

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF LOUISIANA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

U.S. GRANT RESOURCES, LLC,

NATIONAL GRANTS, LLC,

JOHN B. RODGERS, and

LAUREL A. RODGERS,

Defendants.

Civil Action No. _____

Section No. _____

Magistrate Division No. _____

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

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

1. Plaintiff FTC brings this action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to secure a permanent injunction, rescission of

contracts and restitution, disgorgement of ill-gotten gains, and other equitable relief against defendants for engaging in deceptive acts or practices in connection with the advertising, marketing and sale of grant procurement services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

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

3. Venue is proper in the Eastern District of Louisiana under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b).

PLAINTIFF

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-48, as amended. The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices affecting commerce. The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act in order to ensure such equitable relief as is appropriate in each case, including restitution for injured consumers. 15 U.S.C. § 53(b).

DEFENDANTS

5. Defendant United States Grant Resources, LLC (“USGR”), is a Delaware limited liability company with its offices and principal place of business located at 1925 Sophie Wright Place, New Orleans, Louisiana 70130. Defendant USGR transacts or has transacted business in the Eastern District of Louisiana.

6. Defendant National Grants, LLC, is a Delaware limited liability company with its offices and principal place of business located at 1925 Sophie Wright Place, New Orleans, Louisiana 70130. Defendant National Grants, LLC transacts or has transacted business in the Eastern District of Louisiana.

7. Defendant John B. Rodgers is an owner and managing member of defendant USGR. Defendant John B. Rodgers is an owner and member of National Grants, LLC. At all times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of defendant USGR and defendant National Grants, LLC, including the various acts and practices set forth in this complaint. John B. Rodgers resides in and transacts or has transacted business in the Eastern District of Louisiana.

8. Defendant Laurel A. Rodgers is an owner and member of defendant USGR. Defendant Laurel A. Rodgers is an owner and member of National Grants, LLC. At all times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of defendant USGR and defendant National Grants, LLC, including the acts and practices set forth in this complaint. Laurel A. Rodgers resides in and transacts or has transacted business in the Eastern District of Louisiana.

9. The foregoing defendant entities, USGR and National Grants, LLC, operate a common enterprise to market grant procurement services to consumers throughout the United States for a fee.

COMMERCE

10. At all times relevant 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 September 2001, and continuing thereafter, defendants directly or through their representatives, have marketed grant procurement services to consumers throughout the United States for a fee.

12. In the course of their marketing program, defendants have placed advertisements in various community “classified ad” publications inviting customers to call a toll-free number to obtain “guaranteed” cash grants. The advertisements generally state the following:

FREE GRANTS Never Repay– acceptance guaranteed. Government and private sources \$500 – \$500,000. Education, home repairs, home purchase, business, non-profits. Phone live operators 9 am – 9 pm. Monday – Saturday 1-800-339-2817, ext. [xxx].

13. When consumers respond to such advertisements by calling the advertised telephone number, defendants’ representatives ask various questions to purportedly determine if the consumers qualify to receive a grant. After obtaining the requested information, defendants’ representatives tell consumers that they are eligible to receive a grant for a particular purpose. However, defendants require consumers to pay a one-time processing fee ranging from approximately \$95 to \$199 for the company’s services. These services include finding consumers a source for the grant and sending them the appropriate application package. Consumers who express doubts or ask if they can get their money back if not satisfied are told that the grant is guaranteed and that they can obtain a refund. In response to these solicitations, many consumers agree to pay the fees by electronic bank draft.

14. Within a few weeks, most consumers receive the defendants' package of information in the mail. However, contrary to many consumers' expectations, the package does not contain grant applications, but rather lists of agencies and foundations to which the consumer must write to request funding. Many of the grant sources listed in the materials do not offer grants to individuals, and some provide assistance only to non-profit organizations. Consumers who send letters to these sources are turned down or receive no response at all.

15. The defendants' package also provides details of a refund policy which imposes conditions or restrictions not previously disclosed. Consumers must apply for grants and be denied by each source whose name was provided by defendants within 90 days. These additional conditions are difficult, if not impossible, for consumers to meet. Therefore, few, if any, refunds are ever made.

16. In numerous instances, the consumers never receive the "guaranteed" free grant or the refund.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

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

COUNT ONE

19. In numerous instances, in connection with the marketing, offering for sale, or sale

of grant procurement services, defendants have represented, expressly or by implication, that after paying defendants a fee, consumers will, or are highly likely to, obtain a cash grant using defendants' grant procurement services.

20. In truth and in fact, in numerous instances, after paying defendants a fee, consumers do not, and are not highly likely to, obtain a cash grant using defendants' grant procurement services.

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

COUNT TWO

22. In numerous instances, in connection with the marketing, offering for sale and sale of grant procurement services, defendants have represented, expressly or by implication, that consumers will be able to obtain a refund if the consumer does not obtain a cash grant.

23. Defendants have failed to disclose that they impose conditions or restrictions that discourage consumers from seeking refunds or restrict the availability of refunds. These conditions or restrictions would be material to consumers in their decisions to purchase defendants' services.

24. Therefore, in light of the representations set forth in Paragraph 22, the failure to disclose these facts was and 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

25. Consumers throughout the United States have suffered or are likely to suffer

substantial monetary loss as a result of defendants' unlawful acts or practices. In addition, defendants have been unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

26. 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 the FTC Act. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by defendants' law violations.

PRAYER FOR RELIEF

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

- (a) Award plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions and an order freezing assets;
- (b) Permanently enjoin defendants from violating the FTC Act as alleged herein;
- (c) Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of the FTC Act, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains by the defendants;

and

(d) 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.

Dated: _____

Respectfully Submitted,

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