

MICHAEL K. JEANES  
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CIVIL NEW COMPLAINT	322.00 W

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12 *State of Arizona*

13 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

14 **IN AND FOR THE COUNTY OF MARICOPA**

15 STATE OF ARIZONA, ex rel.

16 Mark Brnovich, Attorney General,

17 Plaintiff,

18 vs.

19 NETWORKX ONLINE SOLUTIONS, LLC,  
20 and Arizona limited liability company;

21 NETWORKX ONLINE SERVICES, LLC, an  
22 Arizona limited liability company;

23 NETWORKX ONLINE, LLC, an Arizona  
24 limited liability company;

25 WF HOLDINGS FINANCIAL, LLC, an  
26 Arizona limited liability company;

MN HOLDINGS FINANCIAL, LLC, an  
Arizona limited liability company;

NICOLE LOUISE PIPER individually and as  
de facto manager of Networkx Online  
Solutions LLC; Networkx Online Services  
LLC; Networkx Online LLC; WF Holdings,  
LLC; and MN Holdings Financial LLC;

DAVID WAYNE PIPER and NICOLE  
LOUISE PIPER, individually and as a  
member of the David and Nicole Piper marital  
community;

Case No CV 2017-015754

**COMPLAINT**

(Telephone Solicitations Statutes; Consumer  
Fraud Act; Racketeering Influenced Corrupt  
Organizations Act)

1 JULIE ANN LEWIS-FIERRO, aka Julie  
2 Lewis, individually and as member and  
manager of Networx Online Solutions, LLC;

3 JULIE ANN LEWIS-FIERRO and John Doe  
4 Lewis, a marital community;

5 MASON A. NICHOLS, individually and as  
6 member and manager of MN Holdings  
Financial, LLC;

7 MASON A. NICHOLS and Jane Doe Nichols,  
a marital community;

8 JOSEPH P. KENYON, individually and as a  
9 member of the Joseph P. Kenyon and Jane  
Doe Kenyon marital community;

10 DOUGLAS D. RESH, individually and as a  
11 member of the Douglas D. Resh and Jane Doe  
Resh marital community;

12 KEVIN L. LEWIS, individually and as a  
13 member of the Kevin L. Lewis and Jane Doe  
Lewis marital community;

14 ABC CORPORATIONS 1-25, John and Jane  
Does, 1-20.

15 Defendants,

16 and

17 BBVA COMPASS BANK;

18 U.S. BANK, N.A.;

19 J.P. MORGAN CHASE BANK, N.A.;

20 BANK OF AMERICA, N.A.;

21 WELLS FARGO BANK, N.A.;

22 Relief Defendants.

23  
24 Plaintiff, State of Arizona, *ex. rel.* Mark Brnovich, Attorney General (the "State"), for its  
25 Complaint against Defendants Networx Online Solutions LLC ("Networx Solutions"); Networx  
26

1 Online Services, LLC ("Networx Services"); Networx Online, LLC ("Networx Online"); WF  
2 Holdings Financial LLC ("WF Holdings"); MN Holdings Financial, LLC ("MN Holdings");  
3 Nicole Louise Piper ("Nicole Piper"); David Wayne Piper ("David Piper"); Julie Ann Lewis-  
4 Fierro, aka Julie Lewis ("Julie Lewis"); Mason A. Nichols ("Mason Nichols"); Joseph P.  
5 Kenyon ("Joseph Kenyon"); Douglas D. Resh ("Douglas Resh"); and Kevin L. Lewis ("Kevin  
6 Lewis"); (collectively the "Enterprise Defendants") asserts and alleges as follows:

### 7 INTRODUCTION

8 Enterprise Defendants have operated a business opportunity telemarketing scheme since  
9 approximately March 2014, using numerous business names and locations to defraud  
10 consumers nationwide. Enterprise Defendants operate their scheme using a long, evolving list  
11 of interconnected entities and people doing business under various operating names. The  
12 method of the fraud is generally consistent. It begins with a solicitation offering to provide  
13 consumers with a website in exchange for a fee of several hundred dollars that will allow the  
14 consumers to sell goods and services over the internet. Enterprise Defendants promised  
15 consumers they could generate substantial income while "working from home." Not only did  
16 the Enterprise Defendants fail to deliver a website of any value, but immediately after obtaining  
17 the initial payment from the consumer, used misleading, high-pressure sales phone calls to  
18 solicit the consumer to spend more to "upgrade" the purchased (but entirely useless) website.  
19 Enterprise Defendants did not deliver any substantial goods or services as promised in  
20 exchange for the consideration consumers paid for the purported goods and services.

### 21 PARTIES, JURISDICTION, AND VENUE

22 1. Plaintiff is the State of Arizona, *ex rel.* Mark Brnovich, who is authorized to bring  
23 this action by the Arizona Telephone Solicitations Statute A.R.S. § 44-1271 et. seq. ("ATSS"),  
24 Arizona Consumer Fraud Act, A.R.S. § 44-1521 ("ACFA") and the Arizona Racketeering and  
25 Corrupt Influence Organization Statute, A.R.S. § 13-2301 et. seq. ("RICO Act").

26 2. Defendant Networx Solutions is an Arizona limited liability company that does

1 business in Maricopa County, Arizona, with its last known principal place of business being  
2 10000 N. 31<sup>st</sup> Ave. in Phoenix. Since approximately June 2015, Networkx Solutions solicited  
3 consumers throughout the United States to purchase business opportunities, as that term is  
4 defined at A.R.S. § 44-1271(1), from various locations in the State of Arizona over the  
5 telephone.

6 3. Defendant Networkx Services is an Arizona limited liability company that does  
7 business in Maricopa County, Arizona, with its last known principal place of business being  
8 8433 N. Black Canyon in Phoenix. Beginning approximately June 2015, Networkx Services  
9 solicited consumers throughout the United States to purchase business opportunities, as that  
10 term is defined at A.R.S. § 44-1271(1), from various locations in the State of Arizona over the  
11 telephone.

12 4. Defendant Networkx Online is an Arizona limited liability company that does  
13 business in Maricopa County, Arizona, with its last known principal place of business being  
14 8433 N. Black Canyon in Phoenix. Beginning approximately June 2015, Networkx Online  
15 solicited consumers throughout the United States to purchase business opportunities, as that  
16 term is defined at A.R.S. § 44-1271(1), from various locations in the State of Arizona over the  
17 telephone.

18 5. Defendant WF Holdings is an Arizona limited liability company that does  
19 business in Maricopa County, Arizona. Beginning approximately March 2014, WF Holdings  
20 solicited consumers throughout the United States to purchase business opportunities, as that  
21 term is defined at A.R.S. § 44-1271(1), from various locations in the State of Arizona over the  
22 telephone.

23 6. Defendant MN Holdings is an Arizona limited liability company that does  
24 business in Maricopa County, Arizona. Since approximately October 2014, Defendant MN  
25 Holdings solicited consumers throughout the United States to purchase business opportunities,  
26 as that term is defined at A.R.S. § 44-1271(1), from various locations in the State of Arizona

1 over the telephone. MN Holdings' managers and employees held themselves out as agents of  
2 Blue Razor Domains, LLC ("Blue Razor Domains") in an effort to disguise MN Holdings' true  
3 identity.

4 7. Defendant Nicole Piper resides in Maricopa County, Arizona, and is the *de facto*  
5 manager of Networx Solutions, Networx Services, Networx Online, WF Holdings and MN  
6 Holdings. At all times relevant to this Complaint, Nicole Piper formulated, directed, ratified,  
7 controlled, had the authority to control, or participated in the acts and practices of Networx  
8 Solutions, Networx Services, Networx Online, WF Holdings, and MN Holdings, to perpetuate a  
9 fraud and a pattern of unlawful practices in Maricopa County. At all times alleged herein,  
10 Nicole Piper acted for the benefit of her marital community.

11 8. Defendant David Piper resides in Maricopa County, Arizona, and is the husband  
12 of Nicole Piper. At all times relevant to this Complaint, David Piper formulated, directed,  
13 ratified, controlled, had the authority to control, or participated in the acts and practices of  
14 certain Enterprise Defendants to perpetuate a fraud and a pattern of unlawful practices in  
15 Maricopa County. At all times alleged herein, David Piper acted for the benefit of his marital  
16 community.

17 9. Defendant Julie Lewis resides in Maricopa County, Arizona, and is a member and  
18 manager of Networx Solutions. At all times relevant to this Complaint, Julie Lewis formulated,  
19 directed, ratified, controlled, had the authority to control, or participated in the acts and  
20 practices of Networx Solutions and related entities to perpetuate a fraud and a pattern of  
21 unlawful practices in Maricopa County. At all times alleged herein, Julie Lewis acted for the  
22 benefit of her marital community.

23 10. Defendant Mason Nichols resides in Maricopa County, Arizona, and is a member  
24 and manager of MN Holdings. Mason Nichols solicited consumers with purported business  
25 opportunities for MN Holdings, but held himself out as a representative Blue Razor Domains,  
26 an unrelated company. Mason Nichols misappropriated Blue Razor Domain's good name and

1 reputation to disguise MN Holdings' identity and activities. At all times relevant to this  
2 Complaint, Mason Nichols formulated, directed, ratified, controlled, had the authority to  
3 control, or participated in the acts and practices of MN Holdings and related entities to  
4 perpetuate a fraud and a pattern of unlawful practices in Maricopa County. At all times alleged  
5 herein Mason Nichols acted for the benefit of his marital community.

6 11. Defendant Joseph Kenyon resides in Maricopa County, Arizona. At all times  
7 relevant to this Complaint, Joseph Kenyon formulated, directed, ratified, controlled, had the  
8 authority to control, or participated in the acts and practices of certain Enterprise Defendants  
9 and other entities to perpetuate a fraud and a pattern of unlawful practices in Maricopa County.  
10 At all times alleged herein Joseph Kenyon acted for the benefit of his marital community.

11 12. Defendant Douglas Resh resides in Maricopa County, Arizona. At all times  
12 relevant to this Complaint, Douglas Resh formulated, directed, ratified, controlled, had the  
13 authority to control, or participated in the acts and practices of certain Enterprise Defendants  
14 and related entities to perpetuate a fraud and a pattern of unlawful practices in Maricopa  
15 County. At all times alleged herein Douglas Resh acted for the benefit of his marital  
16 community.

17 13. Defendant Kevin Lewis resides in Maricopa County, Arizona. At all times  
18 relevant to this Complaint, Kevin Lewis formulated, directed, ratified, controlled, had the  
19 authority to control, or participated in the acts and practices of WF Holdings and MN Holdings  
20 and related entities to perpetuate a fraud and a pattern of unlawful practices in Maricopa  
21 County.

22 14. Any reference herein to any act or practice of company or entity principals,  
23 owners, employees, independent contractors, agents, and representatives acting within the  
24 scope of their employment or authority, such allegation shall include the acts or practices of the  
25 respective company or entity.

26 15. Relief Defendant BBVA Compass Bank ("BBVA"), whose main office is located

1 in Birmingham, Alabama, and who conducts business in Maricopa County, Arizona, is named  
2 as a Relief Defendant herein solely due to the possible existence in its possession of proceeds  
3 of the unlawful practices alleged herein. Any reference to Defendants in this Complaint does  
4 not include BBVA.

5 16. Relief Defendant U.S. Bank, N.A., ("U.S. Bank"), whose main office is located in  
6 Minneapolis, Minnesota, and who conducts business in Maricopa County, Arizona, is named as  
7 a Relief Defendant herein solely due to the possible existence in its possession of proceeds of  
8 the unlawful practices alleged herein. Any reference to Defendants in this Complaint does not  
9 include U.S. Bank.

10 17. Relief Defendant J.P. Morgan Chase Bank, N.A. ("J.P. Morgan"), whose main  
11 office is located in New York City, New York, and who conducts business in Maricopa  
12 County, Arizona, is named as a Relief Defendant herein solely due to the possible existence in  
13 its possession of proceeds of the unlawful practices alleged herein. Any reference to  
14 Defendants in this Complaint does not include J.P. Morgan.

15 18. Relief Defendant Bank of America, N.A., ("B of A"), whose main office is  
16 located in Charlotte, North Carolina, and who conducts business in Maricopa County, Arizona,  
17 is named as a Relief Defendant herein solely due to the possible existence in its possession of  
18 proceeds of the unlawful practices alleged herein. Any reference to Defendants in this  
19 Complaint does not include B of A.

20 19. Relief Defendant Wells Fargo Bank, N.A. ("Wells Fargo"), whose main office is  
21 located in San Francisco, California, and who conducts business in Maricopa County, Arizona,  
22 is named as a Relief Defendant herein solely due to the possible existence in its possession of  
23 proceeds of the unlawful practices alleged herein. Any reference to Defendants in this  
24 Complaint does not include Wells Fargo.

25 20. This Court has jurisdiction to enter appropriate orders both prior to and following  
26 a determination of liability pursuant to the ATSS, ACFA, and the RICO Act.





1       30.   The websites that Enterprise Defendants provided to consumers did not make  
2 consumers Amazon affiliates and did not generate income for consumers.

3       31.   The purported business opportunity was part of a scheme or artifice to defraud  
4 consumers.

5       32.   Aggregate losses to consumers who filed complaints with the Arizona Attorney  
6 General total at least \$788,559.

7       33.   Initial payments from consumers for the purchase of a website business were  
8 often processed by the Enterprise Defendants' credit card processors or by third-party  
9 companies on behalf of the Enterprise Defendants, and were then deposited into bank accounts  
10 in the name of Business Defendants.

11               Fraudulent Coaching and Sales Leads

12       34.   After a consumer purchased a website, Enterprise Defendants often contacted the  
13 consumer again, this time to solicit him or her to purchase additional goods and services for an  
14 amount that reached or exceeded \$500.

15       35.   Enterprise Defendants represented that these additional services were necessary  
16 to promote the consumer's website and generate income.

17       36.   Enterprise Defendants typically described their purported assistance to consumers  
18 as sales coaching services. Enterprise Defendants also represented that they would provide  
19 consumers with sales leads.

20       37.   Enterprise Defendants advised consumers that they would receive a call from  
21 their purported coach, such as Joseph Kenyon who used aliases including "Joe Martinelli" and  
22 "Mark Kimball," and others, for assistance in setting up and promoting the purported business  
23 opportunity.

24       38.   Enterprise Defendants did not actually provide coaching services or sales leads to  
25 consumers.

26       39.   Calls to consumers from Joseph Kenyon and others were not sales coaching calls,

1 but rather, sales calls to solicit consumers to invest additional money into false and fraudulent  
2 business opportunities.

3 Website Upgrade Scheme

4 40. Joseph Kenyon and others convinced consumers to purportedly upgrade their  
5 websites from ".info" sites to more expensive ".com" websites, telling consumers they could  
6 increase their earning potential considerably with a website upgrade and often guaranteeing a  
7 specific amount of monthly income to consumers.

8 41. In some cases, Enterprise Defendants made the representation to consumers that  
9 if consumers paid Enterprise Defendants certain upgrade fees, Enterprise Defendants could  
10 facilitate transactions with a purchaser willing to pay thousands of dollars to purchase  
11 consumers' websites.

12 42. Enterprise Defendants further misled consumers by falsely promising consumers  
13 a refund of upgrade fees if purported buyers failed to purchase a consumer's website.

14 43. Consumers often paid thousands of dollars for purported upgrades to a website by  
15 wiring funds or depositing funds directly into various Enterprise Defendants' bank accounts.

16 44. Enterprise Defendants' representations to consumers about upgraded websites  
17 were false and fraudulent.

18 45. Enterprise Defendants did not upgrade consumers' websites or produce buyers  
19 willing to purchase consumers' web sites.

20 46. When angry consumers detected and complained of Enterprise Defendants'  
21 fraudulent activity, Enterprise Defendants sometimes promised a refund to consumers but did  
22 not deliver a refund as promised.

23 False Statements Regarding Identity

24 47. Mason Nichols and others misled consumers by making calls to consumers for  
25 MN Holdings and telling consumers they were dealing with a company called Blue Razor  
26 Domains.

1 48. On December 8, 2014 Mason Nichols sought to misappropriate Blue Razor  
2 Domain's good name and reputation by filing articles of incorporation with the Arizona  
3 Corporation Commission for a company called Blue Razor Domain Solutions, LLC to utilize a  
4 name deceptively similar to Blue Razor Domain's name.

5 49. Mason Nichols deceived consumers into believing that MN Holdings had a  
6 positive rating with the BBB or other reputation sites. Mason Nichols' misappropriation of  
7 Blue Razor Domain's name and reputation was deceptive and misleading.

8 50. Blue Razor Domains is a company completely unrelated to the Enterprise  
9 Defendants and enjoys a positive Better Business Bureau ("BBB") rating.

10 51. By falsely claiming he was soliciting for Blue Razor Domains, Mason Nichols  
11 sought to misappropriate Blue Razor Domain's good name and reputation.

12 52. By falsely stating that he was soliciting for Blue Razor Domains and not MN  
13 Holdings, Mason Nichols failed to accurately disclose the true name of the seller soliciting  
14 consumers.

15 53. On or about March 25, 2015, Mason Nichols, solicited consumer Stephen S. on  
16 behalf of MN Holdings.

17 54. Mason Nichols falsely stated that he was calling Stephen S. on behalf of Blue  
18 Razor, rather than accurately stating that he was calling for MN Holdings.

19 55. Mason Nichols told consumer Stephen S. that consumers should review Blue  
20 Razor Domains' rating with the BBB or other reputation sites, knowing that Blue Razor  
21 Domains had a positive rating with the BBB.

22 Registration Violations

23 56. Enterprise Defendants solicited consumers to purchase business opportunities  
24 from a location in Arizona, and therefore they were required to register with the Arizona  
25 Secretary of State's Office as telephone sellers by providing that office with a registration  
26 statement. A.R.S. § 44-1272(A).

1        57. At the time Enterprise Defendants solicited consumers to purchase business  
2 opportunities, they were not registered with the Arizona Secretary of State's Office as  
3 telephone sellers and were, thus, unregistered sellers.

4        58. Enterprise Defendants solicited consumers to purchase business opportunities  
5 from a location in Arizona and therefore were required to maintain and file a bond, or an  
6 equivalent cash deposit, with the Arizona State Treasurer. A.R.S. § 44-1274.

7        59. At the time Enterprise Defendants solicited consumers to purchase business  
8 opportunities they had not filed or maintained a bond, or an equivalent cash deposit, with the  
9 Arizona State Treasurer.

10                    Right to Cancel and Contract Delivery Violations

11        60. Enterprise Defendants were required under A.R.S. § 44-1276(B)(5) to provide  
12 consumers with a clear and conspicuous disclosure of the consumer's right to cancel a  
13 transaction.

14        61. Enterprise Defendants did not provide consumers to whom they sold business  
15 opportunities a clear and conspicuous disclosure of the consumer's right to cancel a transaction  
16 pursuant to A.R.S. § 44-1276.01.

17        62. Enterprise Defendants were required under A.R.S. § 44-1276.02 to provide every  
18 consumer to whom they sold a purported business opportunity a written business opportunity  
19 contract.

20        63. Enterprise Defendants did not provide consumers to whom they sold business  
21 opportunities a disclosure concerning a consumer's right to cancel a transaction or a written  
22 business opportunity contract.

23                    Rescindable Contracts

24        64. Enterprise Defendants were unregistered sellers under A.R.S. § 44-1272, and  
25 therefore, pursuant to A.R.S. § 44-1279 any contracts they entered into with consumers were  
26 rescindable.

1        65.    Enterprise Defendants failed to honor consumer requests to rescind contracts.

2        Unlawful Proceeds - Bank Deposits

3        66.    Enterprise Defendants received money from consumers in an amount of at least  
4        \$2,723,972.

5        67.    Out of the proceeds the Enterprise Defendants received, Individual Defendants  
6        took sums that totaled at least:

- 7                    (a)    Joseph Kenyon:     \$340,281  
8                    (b)    Nicole Piper:        \$127,746  
9                    (c)    Douglas Resh:        \$132,065

10       68.    Enterprise Defendants maintained accounts at one or more banking institutions,  
11       including but not limited to Relief Defendants BBVA, U.S. Bank, J.P. Morgan, B of A, and  
12       Wells Fargo.

13       69.    Enterprise Defendants deposited monies from consumers into accounts  
14       maintained by various Relief Defendants in the respective Enterprise Defendants' names either  
15       directly by wire, or through deposits by third parties who processed consumers' payments for  
16       each of the respective Enterprise Defendants.

17       70.    Nicole Piper directed and supervised the operations and activities of Networx  
18       Solutions, Networx Services, Networx Online, WF Holdings, and MN Holdings to perpetuate  
19       a pattern of unlawful activity and unlawful practices.

20       71.    Nicole Piper opened bank accounts to receive funds accumulated through  
21       unlawful practices at Relief Defendant Wells Fargo, executing signatory cards for accounts  
22       bearing account numbers ending: 6488, 1067, 6462 and 1042.

23       72.    Julie Lewis is a member of Networx Solutions. Julie Lewis directed and  
24       supervised the operations and activities of Networx Solutions to perpetuate a pattern of  
25       unlawful activity and unlawful practices.

26       73.    Julie Lewis opened bank accounts to receive funds accumulated through unlawful

1 practices at Relief Defendant U.S. Bank, executing signatory cards for accounts bearing  
2 account numbers ending: 9152, 9673 and 9970.

3 74. Mason Nichols is a member of MN Holdings. Mason Nichols directed and  
4 supervised the operations and activities of MN Holdings to perpetuate a pattern of unlawful  
5 activity and unlawful practices.

6 75. Mason Nichols opened bank accounts for MN Holdings to receive funds  
7 accumulated through unlawful practices and did receive funds accumulated through unlawful  
8 practices at Relief Defendant Wells Fargo, in accounts bearing account numbers ending: 6462,  
9 6488, 1042, 6470 and 1067.

10 76. Bank records demonstrate that Arizona consumers and consumers of other states  
11 transferred money to certain Enterprise Defendants' respective accounts in anticipation that  
12 those Enterprise Defendants would complete and honor transactions with the consumers, when  
13 in reality, the Enterprise Defendants knew and had reason to know that the purported  
14 transactions were fictitious and based on false and fraudulent statements to consumers.

15 **COUNT I**  
16 **VIOLATIONS OF THE ATSS**

17 77. The State re-alleges all preceding paragraphs as though fully set forth herein.

18 78. Under the ATSS, Enterprise Defendants are "sellers" who have sold or offered to  
19 sell consumers a "business opportunity." A.R.S. § 44-1271(1), (15).

20 79. The ATSS requires sellers to file a verified registration statement with the  
21 Arizona Secretary of State before the seller, directly or through a solicitor, solicits a consumer  
22 from any location in Arizona. A.R.S. § 44-1272.

23 80. Enterprise Defendants solicited consumers to purchase business opportunities  
24 from various locations in Arizona without having filed a verified registration statement with  
25 the Arizona Secretary of State, as required by A.R.S. § 44-1272, and were not exempt from the  
26 requirement to file such statement.

1       81. The ATSS requires sellers to file a \$100,000 bond with the Arizona State  
2 Treasurer. A.R.S § 44-1274.

3       82. Enterprise Defendants solicited consumers to purchase a business opportunity  
4 without having filed a bond in the amount of one-hundred-thousand-dollars (\$100,000), or the  
5 equivalent cash amount, with the Arizona State Treasurer, as required in A.R.S. § 44-1274, and  
6 were not exempt from such requirement.

7       83. Under A.R.S § 44-1276(A)(2) a seller is required to disclose the "legal name of  
8 the seller on whose behalf the solicitor is making the solicitation."

9       84. Mason Nichols and others solicited consumers without disclosing the legal name  
10 of the seller for whom the solicitation was being made and used an alias to conceal the seller's  
11 legal name.

12       85. The ATSS requires sellers to provide consumers with notice of their right to  
13 cancel a purchase stemming from a telephone solicitation. A.R.S. § 44-1276(B)(5).

14       86. Enterprise Defendants failed to provide consumers with notice of the right to  
15 cancel a sale stemming from a telephone solicitation.

16       87. The ATSS requires sellers of business opportunities, including goods, services or  
17 merchandise related thereto, to provide a written business opportunity disclosure statement to  
18 consumers at least five business days before a consumer executes a contract that imposes a  
19 binding legal obligation on the consumer; pays monies or anything of value to the seller; or  
20 authorizes the seller to charge his or her credit or debit card. A.R.S. § 44-1276.01.

21       88. Enterprise Defendants failed to provide consumers to whom they sold a business  
22 opportunity with the disclosure statement required by A.R.S. § 44-1276.01.

23       89. The ATSS requires sellers of business opportunities, including goods, services or  
24 merchandise related thereto, to provide consumers who agree to purchase a business  
25 opportunity with a written contract that complies with A.R.S. § 44-1276.02.

26       90. Enterprise Defendants failed to provide consumers to whom they sold a business

1 opportunity with a contract that complies with A.R.S. § 44-1276.02.

2 91. A "consumer may rescind a sale" from an unregistered seller at any time pursuant  
3 to A.R.S. § 44-1279.

4 92. Despite consumer requests, some of which were made in writing, Enterprise  
5 Defendants failed to honor consumers' right to rescind sales.

6 93. By violating the ATSS, Enterprise Defendants injured and harmed numerous  
7 consumers.

8 94. Pursuant to A.R.S. § 44-1278(C), Enterprise Defendants' violations of the ATSS  
9 also constitute *per se* unlawful practices under the ACFA.

10  
11 **COUNT II**  
**VIOLATION OF ACFA**

12 95. The State re-alleges all preceding paragraphs as though fully set forth herein.

13 96. Under A.R.S. § 44-1522:

14 The act, use or employment by any person of any deception, deceptive or  
15 unfair act or practice, fraud, false pretense, false promise,  
16 misrepresentation, or concealment, suppression or omission of any material  
17 fact with intent that others rely on such concealment, suppression or  
18 omission, in connection with the sale or advertisement of any merchandise  
whether or not any person has in fact been misled, deceived or damaged  
thereby, is declared to be an unlawful practice.

19 97. Enterprise Defendants engaged in misrepresentations, fraud, false pretense and  
20 unfair business practices in connection with the sale or advertisement of merchandise in  
21 violation of A.R.S. § 44-1522 *et seq.*, including but not limited to:

- 22 a. falsely representing the name under which certain Enterprise  
23 Defendants do business to deceive consumers into believing that  
24 those certain Enterprise Defendants enjoyed a positive BBB rating  
and good reputation;
- 25 b. falsely representing to consumers that they would provide  
26 consumers with a website that would make the consumer an affiliate



1 of the online retailer Amazon;

- 2 c. falsely representing to consumers that they could earn a substantial  
3 amount of money from Enterprise Defendants' purported business  
4 opportunities;
- 5 d. falsely representing to consumers that purchasing additional goods  
6 and services such as leads, coaching services, or website upgrades,  
7 would generate income;
- 8 e. falsely representing to consumers that certain Enterprise Defendants  
9 would refund monies to consumers if promised earnings were not  
10 realized;
- 11 f. falsely representing to consumers that Enterprise Defendants had a  
12 willing buyer for the consumer's website if the consumer agreed to  
13 purchase an upgrade to the website to facilitate the purchase.

14 98. Enterprise Defendants concealed and omitted material facts with intent that others  
15 rely on such omissions in connection with the sale or advertisement of merchandise in  
16 violation of A.R.S. § 44-1522 *et seq.*, including but not limited to:

- 17 a. the fact that Enterprise Defendants had no relationship with online  
18 retailer Amazon and the business opportunities sold by Enterprise  
19 Defendants were not affiliated with Amazon;
- 20 b. the fact that Enterprise Defendants' business opportunities had not  
21 and would not produce income for consumers;
- 22 c. the fact that purchasing leads, coaching services, or upgraded  
23 websites would not produce income for consumers;
- 24 d. the fact that consumers' websites had no value, and there were no  
25 buyers ready to purchase the websites, whether such websites were  
26 upgraded or not.

99. Each sale of a business opportunity, or related good or service, by the Enterprise  
Defendants constitutes a separate violation of the ACFA.

100. In all matters alleged in the preceding paragraphs, Enterprise Defendants acted  
willfully as defined in A.R.S. § 44-1531, subjecting themselves to enforcement and penalties

1 as provided in A.R.S. § 44-1531(A).

2 **COUNT III**  
3 **VIOLATIONS OF RICO ACT**

4 101. The State re-alleges all preceding paragraphs as though fully set forth herein.

5 102. Individual Defendants Nicole Piper, Julie Lewis and Mason Nichols exercised  
6 control and direction of multiple enterprises as set forth in A.R.S. § 13-2301(D)(1) to defraud  
7 consumers and engage in a pattern of unlawful activities.

8 103. All Individual Defendants engaged in a pattern of acts to prepare for and  
9 complete offenses, for financial gain, that are chargeable and indictable under the laws of  
10 Arizona as set forth in A.R.S. § 13-2301(D)(4), including but not limited to:

11 (a) engaging in false representations to promote a "scheme or artifice to  
12 defraud" as set forth in A.R.S. § 13-2301(D)(4)(b)(xx); and

13 (b) engaging in money laundering under A.R.S. § 13-  
14 2301(D)(4)(b)(xxvi) by acquiring and receiving proceeds in the form of  
15 money deposits knowing and having reason to know they are the "proceeds  
16 of an offense" as set forth in A.R.S. § 13-2317(B)(1) and making money  
"available to another" by transaction knowing that it was intended to  
facilitate an unlawful enterprise as set forth in A.R.S. § 13-2317(B)(2).

17 104. The Individual Defendants injured and harmed consumers as a result of a pattern  
18 and practice of unlawful activity, including but not limited to:

19 (a) making false and fraudulent representations to conceal certain  
20 Enterprise Defendants' identification;

21 (b) making false and fraudulent statements to consumers to mislead  
22 consumers into believing they could earn income through the purchase of  
websites and purported upgrades to such websites;

23 (c) making false and fraudulent statements to consumers regarding  
24 potential refunds of payments if purported business opportunities failed to  
produce promised income.

25 (d) transferring money between Business Defendants to conceal  
26 distributions to Individual Defendants; and

1 (e) acquiring, receiving, transferring and concealing money generated  
2 from the business opportunity scheme referenced in this Complaint  
3 knowing such monies were the proceeds of an offense and making that  
4 money available to others knowing it was intended to facilitate the unlawful  
5 business opportunity scheme referenced in this Complaint.

6 105. The State brings this action on behalf of consumers who sustained injury to their  
7 business or property as a result of a pattern of unlawful practices as set forth in A.R.S. § 13-  
8 2314(A).

9 106. The State requests relief, in part, under A.R.S. § 13-2314(D) in the form of the  
10 recovery of treble damages, the costs the State incurred in this lawsuit, and reasonable attorney  
11 fees.

12 107. The State further requests relief under A.R.S. § 13-2314(C) in the form of  
13 injunctive relief prior to a determination of liability, including but not limited to seizure  
14 warrants, findings of probable cause for *in personam* or *in rem* forfeiture, appropriate  
15 restraining orders, receiverships and constructive trusts sufficient to halt Enterprise  
16 Defendants' illegal activity and restore consumers to their pre-injury condition.

#### 17 PRAYER FOR RELIEF

18 WHEREFORE, Plaintiff respectfully requests that the Court:

19 108. Enter temporary, preliminary, and permanent injunctions against the Defendants,  
20 and all persons in active concert or participation with the Defendants, prohibiting the  
21 Enterprise Defendants and each of them from:

22 (a) engaging in the unlawful acts and practices alleged in this Complaint  
23 and doing any acts in furtherance of such acts and practices, pursuant to  
24 A.R.S. §§ 44-1528 and 13-2314;

25 (b) violating the Arizona Telephone Solicitations Statute, A.R.S. § 44-1271  
26 *et seq.*;

(c) violating the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*;

1 (d) violating the Arizona RICO statutes, A.R.S. § 13-2314 *et seq.*

2 109. Declare all sales of business opportunities made by the Enterprise Defendants and  
3 each of them rescindable, pursuant to A.R.S. § 44-1279;

4 110. Declare all sales of business opportunities made by the Enterprise Defendants and  
5 each of them void, pursuant to A.R.S. § 44-1276(D);

6 111. Order the Enterprise Defendants, jointly and severally, to restore to all persons  
7 any money that they acquired by any unlawful means or practice alleged herein through  
8 restitution payments as deemed appropriate by the Court, pursuant to A.R.S. § 44-1528;

9 112. Order the Enterprise Defendants to pay the State a civil penalty of not more than  
10 \$10,000 for each willful violation (*i.e.*, each solicitation for, and sale of, a business  
11 opportunity) pursuant to A.R.S. § 44-1531;

12 113. Order the Enterprise Defendants, jointly and severally, to pay the State its costs of  
13 investigation and prosecution of this matter, including its reasonable attorney's fees, pursuant  
14 to A.R.S. §§ 44-1534 and 13-2314;

15 114. Order the Enterprise Defendants, jointly and severally to pay monetary damages  
16 and relief as set forth in A.R.S. § 13-2314(A);

17 115. Order relief under A.R.S. § 13-2314(C) in the form of injunctive relief prior to a  
18 determination of liability, including but not limited to seizure warrants, findings of probable  
19 cause for *in personam* and *in rem* forfeiture, appropriate restraining orders, receiverships and  
20 constructive trusts sufficient to halt Enterprise Defendants' illegal activity;

21 116. Order the Individual Defendants to divest themselves of any interest, direct or  
22 indirect, in the Business Defendants; and

23 //

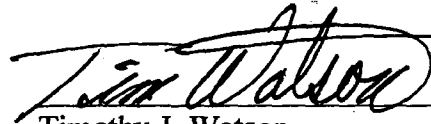
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1 117. Order other and further relief as the Court may deem just and proper.  
2

3 RESPECTFULLY SUBMITTED this \_\_\_\_ day of December, 2017  
4

5 **MARK BRNOVICH**  
6 **ATTORNEY GENERAL**

7   
8 Timothy J. Watson  
9 Assistant Attorneys General  
10 *Attorneys for Plaintiff*  
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