27 5. Defendant Healthcare Claims Network, Inc. is a
28 California corporation with its principal place of business at

1 1440 North Harbor Boulevard, Suite 615, Fullerton, California
2 92835, which promotes and sells work-at-home medical billing
3 business opportunities. Healthcare Claims Network does business
4 as Med Data Solutions, Southern California Billing Services,
5 Medical Claims Network, and/or Probillers. Healthcare Claims
6 Network transacts or has transacted business in the Central
7 District of California.

8 6. Defendant Charles G. Lloyd is, or has held himself out
9 to be, an officer of Healthcare Claims Network, doing business as
10 Med Data Solutions, Southern California Billing Services, Medical
11 Claims Network, and/or Probillers. Lloyd also personally does
12 business as Med Data Solutions to promote and sell work-at-home
13 medical billing business opportunities. At all times material to
14 this complaint, acting alone or in concert with others, Lloyd has
15 formulated, directed, controlled, or participated in the acts and
16 practices of the corporate defendant, including the acts and
17 practices set forth in this complaint. Lloyd transacts or has
18 transacted business in the Central District of California.

19 7. Defendant Anne Miller is, or has held herself out to be,
20 an officer or employee of Healthcare Claims Network, doing
21 business as Med Data Solutions, Southern California Billing
22 Services, Medical Claims Network, and/or Probillers. At all times
23 material to this complaint, acting alone or in concert with
24 others, Miller has formulated, directed, controlled, or
25 participated in the acts and practices of the corporate defendant,
26 including the acts and practices set forth in this complaint.
27 Miller transacts or has transacted business in the Central
28 District of California.

1 **COMMERCE**

2 8. At all times relevant to this complaint, Med Data
3 Solutions has maintained a substantial course of business in the
4 offering for sale and sale of medical billing business
5 opportunities, in or affecting commerce, as "commerce" is defined
6 in Section 4 of the FTC Act, 15 U.S.C. § 44.

7 **MED DATA SOLUTIONS' BUSINESS PRACTICES**

8 9. Since at least 1999, Med Data Solutions has offered and
9 sold purported work-at-home medical billing business opportunities
10 to consumers throughout the United States. Med Data Solutions has
11 promoted its medical billing business opportunities to prospective
12 purchasers in a variety of media, including classified
13 advertisements in newspapers and on the Internet.

14 10. In its advertisements, Med Data Solutions offers home-
15 based medical billing jobs with income up to \$60,000 per year and
16 states that "no experience [is] necessary." Med Data Solutions'
17 advertisements urge consumers to call a toll-free telephone number
18 to learn more about the opportunity. When consumers call the
19 toll- free number provided, Med Data Solutions makes similar
20 earnings representations to entice consumers into purchasing its
21 medical billing business opportunity.

22 11. A typical classified advertisement for Med Data
23 Solutions' medical billing package states:

24 **MEDICAL BILLING**
25 No experience necessary
26 Will train. FT/PT
27 Computer required
28 Up to \$60,000/yr.
(888) 225-9652, Ext. 755

1 12. Consumers who call Med Data Solutions' toll-free
2 telephone number are ultimately connected to Med Data Solutions,
3 or its employees or agents, who tell them that in exchange for a
4 \$485 payment, consumers will receive everything they need to start
5 their own electronic medical billing business from home,
6 including: (1) contact information for physicians who are in
7 need of electronic medical billing services; (2) the computer
8 software necessary to do electronic claims processing for
9 physicians; (3) "certification" as a medical billing professional;
10 and (4) lifetime training and technical support.

11 13. After consumers pay the \$485 fee, they are given a
12 password for an on-line tutorial in order to study for Med Data
13 Solutions' "certification" exam. Med Data Solutions represents
14 that its "certification" will be both necessary and useful in the
15 medical billing industry. In reality, there is no certification
16 required or recognized by the medical billing industry. Those
17 consumers who do study and eventually take Med Data Solutions'
18 "certification" exam are disappointed to find that the exam is not
19 designed to assess their medical billing skills. The exam is so
20 easy, it is almost impossible to fail. On at least one occasion,
21 a consumer received her signed certificate just days after she
22 paid for Med Data Solutions' medical billing package, before she
23 had even attempted to schedule the certification exam.

24 14. The medical billing package Med Data Solutions sends to
25 consumers generally includes a medical billing software CD and a
26 list of physicians in the consumer's state who Med Data Solutions
27 claims are currently not processing their claims electronically
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1 and who thus will likely use the consumer's medical billing
2 services.

3 15. When consumers attempt to contact the physicians on Med
4 Data Solutions' list, they often find that the contact information
5 is inaccurate and outdated. Consumers learn that the physicians
6 on the list are dead, no longer practicing medicine, or are
7 already processing their claims electronically. Therefore, the
8 physicians neither want nor need the consumer's medical billing
9 services.

10 16. When consumers call Med Data Solutions to complain or to
11 ask for assistance, they often cannot reach a live representative.
12 Consumers may be given the opportunity to leave their names and
13 numbers, but Med Data Solutions rarely returns the consumers'
14 calls.

15 17. Few, if any, consumers who purchase Med Data Solutions'
16 medical billing business opportunity earn, or will earn, any
17 income using Med Data Solutions' medical billing package.

18 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

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

21 **COUNT I**

22 19. In numerous instances, in the course of offering for sale
23 and selling medical billing business opportunities, the defendants
24 or their employees or agents have represented, expressly or by
25 implication, that they will furnish the names and addresses of
26 physicians who are likely to use the consumers to process their
27 medical claims.

1 20. In truth and in fact, in numerous instances, the
2 defendants do not furnish the names and addresses of physicians
3 who are likely to use the consumers to process their medical
4 claims.

5 21. Therefore, the defendants' representations, as set forth
6 in Paragraph 19, are false and misleading and constitute deceptive
7 acts or practices in violation of Section 5(a) of the FTC Act, 15
8 U.S.C. § 45(a).

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1 **COUNT II**

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

8 23. In truth and in fact, consumers who purchase the
9 defendants' medical billing business opportunity are not likely to
10 earn a substantial income.

11 24. Therefore, the defendants' representations, as set forth
12 in Paragraph 22, are false and misleading and constitute deceptive
13 acts or practices in violation of Section 5(a) of the FTC Act, 15
14 U.S.C. § 45(a).

15 **CONSUMER INJURY**

16 25. Consumers in many areas of the United States have
17 suffered substantial monetary loss as a result of the defendants'
18 unlawful acts or practices. Absent injunctive relief by this
19 Court, the defendants are likely to continue to injure consumers
20 and harm the public interest.

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

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

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

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5 Respectfully Submitted,

6 WILLIAM E. KOVACIC
7 General Counsel

8 Dated: _____

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