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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MARION

STATE OF OREGON, ex rel. ELLEN F.
ROSENBLUM, Attorney General for the State
of Oregon,

Plaintiff,

v.

HENRY CRICKET GROUP, LLC;
MAXIMILLIAN, INC.; LIBERTY
PUBLISHERS SERVICE, INC.; ORBITAL
PUBLISHING GROUP, INC.; EXPRESS
PUBLISHERS SERVICE, INC.; ASSOCIATED
PUBLISHERS NETWORK, INC.; UNITED
PUBLISHERS NETWORK; ADEPT
MANAGEMENT, INC., CUSTOMER ACCESS
SERVICES, INC.; CONSOLIDATED
PUBLISHERS EXCHANGE, INC.;
MAGAZINE CLEARING EXCHANGE, INC.;
SUBSCRIPTION HOUSE AGENCY, INC.;
MAGAZINE LINK, INC.; PUBLISHERS
PAYMENT PROCESSING, INC.; ANCHOR
PUBLISHING GROUP, INC.; CLARITY
GROUP, INC.; WINEOCEROS WINE CLUB,
INC.; CPC SOLUTIONS, INC.; REALITY
KATS, LLC; HOYAL & ASSOCIATES, INC.;
LAURA LOVRIEN; COLLEEN M. KAYLOR;
SHANNON R. BACON; LYDIA J. PUGSLEY;
NOEL PARDUCCI; LINDA BABB; WILLIAM
STRICKLER; RACHEL WORCESTER; and
JEFFREY HOYAL; DOE CORPORATIONS 1
THROUGH 20,

Defendants.

Case No. _____

COMPLAINT

[Alleging violations of the Unlawful Trade
Practices Act, Financial Abuse, Simulated
Invoices, and Civil Racketeering]

Not Subject To Filing Fees. (ORS 20.140)

Not Subject To Mandatory Arbitration

[Jury Trial Requested]

1 Plaintiff, STATE OF OREGON ("Plaintiff"), by and through ELLEN F. ROSENBLUM,
2 Attorney General for the State of Oregon, for its Complaint alleges as follows:

3 **INTRODUCTION**

4 1.

5 ELLEN F. ROSENBLUM is the Attorney General for the State of Oregon and, acting in
6 her official capacity, she brings this action pursuant to ORS 646.632, ORS 124.125, ORS
7 646A.284, and ORS 166.725(5), to stop and remedy unlawful trade practices, financial abuse,
8 simulated invoices, and racketeering activity.

9 2.

10 From at least January 1, 2010, until the present, Defendants conducted a nationwide
11 scheme to defraud consumers and publishers located in Oregon and elsewhere. Defendants
12 operated out of Jackson County, Oregon. Their victims included consumers throughout Oregon,
13 including Marion County, Oregon. During the material times, Defendants are believed to have
14 collected in excess of \$20 million from consumers by misrepresenting, among other things, that
15 they were authorized sell magazines and newspapers subscriptions, that they were selling at the
16 "lowest" available price, and that existing subscriptions were about to expire. The proceeds
17 from this unlawful activity were then laundered through a criminal enterprise that involves
18 dozens of people and entities. The unlawful conduct is ongoing.

19 **DEFENDANTS**

20 ***"CONSULTING" COMPANIES AND SERVICING COMPANIES***

21 3.

22 At all material times, each defendant named herein was part of an associated-in-fact,
23 criminal enterprise (Enterprise). The members of the Enterprise were organized through a web
24 of contracts and mutual agreements, including: (a) contracts with consumers for the purchase of
25 goods and services relating to magazine and newspaper subscriptions and renewals; (b)
26 contracts and agreements for business services used to support the ongoing operation of the

1 Enterprise, and agreements among the members of the Enterprise to distribute proceeds of the
2 unlawful conduct alleged herein. The Defendants committed their wrongful acts as individuals,
3 as members of a conspiracy, and as members of the Enterprise. Each member of the Enterprise
4 provided material assistance to the other Defendants and to the Enterprise.

5 4.

6 HENRY CRICKET GROUP, LLC, (HENRY CRICKET) is a defendant and a New
7 York corporation that does business in Oregon. It holds itself out as a provider of “consulting
8 services” to the Enterprise’s operations in Medford and White City, Oregon, and, upon
9 information and belief, to other locations presently unknown. Upon information and belief, the
10 “consulting” role of this defendant is a fiction, to the extent that “consulting” suggests this
11 defendant operates independently of its owner, or that it is separated from the Enterprise. In
12 fact, through its owner, this defendant directs the operations of other members of the Enterprise,
13 and, along with Defendant Maximillian, Inc., obtains the bulk of the unlawful proceeds obtained
14 by the Enterprise. Upon information and belief, Defendant Jeffrey Hoyal owns, operates and
15 controls Henry Cricket. He, and other companies he owns, operates and controls financially
16 benefit from the unlawful proceeds that flow through Henry Cricket.

17 5.

18 MAXIMILLIAN, INC. (Maximillian) is a defendant, an Oregon corporation, and a
19 member of the unlawful Enterprise alleged herein. It holds itself out as a provider of “consulting
20 services” to the Enterprise’s operations in Medford and White City, Oregon, and, upon
21 information and belief, to other locations presently unknown. Upon information and belief, the
22 “consulting” role of this defendant is a fiction, to the extent that “consulting” suggests this
23 defendant operates independently of its owner, or that it is separated from the Enterprise. In
24 fact, through its owner, this defendant directs the operations of other members of the Enterprise,
25 and, along with Defendant Henry Cricket Group, LLC, it obtains the bulk of the unlawful
26 proceeds obtained by the Enterprise. Upon information and belief, Defendant Jeffrey Hoyal

1 owns, operates and controls Maximillian. He, and other companies he owns, operates and
2 controls financially benefit from the unlawful proceeds that flow through from Maximillian.

3 6.

4 REALITY KATS, LLC (REALITY KATS) is a defendant, an Oregon corporation, and a
5 member of the unlawful Enterprise alleged herein. Reality Kats receives regular payments of
6 \$25,000 or more from Defendant Maximillian and varying amounts from other members of the
7 Enterprise. It transfers those proceeds to or from multiple bank accounts maintained by
8 members of the Enterprise intending or knowing that the transactions are designed to conceal or
9 disguise the nature, source, ownership, or control of those proceeds.

10 7.

11 HOYAL & ASSOCIATES, LLC (HOYAL & ASSOCIATES) is a defendant, an Oregon
12 corporation, and a member of the unlawful Enterprise alleged herein. Defendant Jeffrey Hoyal
13 owns Hoyal & Associates. Hoyal & Associates receives regular payments of \$25,000 or more
14 from Defendant Maximillian and varying amounts from other members of the Enterprise. It
15 transfers those proceeds to or from multiple bank accounts maintained by members of the
16 Enterprise intending or knowing that the transactions are designed to conceal or disguise the
17 nature, source, ownership, or control of those proceeds.

18 8.

19 ADEPT MANAGEMENT, INC. (ADEPT) is a defendant and an Oregon corporation
20 owned by Defendant Pugsley. It conducts business at 625 Brownsboro-Meridian Road, Eagle
21 Point, Oregon, and at 355 Industrial Circle, White City, Oregon. Adept, together with
22 Defendant Pugsley, operate as a financial management hub of the Enterprise. In that capacity,
23 Adept provides services to other members of the Enterprise, including Publishers Payment
24 Processing, Inc., Express Publisher Services, Inc., Henry Cricket Group LLC, and Associated
25 Publishers Network, Inc.. These services include bookkeeping services, data management
26 services, employee staffing services, consumer mail processing services, consumer refund

1 processing services, and accounts payable services. Adept and its owner share in the proceeds of
2 the unlawful activity alleged herein.

3 9.

4 CLARITY GROUP, INC. (CLARITY) is a defendant and an Oregon corporation owned
5 by Defendant Bacon. It does business at 355 Industrial Circle, White City, Oregon, among other
6 places. It provides administrative services to other members of the Enterprise. These services
7 include processing consumer orders for publications, and processing “cease and desist” letters
8 the Enterprise receives from publishers. It shares in the proceeds of the unlawful activity alleged
9 herein.

10 ***ENTITY DEFENDANTS ENGAGED IN DIRECT MAIL MARKETING***

11 10.

12 LIBERTY PUBLISHERS SERVICE, INC. (LIBERTY) is a Defendant, an Oregon
13 corporation, and a member of the unlawful Enterprise alleged herein. Liberty is a direct mail
14 marketing company (solicitor) and, in that capacity, it solicits consumers to buy magazines and
15 newspapers, and obtains consumer money from resulting sales. It receives consumer orders and
16 negotiable instruments at one or more post office boxes in White City, Oregon. The orders and
17 negotiable instruments are transferred to the Enterprise’s operations at 625 Brownsboro-
18 Meridian Road, Eagle Point, Oregon, and at 355 Industrial Circle, White City, Oregon. Liberty
19 is in the process of winding down its operations, which have been assumed by other members of
20 the Enterprise. Liberty operates under at least 40 active assumed business names, including
21 Allied Publishing Services, American Consumer Publishers Association, Associated Publishers
22 Services, Billing Services of America, Bradford Publishing Service, Circulation Billing
23 Services, Global Publishers Center, Lake Shore Publishers Service, Magazine Billing Services,
24 Magazine Distribution Service, Magazine Payment Services, Magazine Subscriber Services,
25 Magazine Subscriptions Center, National Magazine Services, Periodical Billing Services,
26 Platinum Subscription Service, Publication Service Networks, Publishers Access Services,

1 Publishers Billing Services, Publishers Billing Exchange, Publishers Consolidated Subscription
2 Services, Publishers Distribution Center, Publishers Education Services, Publishers Magazine
3 Billing, Publishers Magazine Payment, Publishers Marketplace Services, Publishers Network
4 Exchange, Publishers Payment Services, Publishers Periodical Service, Publishers Processing
5 Service, Publishers Services Exchange, Readers Billing Services, Readers Payment Service,
6 Seascope Publishers Network, Slo Call Center, Subscription Billing Service, Subscription
7 Payment Exchange, Subscription Payment Services, and United Publishers Services. Its
8 predecessor company was Defendant Orbital Publishing Group, Inc. Its successor company is
9 Defendant Express Publishers Service, Inc.. Defendant Henry Cricket owns Liberty. Liberty
10 shares in the proceeds of the unlawful activity alleged herein.

11 11.

12 EXPRESS PUBLISHERS SERVICE, INC. (EXPRESS) is a defendant, an Oregon
13 corporation, and a member of the unlawful Enterprise alleged herein. It is a solicitor and, in that
14 capacity, it solicits consumers to buy magazines and newspapers, and obtains consumer money
15 from resulting sales. It receives consumer orders and negotiable instruments at one or more
16 addresses in White City, Oregon. The orders and negotiable instruments are transferred for
17 processing at the Enterprise's operations at 625 Brownsboro-Meridian Road, Eagle Point,
18 Oregon, and at 355 Industrial Circle, White City, Oregon. Upon information and belief,
19 Defendant Henry Cricket owns Express. Express also operates under at least 23 active assumed
20 business names including Associated Billing Service, Associated Periodical Network,
21 Associated Publishers Readership, Billing Services of Circulation, Circulation Billing
22 Marketplace, Circulation Network Services, Global Billing Exchange, Lakeshore Publishers
23 Billing, Magazine Billing Network, Magazine Distribution Marketplace, Magazine Payment
24 Processing, National Magazine Marketplace, National Magazine Network, Publication Network
25 Services, Publishers Billing Marketplace, Publishers Distribution Network, Publishers
26 Magazine Service, Readers Magazine Services, Readers Payment Network, Subscription Billing

1 Agency, Subscription Billing Network, United Billing Service, and United Publishers Agency.
2 It shares in the proceeds of the unlawful activity alleged herein.

3 12.

4 ORBITAL PUBLISHING GROUP, INC. (ORBITAL) is a defendant, an inactive New
5 York corporation, and a member of the unlawful Enterprise alleged herein. During the material
6 times, it operated as a solicitor and, in that capacity it solicited consumers to buy magazines and
7 newspapers, and obtained consumer money from resulting sales. It received consumer orders
8 and negotiable instruments at one or more post office boxes in White City, Oregon. The orders
9 and negotiable instruments were transferred for processing at the Enterprise's operations at 625
10 Brownsboro-Meridian Road, Eagle Point, Oregon, and at 355 Industrial Circle, White City,
11 Oregon. Orbital also operated under numerous assumed business names, which will be
12 identified in the course of discovery. Defendant Henry Cricket owned Orbital. During the
13 material times, Orbital shared in the proceeds of the unlawful activity alleged herein.

14 13.

15 ASSOCIATED PUBLISHERS NETWORK, INC. (APN) is a defendant, an Oregon
16 corporation, and a member of the unlawful Enterprise alleged herein. It operates as a solicitor
17 and, in that capacity, solicits consumers to buy magazines and newspapers, and obtains
18 consumer money from resulting sales. It directs consumers to mail consumer orders and
19 negotiable instruments to a post office box in Henderson, Nevada. It then has this mail
20 forwarded to one or more addresses in White City, Oregon, and then has it transferred for
21 processing at the Enterprise's operations at 625 Brownsboro-Meridian Road, Eagle Point,
22 Oregon, and at 355 Industrial Circle, White City, Oregon. It shares in the proceeds of the
23 unlawful activity alleged herein.

24 14.

25 UNITED PUBLISHERS NETWORK (UPN) is a defendant and a member of the
26 unlawful Enterprise alleged herein. It is not registered to do business in Oregon. It solicits

1 consumers to buy magazines and newspapers, and obtains consumer money from resulting
2 sales. Consumers regularly sent negotiable instruments to UPN as payment for publications.
3 UPN received and processed negotiable instruments and consumer orders at 625 Brownsboro-
4 Meridian Road, Eagle Point, Oregon, and at 355 Industrial Circle, White City, Oregon. UPN
5 endorsed and deposited the negotiable instruments into bank accounts controlled by Liberty
6 Publishers Service. UPN shared in the proceeds of the unlawful activity alleged herein.

7 15.

8 PUBLISHERS PAYMENT PROCESSING, INC. (PPP) is a defendant, a New York
9 corporation, and a member of the unlawful Enterprise. It conducts business operations at 355
10 Industrial Circle, White City, Oregon, and, upon information and belief, at other locations
11 presently unknown. Among other things, on behalf of itself and other members of the
12 Enterprise, PPP operates a telephone call center that solicits consumers to buy publications,
13 processes web-based credit card transactions from consumers, and processes consumer
14 complaints and refund requests. It shares in the proceeds of the unlawful activity alleged herein.

15 ***CLEARING HOUSES***

16 16.

17 A magazine clearing house is a “middle-man” between companies soliciting consumers
18 and publishers who sell magazines. Solicitors gather magazine orders and money from
19 consumers, and send the orders to clearing houses for processing. Clearing houses, in turn, send
20 the orders to publishers. Before “clearing” orders to buy publications, legitimate clearing houses
21 must obtain the publisher’s authority to clear orders. None of the defendants had such authority
22 to sell the publications alleged herein. Any purported authority was obtained by fraud, in that
23 defendants intentionally and routinely deceived publishers as a means to clear orders.

24 17.

25 CUSTOMER ACCESS SERVICES, INC. (CAS) is a defendant, an Oregon corporation,
26 and a member of the unlawful Enterprise alleged herein. It conducts business operations in

1 Medford, Oregon, and White City, Oregon, and, upon information and belief, at other locations
2 presently unknown. It operates as a publication clearing house acting on behalf of the
3 Enterprise. It fills, or attempts to fill, the consumer magazine and newspaper subscription
4 orders alleged herein. CAS shares in proceeds of the unlawful activity alleged herein. Defendant
5 Kaylor owns, operates or controls CAS.

6 18.

7 ANCHOR PUBLISHING GROUP, INC. (ANCHOR) is a defendant, an Oregon
8 corporation, and a member of the unlawful Enterprise alleged herein. It conducts business
9 operations in Medford, Oregon, in White City, Oregon, and upon information and belief, at
10 other locations presently unknown. It operates as a publication clearing house acting on behalf
11 of the Enterprise. It fills, or attempted to fill, the consumer magazine and newspaper
12 subscription orders alleged herein. It shares in the proceeds of the unlawful activity alleged
13 herein. Defendant Babb owns, operates or controls Anchor.

14 19.

15 MAGAZINE CLEARING EXCHANGE, INC. (MCE) is a defendant, an Oregon
16 corporation, and a member of the unlawful Enterprise alleged herein. It conducts business
17 operations in White City, Oregon, and, upon information and belief, at other locations presently
18 unknown. It operates as a publication clearing house acting on behalf of the Enterprise. It fills,
19 or attempts to fill, the consumer magazine and newspaper subscription orders alleged herein. It
20 shares in the proceeds of the unlawful activity alleged herein. Defendant Kaylor owns, operates
21 or controls MCE.

22 20.

23 WINEOCEROS WINE CLUB, INC. (WINEOCEROS) is a defendant, an Oregon
24 corporation, and a member of the unlawful Enterprise alleged herein. It conducts business
25 operations in Jacksonville, Oregon, and, upon information and belief, at other locations
26 presently unknown. It operates as a publication clearing house acting on behalf of the

1 Enterprise. It fills, or attempts to fill, the consumer magazine and newspaper subscription
2 orders alleged herein. It also solicits consumers to buy publications over the internet, by
3 advertising on its webpage. It shares in the proceeds of the unlawful activity alleged herein.
4 Defendant Strickler owns, operates and controls Wineoceros.

5 21.

6 CPC SOLUTIONS, INC. (CPC) is a defendant, an inactive Oregon corporation, and a
7 member of the unlawful Enterprise. During the material times, it conducted business operations
8 in White City, Oregon, and, upon information and belief, at other locations presently unknown.
9 It operated as a publication clearing house acting on behalf of the Enterprise. It filled, or
10 attempted to fill, the consumer magazine orders alleged herein. It shared in the proceeds of the
11 unlawful activity alleged herein. Defendant Kaylor owns, operates or controls CPC.

12 22.

13 SUBSCRIPTION HOUSE AGENCY, INC. (SHA) is a defendant, an inactive Oregon
14 corporation, and a member of the unlawful Enterprise. During the material times, it conducted
15 business operations in Eugene, Oregon, and upon information and belief, at other locations
16 presently unknown. It operated as a publication clearing house acting on behalf of the
17 Enterprise. It filled, or attempted to fill, the consumer magazine and newspaper subscription
18 orders alleged herein. It shared in the proceeds of the unlawful activity alleged herein.
19 Defendant Bacon owns, operates or controls SHA.

20 23.

21 CONSOLIDATED PUBLISHERS EXCHANGE, INC. (CPE) is a defendant, an inactive
22 Oregon corporation, and a member of the unlawful Enterprise. During the material times, it
23 conducted business operations at 355 Industrial Circle, White City, Oregon, and, upon
24 information and belief, at other locations presently unknown. It operated as a publication
25 clearing house acting on behalf of the Enterprise. It filled, or attempted to fill, the consumer
26

1 magazine and newspaper subscription orders alleged herein. It shared in the proceeds of the
2 unlawful activity alleged herein. Defendant Bacon owns, operates or controls SHA.

3 ***INDIVIDUALS***

4 24.

5 JEFFREY HOYAL (HOYAL) is a defendant and a member of the unlawful Enterprise.
6 He lives and works in Jackson County, Oregon. Upon information and belief, he owns
7 Defendant Henry Cricket Group, LLC, Defendant Maximillian, Inc., Defendant Hoyal &
8 Associates, Inc., and other entities in the Enterprise. He directs some or all of the Oregon
9 operations of the Enterprise and shares in the proceeds of the unlawful activity alleged herein.

10 25.

11 NOEL PARDUCCI (PARDUCCI), formerly known as Noel Littlefield, is a defendant
12 and a member of the unlawful Enterprise. She lives and works in Jackson County, Oregon. She
13 provides management support to the Enterprise's operations. She directs some or all of the
14 Oregon operations of the Enterprise and shares in the proceeds of the unlawful activity alleged
15 herein.

16 26.

17 LAURA LOVRIEN (LOVRIEN), formerly known as Laura Babb, is a defendant and a
18 member of the unlawful Enterprise alleged herein. She lives and works in Jackson County,
19 Oregon. She does business in Eagle Point, Oregon, in White City, Oregon, and, upon
20 information and belief, at other locations presently unknown. She owns, operates, or controls
21 Defendant Liberty Publishers Service, Inc., Defendant Orbital Publishing Group, Inc., Atlas
22 Business Consulting, LLC, BAT Subscription Services, Inc., Cooper Payment Processing, Inc.,
23 and Grant Magazine Subscriptions, Inc., each of which is a member of the unlawful Enterprise
24 alleged herein. She directs some or all of the Oregon operations of the Enterprise and shares in
25 the proceeds of the unlawful activity alleged herein.

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27.

COLLEEN M. KAYLOR (KAYLOR), formerly known as Colleen M. Greenwell, is a defendant and a member of the unlawful Enterprise. She lives and works in Jackson County, Oregon. She owns, operates, or controls Defendant Customer Access Services (CAS), Defendant Magazine Clearing Exchange, Inc. (MCE), Defendant Magazine Link, Inc., Defendant Publisher Payment Processing, Inc., and Defendant CPC Solutions, Inc., (CPC), each of which is a member of the unlawful Enterprise alleged herein. Kaylor conducts business operations in Medford, Oregon, in White City, Oregon, and, upon information and belief, at other locations presently unknown. She directs some or all of the Oregon operations of the Enterprise and shares in the proceeds of the unlawful activity alleged herein.

28.

SHANNON R. BACON (BACON), formerly Shannon R. Bolero, is a defendant and a member of the unlawful Enterprise alleged herein. She lives and works in Jackson County, Oregon. She owns, operates or controls Defendant Clarity Group Inc., Specialties, Inc., Defendant Publishers Payment Processing, Inc. (PPP), Defendant Subscription House Agency, Inc., PPP Magazines, Inc., and Defendant Consolidated Publishers Exchange (CPE), each of which are members of the unlawful Enterprise alleged herein. She conducts business operations at 355 Industrial Circle, White City, Oregon, and, upon information and belief, at other locations presently unknown. She directs some or all of the Oregon operations of the Enterprise and shares in the proceeds of the unlawful activity alleged herein.

29.

LYDIA J. PUGSLEY (PUGSLEY), formerly Lydia J. Babb, is a defendant and a member of the unlawful Enterprise alleged herein. She lives and works in Jackson County, Oregon. She owns, operates or controls Defendant Adept Management, Inc., which is a member of the unlawful Enterprise alleged herein. Upon information and belief, Pugsley conducts business operations from, among other places, a business office added to her home in Eagle

1 Point, Oregon, in Medford, Oregon, in White City, Oregon, and at other locations presently
2 unknown. She directs some or all of the Oregon operations of the Enterprise and shares in the
3 proceeds of the unlawful activity alleged herein.

4 30.

5 WILLIAM STRICKLER (STRICKLER) is a defendant and a member of the unlawful
6 Enterprise alleged herein. He lives and works in Jackson County, Oregon. He owns, operates or
7 controls Defendant Wineoceros Wine Club, Inc. and Defendant Express Publishers Service, Inc,
8 each of which are members of the unlawful Enterprise alleged herein. He conducts business
9 from an office at his residence in Jacksonville, Oregon, and, upon information and belief, from
10 other offices located in Medford, Oregon and in White City, Oregon. He shares in the proceeds
11 of the unlawful activity alleged herein.

12 31.

13 LINDA BABB (BABB) is a defendant and a member of the unlawful Enterprise. She
14 lives and works in Jackson County, Oregon. She is the president of Defendant Anchor. In that
15 capacity, she operates or controls the Oregon operations of Anchor and shares in the proceeds of
16 the unlawful activity alleged herein.

17 32.

18 RACHEL WORCESTER (WORCESTER) is a defendant and a member of the unlawful
19 Enterprise. She lives and works in Jackson County, Oregon. She is the president of Defendant
20 APN. In that capacity, she operates or controls the Oregon operations of APN. She directs some
21 or all of the operations of the Enterprise and shares in the proceeds of the unlawful activity
22 alleged herein.

23 33.

24 DOE CORPORATIONS 1 THROUGH 20 are defendant entities that are presently
25 unknown. They are members of the unlawful Enterprise alleged herein. These entities, and their
26 owners, knowingly assist the unlawful conduct alleged in this complaint and share in the

1 proceeds of the unlawful activity. The identity of these entities will be determined in the State's
2 further investigation and discovery.

3 ***OTHER MEMBERS OF THE CRIMINAL ENTERPRISE***

4 34.

5 The Enterprise consists of Defendants and a large number of other companies, which are
6 created on an ongoing basis. Companies as may be identified in the discovery of this case will
7 be added as defendants.

8 **JURISDICTION AND VENUE**

9 35.

10 Venue is appropriate in multiple counties in Oregon, including Marion County pursuant
11 to ORS 14.080(1) and ORS 646.605(1)(c) and 646.632(1), in that Defendants sent unlawful
12 solicitations to consumers in who lived in Marion County, they took money from consumers
13 who lived in Marion County, and they communicated with consumers in Marion County.

14 **JOINT LIABILITY**

15 36.

16 The Defendants, and each of them, knowingly and wrongfully acted with the purpose of
17 committing the unlawful activity alleged herein, and, in doing so, to wrongfully obtain money
18 from consumers and publishers. With that intent, and to those ends, Defendants acted:

- 19 a. In concert;
- 20 b. Through the Enterprise;
- 21 c. Through a joint venture;
- 22 d. With a common purpose;
- 23 e. With a community of interest; and,
- 24 f. With the express or implied agency of each other.

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37.

To the extent that Defendants were in an agency relationship, all of Defendants' actions were within the scope of the agency.

38.

For the reasons alleged above, Defendants are jointly and severally liable for the unlawful acts alleged herein.

PROCEDURAL ALLEGATIONS AND REMEDIES

39.

Defendants were given advance, written notice of the Unlawful Trade Practice Act ("UTPA") violations, and of the relief to be sought, as required by ORS 646.632. Defendants did not provide the Attorney General with acceptable Assurances of Voluntary Compliance within ten days of obtaining notice.

40.

Pursuant to the Unlawful Trade Practices Act, the Attorney General is entitled to the following remedies as against each Defendant, jointly and severally:

- a. Injunctive relief, pursuant to ORS 646.632 and ORS 697.762;
- b. Remedial relief, including the appointment of a receiver or conservator of Defendants' assets, pursuant to ORS 646.636;
- c. Remedial relief, including restitution for consumers, pursuant to ORS 646.636;
- d. Civil penalties of up to \$25,000 for each of Defendants' willful violations of the UTPA, pursuant to ORS 646.642;
- e. Civil penalties of up to \$25,000 for each act of financial abuse, pursuant to ORS 124.125;
- f. For each simulated invoice uttered in this state, the greater of three times the amount stated in the simulated invoice; or \$500; and,

1 g. The State's attorney fees, pursuant to ORS 124.125, ORS 646A.284(3), ORS
2 646.632(8), and ORS 697.762(1), and ORS 166.725(14).

3 41.

4 Pursuant to the Oregon Racketeer Influenced and Corrupt Organization Act (ORICO),
5 ORS 166.715 et. seq., and ORS 166.725, the Attorney General is entitled to the following
6 remedies as against each Defendant, jointly and severally:

7 a. An Order divesting each Defendant of any interest in any Enterprise, including real
8 property;

9 b. A permanent injunction imposing reasonable restrictions upon the future activities or
10 investments of each Defendant, including, but not limited to, prohibiting any
11 defendant from engaging in the same type of endeavor as alleged herein;

12 c. An Order dissolving the Enterprise;

13 d. An Order revoking any certificate of authority that would authorize any Defendant
14 that is a foreign corporation to conduct business within Oregon;

15 e. An Order civilly forfeiting all property, real or personal, including money, used in
16 the course of, derived from or realized through conduct alleged herein;

17 f. A money judgment for civil penalties in the amount of \$250,000 for each ORICO
18 violation alleged herein; and,

19 g. A money judgment for the reasonable attorney fees incurred by the Attorney
20 General.

21 **UNLAWFUL CONDUCT**

22 42.

23 All of the wrongful and unlawful conduct alleged herein took place on or after January
24 1, 2010.

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43.

Defendants, and one or more other members of the Enterprise, or some combination of them, engaged in substantial business activity within the State of Oregon, which includes some or all of the following conduct:

- a. They solicited Oregon consumers to buy magazines or newspapers, through mass, direct mail marketing campaigns;
- b. They instructed consumers to send money to defendants, in the form of personal checks and money orders sent to Defendants' places of business, and in the form of credit card payments and automated clearing house (ACH) debit payments to bank accounts controlled by Defendants;
- c. They processed consumer payments and consumer subscription orders at their home and business offices located in Oregon, among other places;
- d. They transferred proceeds from their unlawful activity into accounts maintained by members of the Enterprise at financial institutions located in Oregon, among other states;
- e. They invested proceeds of their unlawful activity in real estate, and in personal property, located in Oregon and in other states; and,
- f. They engaged in other activities in Oregon, as may be identified in the course of the discovery and further investigation of this matter.

44.

The Enterprise, through the Defendants engaged in direct mail and telephone marketing to consumers, and sent mail solicitations to Oregon consumers, which included one or more of the following express or implied material misrepresentations:

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- 1 a. That Defendants, or other members of the criminal Enterprise, were authorized by
2 magazine and newspaper publishers to sell magazine or newspaper subscriptions or
3 renewals to consumers;
- 4 b. That the solicitations were created and sent by the publisher listed on the face
5 thereof, or by authorized agents for those publishers;
- 6 c. That the price offered was the “lowest rates” available from the publisher;
- 7 d. That consumers had existing subscriptions to the publication listed on the face of the
8 solicitations;
- 9 e. That existing subscriptions to the publication listed on the face of the solicitations
10 would expire at or near the response date set out in the solicitation; and,
- 11 f. Other misrepresentations as may be identified in the discovery of this case.

12 45.

13 The direct mail solicitations contained material misrepresentations by omission, to
14 include the failure to disclose one or more of the following defects in the goods and services
15 offered, of which Defendants knew or should have known:

- 16 a. That Defendants had no authority to sell the publications listed on the face of the
17 solicitations;
- 18 b. That the price Defendants charged to consumers was substantially more than
19 consumers would have been charged by the publisher or the publishers’
20 authorized agents. Defendants’ price was 160% to 200% more than the price
21 consumers would otherwise have paid to publishers;
- 22 c. That publishers had sent Defendants “cease and desist” letters, which clearly and
23 conspicuously stated that Defendants had no authority to sell the publications
24 listed on the face of the solicitations;

25 ///

26 ///

- 1 d. That publishers had sent Defendants “cease and desist” letters, which clearly and
2 conspicuously stated that publishers would not provide consumers with the
3 publications listed on the face of the solicitations;
- 4 e. That when publishers refused to fill Defendants’ orders, Defendants would
5 unilaterally choose alternative publications to deliver to consumers, without
6 obtaining the prior consent from consumers to do so;
- 7 f. That when Defendants did not deliver the promised publications, Defendants
8 would either fail to make complete consumer refunds or would unlawfully retain
9 \$20 of the amount tendered to Defendants by consumers;
- 10 g. That solicited publications of private, membership-only organizations, of which
11 consumers were members, were free to the consumer as a benefit of membership
12 and were not available for sale independently of membership;
- 13 h. That some of the solicited publications were otherwise free to the general public;
14 and,
- 15 i. By other misrepresentations as may be identified in the discovery of this case.

16 46.

17 Defendants knew or should have known that the forms/solicitations were deceptive
18 because, among other reasons set forth in this Complaint, they were “nonmailable” according to
19 the standards set forth in 39 U.S.C §3001 and the Mailing Standards of the United States Postal
20 Service. Those standards are commonly known in the direct mail advertising industry.

21 Defendants’ solicitations violated those standards, and were “nonmailable,” in that:

- 22 a. The solicitations reasonably could have been considered by consumers as a bill,
23 invoice, or statement of account due; and,
- 24 b. The face of the solicitations did not contain either of the notices set forth below, that,
25 among other things, should have appeared in 30-point, boldface, capital letters, that
26 contrasted with the typography, layout, or color of other printing on the solicitation:

1 THIS IS A SOLICITATION
2 FOR THE ORDER OF GOODS
3 OR SERVICES, OR BOTH,
4 AND NOT A BILL, INVOICE,
5 OR STATEMENT OF
6 ACCOUNT DUE. YOU ARE
7 UNDER NO OBLIGATION TO
8 MAKE ANY PAYMENTS ON
9 ACCOUNT OF THIS OFFER
10 UNLESS YOU ACCEPT THIS
11 OFFER, or,
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17
18 THIS IS NOT A BILL. THIS IS
19 A SOLICITATION. YOU ARE
20 UNDER NO OBLIGATION TO
21 PAY THE AMOUNT STATED
22 ABOVE UNLESS YOU
23 ACCEPT THIS OFFER.
24
25
26

47.
The following are examples of the thousands of consumers and businesses who were victimized by the conduct alleged herein:

- a. Consumer LC lives in Salem, OR. She was over 75 years old when she started receiving solicitations from members of the criminal Enterprise in late 2013 or early 2014. The solicitations were delivered to her home through the United States Mails. The solicitations were in substantially the same form as reflected in Exhibits A, B, C, and D, attached hereto. The consumer responded as directed and returned the subscription form, along with a check in the amount of \$89.98, the first of two installments for a one-year subscription, to members of the Enterprise at their White City, Oregon offices, using the United States Mails. The consumer's check was payable to *People Magazine*. Since January 13, 2014, she has received and responded to three subsequent solicitations for the same publication, which she believed were renewal notices from *People Magazine*, but, like the first solicitation, were mailed by the criminal Enterprise. LC's subscription to *People Magazine* currently extends to November 2020. The consumer would not have placed an order, or paid money, but for the misrepresentations on the solicitation.
- b. Consumer EN lives in Beaverton, OR. She was 85 years old when she started receiving solicitations from members of the criminal Enterprise, in August 2014. The solicitations were delivered to the consumer's home through the United States Mails. They were in substantially the same form as reflected in Exhibits A, B, C, and D, attached hereto. The consumer responded as directed and returned the subscription form, along with a check in the amount of \$47.48, for a one-year subscription to *America Magazine*, to members of the Enterprise at their White City, Oregon offices, using the United States Mails. The consumer's check was payable to

1 MPS. The consumer would not have placed an order, or paid money, but for the
2 misrepresentations on the solicitation.

3 c. Consumer BS lives in Oregon City, OR. She was over the age of 60 years at all
4 material times. She received a solicitation from members of the criminal Enterprise
5 in September 2013. The solicitation was delivered to the consumer's home through
6 the United States Mails. It was otherwise in substantially the same form as reflected
7 in Exhibits A, B, C, and D, attached hereto. The consumer responded as directed and
8 returned the subscription form, along with a check made payable to **Biblical**
9 **Archaeology** in the amount of \$24.98, to members of the Enterprise at their White
10 City, Oregon offices, using the United States Mails. The consumer would not have
11 placed an order, or paid money, but for the misrepresentations on the solicitation.

12 d. Elmer's Flag and Banner (Elmer's) in Portland, Oregon was solicited by members of
13 the criminal Enterprise to buy a subscription renewal for the **Portland Business**
14 **Journal** on April 24, 2014. Elmer's sent the requested amount, \$189.95 by check
15 payable to the *Portland Business Journal*, at PO Box 2489 White City, Oregon. The
16 check was endorsed and deposited by Liberty Publishers Service Inc., and United
17 Publishers Services. Elmer's had been overcharged by approximately \$100 above
18 the publisher's rate, and the subscription it was asked to renew was not set to expire
19 for more than a year after the solicitation. The solicitation and subsequent payment
20 were delivered through the United States Mails. The solicitation was in substantially
21 the same form as reflected in Exhibits A, B, C, and D, attached hereto. The
22 consumer would not have placed an order, or paid money, but for the
23 misrepresentations on the solicitation. Elmer's received a refund only after the
24 Oregon Department of Justice intervened.

25 e. Robert Evans Company of Portland, Oregon was solicited by members of the
26 criminal Enterprise to buy a subscription renewal for the **Portland Business**

1 **Journal.** The solicitation was delivered through the United States Mails and was in
2 substantially the same form as reflected in Exhibits, A, B, C, and D, attached hereto.
3 The solicitation asked that payment to be sent to PO Box 2489 White City, Oregon,
4 97303 or that it be paid by credit card using the website
5 www.publisherspayment.com. KS paid for the subscription in the amount of
6 \$189.95, using a company credit card; the payment was credited to CS Magazines.
7 The consumer would not have placed an order, or paid money, but for the
8 misrepresentations on the solicitation.

9 f. BA is a Santa Cruz, California resident. On or about January 6, 2014, he received a
10 solicitation from Platinum Publishing Service for a one year subscription to **Trout**
11 **Magazine**, at a cost of \$79.95. It was otherwise in substantially the same form as
12 reflected in Exhibits A, B, C, and D, attached hereto. The solicitation asked him to
13 send money to PO box 2489 White City, Oregon, 97503, or to pay by credit card at
14 www.publisherspayment.com. This magazine was otherwise free to BA, as a
15 member of Trout Unlimited.

16 g. FY is a resident of Kansas. He received a solicitation from United Publishers
17 Network dated December 5, 2014, to purchase a one-year subscription or renewal of
18 the **Kansas City Star** newspaper. It was otherwise in substantially the same form as
19 reflected in Exhibits A, B, and C, attached hereto. The solicitation asked him to
20 send \$499.95 to PO box 2489 White City, Oregon, 97503, or to pay by credit card at
21 www.publisherspayment.com.

22 h. WE is an Oregon resident. During October 2013, he received a solicitation from
23 United Publishers network to purchase a subscription to the **Wall Street Journal**. It
24 was otherwise in substantially the same form as reflected in Exhibits A, B, and C,
25 attached hereto. The solicitation asked him to send payment to PO box 2489 White
26 City, Oregon, 97503, or to pay by credit card at www.publisherspayment.com. He

1 sent a check in the amount of \$599.95 to the White City Address. The consumer
2 would not have placed an order, or paid money, but for the misrepresentations on the
3 solicitation.

4 48.

5 At the time of each solicitation, each Defendant knew or should have known that
6 representatives of the publishers had previously advised Defendants to cease and desist the sale
7 of the publications listed on the face of the solicitations, and that orders for such publications
8 would not be honored by the publishers.

9 49.

10 The following are examples of publishers who, along with their subscribers, were
11 damaged by members of the Enterprise:

- 12 a. American City Business Journals, Inc. publishes over forty business newsweeklies in
13 various cities across the country, including the *Portland [Oregon] Business*
14 *Journal*. Starting in February 2014, this publisher started getting complaints from
15 subscribers about “renewal notices” that had been mailed by defendants Orbital
16 Publishing Group, Inc. (Orbital), United Publishers Network (UPN), and other
17 members of the Enterprise. The “renewal notices” were solicitations that were
18 substantially the same as those attached hereto as Exhibits A, B, C, and D (except for
19 the name of the publisher, the solicitor, the control number, and other limited
20 information). The publisher did not authorize the solicitations, defendants were not
21 agents of the publisher, and the publisher sent formal “cease and desist” letters to
22 defendants. The solicitations asked consumers to pay approximately twice the
23 publisher’s subscription rates, and directed consumers to send money to defendants’
24 White City, Oregon address, or to pay defendants by credit card, through
25 www.publisherspayment.com. The publisher told the solicitors, and their Oregon
26 attorney, Mr. David Lennon, to cease and desist these practices. No response was

1 received, and the solicitations continued. To date, more than 700 consumer
2 complaints were sent to the publisher. Defendant CAS sent the publisher more than
3 600 checks for orders arising from the solicitations. Those checks were mailed from
4 multiple addresses throughout the United States, likely as a means of disguising the
5 involved companies. Among them, 22 checks were for the purchase of the *Portland*
6 *Business Journal*. Some consumers checks were made payable to the publisher, and
7 were negotiated by defendants without the publisher's permission.

8 b. The Oregon Publication Corporation publishes the *Portland Tribune*. It does not use
9 outside agents of marketers to sell subscriptions or renewals. The Enterprise, through
10 Magazine Billing Services, mailed renewal/new order solicitations to *Portland*
11 *Tribune* subscribers, which were substantially the same as those attached hereto as
12 Exhibits A, B, C, and D (except for the name of the publisher, the solicitor, the
13 control number and other limited information). The publisher did not authorize the
14 solicitations, defendants were not agents of the publisher, and the publisher sent
15 formal "cease and desist" letters to defendants. The solicitations asked consumers to
16 pay more than \$100 more than the publisher's price for subscriptions. Consumers
17 were told to send money to defendants' White City, Oregon address or to pay
18 defendants by credit card, through www.publisherspayment.com.

19 c. Trout Unlimited is a private organization for fishermen. It publishes *Trout Magazine*
20 for its members, as a no-cost benefit of membership. It does not sell the magazine in
21 stores and does not sell stand-alone subscriptions. It has never used outside agents to
22 solicit or sell Trout Magazine. The Enterprise mailed solicitations for subscriptions
23 or renewals to Trout Unlimited members, which were substantially the same as those
24 attached hereto as Exhibits A, B, C, and D (except for the name of the publisher, the
25 solicitor, the control number, and other limited information). The publisher did not
26 authorize the solicitations, defendants were not agents of the publisher, and the

1 publisher sent formal “cease and desist” letters to defendants. Consumers were told
2 to pay defendants \$79.95 for the otherwise free magazine, and to send the payment
3 to defendants’ White City, Oregon address, or to pay by credit card, through
4 www.publisherspayment.com.

5 d. Dow Jones & Company, Inc. is the publisher of the *Wall Street Journal and*
6 *Barron’s*. Between at least 2010 through 2014, consumers reported receiving
7 unauthorized direct-mail solicitations for new or renewal subscriptions, in the same
8 manner as described above. In one round of solicitations, consumers of the *Wall*
9 *Street Journal* were asked to pay 45% above the retail price; consumers of *Barron’s*
10 were asked to pay 50% above the retail price. The names of the soliciting companies
11 varied, and included various members of the Enterprise: Associated Publisher’s
12 Network, Associated Publishers Subscription Services, Branford Publishing Service,
13 Circulation Billing Services, Magazine Billing Network, Magazine Billing Services,
14 Magazine Distribution Service, Magazine Payment Services, National Magazine
15 Services, Platinum Publishing Service, Publishers Access Subscription Services,
16 Publishers Billing Agency, Publishers Billing Association, Publishers Billing Center,
17 Publishers Billing Emporium, Publishers Billing Exchange, Publishers Billing
18 Services, Publishers Consolidated Subscription Services, Publishers Distribution
19 Services, Publishers Education Services, Publishers Services Center, Publishers
20 Services Exchange, Subscription Billing Services, and United Publishers Services.
21 The publisher determined that these entities were all affiliated with Orbital
22 Publishing Group, Inc.. The solicitations were substantially the same as those
23 attached hereto as Exhibits A, B, C, and D (except for the name of the publisher, the
24 solicitor, the control number, and other limited information). The publisher did not
25 authorize the solicitations, defendants were not agents of the publisher, and the
26 publisher sent formal “cease and desist” letters to defendants. The solicitations asked

1 consumers to send money to defendants' White City, Oregon address, or pay by
2 credit card through www.publisherspayment.com. Orders were sent to the publisher
3 by other members of the Enterprise, including Business Payment Center and
4 Customer Access Services, Inc.. More than 14,000 consumers contacted the
5 publisher regarding the suspect solicitations; approximately 1,700 of those
6 consumers paid money to the Enterprise. The publisher sent written cease and desist
7 orders to involved companies, which were ignored. The publisher incurred \$3.5
8 million in costs associated with the unlawful solicitations.

- 9 e. The New York Times Company is the publisher of the *New York Times* newspaper.
10 Beginning in 2012, the publisher started receiving consumer complaints regarding
11 the solicitations. Involved members of the enterprise included associated Publishers
12 Network, Circulation Billing Services, Subscription Billing Services, Publishers
13 Distribution Services, Liberty Publishers Service, Circulation Billing Center, and
14 other affiliated companies. The solicitations were substantially the same as is
15 attached hereto as Exhibits A, B, C, and D (except for the name of the publisher, the
16 solicitor, the control number, and other limited information). The publisher did not
17 authorize the solicitations, defendants were not agents of the publisher, and the
18 publisher sent formal "cease and desist" letters to defendants. The solicitations asked
19 consumers to send money to defendants' White City, Oregon address, or pay by
20 credit card through www.publisherspayment.com. The publisher determined that
21 none of its customers received anything of value from defendants, and that
22 defendants were keeping 30-40% of the money paid by consumers. The publisher
23 sent written cease and desist orders to involved companies, which were ignored. In
24 2014, the publisher learned that the Enterprise was delivering orders through
25 Defendant Wineoceros Wine Club, which was owned by Defendant William
26 Strickler and co-founded by attorney David Lennon's wife. The publisher returned

1 all payments received from Wineoceros and directed it to refund the money to
2 consumers. Solicitations for the *New York Times* have increased over time.

3 50.

4 Defendants' unlawful conduct is ongoing. It has caused and continues to cause
5 immediate and ongoing harm to the public welfare of Oregonians and to similarly situated
6 consumers across the country.

7 ***DEFENDANTS' INTENT***

8 51.

9 Defendants and the Enterprise intentionally, wrongfully and knowingly engaged in the
10 foregoing conduct, with the intent to deceive consumers and publishers. Alternatively, those
11 members of the Enterprise who engaged in the alleged misconduct were recklessly indifferent to
12 the truth or falsity of the misrepresentations. Defendants' conduct was "willful," as defined in
13 ORS 646.605(10), in that Defendants knew or should have known that their conduct violated
14 the UTPA.

15 ***DEFENDANTS' USE OF THE WIRES, MAIL AND BANKING SYSTEMS***

16 52.

17 Defendants and the Enterprise regularly used each of the following systems to conduct
18 the unlawful activities alleged in this complaint. These systems were used to deliver the
19 unlawful solicitations to consumers, to deliver money and orders to Defendants, to undertake
20 communications with consumers and publishers about the transactions alleged herein, to
21 transfer the proceeds of the unlawful activity, and for other purposes as may be identified in the
22 discovery of this case. The systems included:

- 23 a. The wires of the United States, including internet advertising, internet banking, e-
24 mail, and telephone systems;
- 25 b. The mails of the United States, including the United States Postal Service and
26 commercial, overnight mail services; and,

1 c. The banking system of the United States, including banks located in Oregon.

2 **FIRST CLAIM FOR RELIEF**

3 [Causing a likelihood of confusion or of misunderstanding by consumers, in violation of the
4 Unlawful Trade Practices Act, ORS 646.608(1)(c)]

5 53.

6 Plaintiff re-alleges and incorporates each and every allegation contained in the preceding
7 paragraphs as though set forth herein.

8 54.

9 This claim is brought against the following defendants, each of whom conducted
10 business operations in Oregon, was directly involved in the distribution of the unlawful
11 solicitations to consumers, or was directly involved in the processing of consumer
12 transactions:

- 13 a. Express Publishers Service, Inc.;
- 14 b. Liberty Publishers Service, Inc.;
- 15 c. Orbital Publishing Group, Inc.;
- 16 d. Anchor Publishing Group, Inc.;
- 17 e. Associated Publishers Network, Inc.;
- 18 f. Adept Management, Inc.;
- 19 g. Customer Access Services, Inc.;
- 20 h. Consolidated Publishers Exchange, Inc.;
- 21 i. Magazine Clearing Exchange, Inc.;
- 22 j. Subscription House Agency, Inc.;
- 23 k. Magazine Link, Inc.; and,
- 24 l. Publishers Payment Processing, Inc..

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55.

From on or about January 1, 2010, until the present, on more than 100 occasions, in the course of sending direct mail solicitations, or in the course of aiding and abetting and conspiring with other members of the Enterprise to send the solicitations, each defendant to this claim violated the Unlawful Trade Practices Act, ORS 646.608(1)(c), by causing a likelihood of confusion or of misunderstanding by consumers as to the affiliation, connection, or association with, or certification by another, in one or more of the following ways:

- a. Consumers were likely confused as to whether defendants were affiliated with the publishers named in the consumer solicitations;
- b. Consumers were likely confused as to whether the solicitations were invoices from publishers for magazine or newspaper subscriptions;
- c. Consumers were likely confused as to whether they had an existing relationship with defendants;
- d. Consumers were likely confused as to whether they had an existing subscription that was about to expire;
- e. Consumers were likely confused as to whether defendants were offering the lowest rate available for the subscription; and,
- f. Consumers were likely to misunderstand that defendants would actually provide the publications ordered by consumers.

56.

Each and every instance where Defendants so acted was a separate and distinct violation of the Unlawful Trade Practices Act.

SECOND CLAIM FOR RELIEF

[Misrepresenting sponsorship, approval, status, affiliation or connection with others, in violation of the Unlawful Trade Practices Act, ORS 646.608(1)(e)]

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57.

Plaintiff re-alleges and incorporates each and every allegation contained in the preceding paragraphs as though set forth herein.

58.

This claim is brought against the same defendants named in the First Claim for Relief.

59.

From on or about January 1, 2010, until the present, on more than 100 occasions, in the course of sending the mail solicitations, or in the course of aiding and abetting and conspiring with other members of the Enterprise to send the solicitations, each defendant to this claim violated the Unlawful Trade Practices Act, ORS 646.608(1)(e), by misrepresenting in each solicitation that Defendants had a sponsorship, approval, status, qualification, affiliation, or connection that they did not have, that is, that Defendants had the authority to sell subscriptions or renewals on behalf of the publishers of the newspapers and magazines appearing on the face of the solicitations.

60.

Each and every instance where Defendants so acted was a separate and distinct violation of the Unlawful Trade Practices Act.

THIRD CLAIM FOR RELIEF

[Failure to disclose material defects and non-conformities, in violation of the Unlawful Trade Practices Act, ORS 646.608(1)(t)]

61.

Plaintiff re-alleges and incorporates each and every allegation contained in the preceding paragraphs as though set forth herein.

62.

This claim is brought against the same defendants named in the First Claim for Relief.

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65.

Plaintiff re-alleges and incorporates each and every allegation contained in the preceding paragraphs as though set forth herein.

66.

This claim is brought against the same defendants named in the First Claim for Relief.

67.

From on or about January 1, 2010, until the present, on more than 100 occasions, in the course of sending the mail solicitations, or in the course of aiding and abetting and conspiring with other members of the Enterprise to send the solicitations, each defendant to this claim violated the Unlawful Trade Practices Act, ORS 646.605(9) and ORS 646.607(1), and engaged in unconscionable tactics, by permitting consumers to enter into transactions for the purchase of services, from which the consumers would derive no material benefit.

68.

Each and every instance where Defendants so acted was a separate and distinct violation of the Unlawful Trade Practices Act.

FIFTH CLAIM FOR RELIEF

[Financial abuse of vulnerable persons, in violation of ORS 124.110]

69.

Plaintiff re-alleges and incorporates each and every allegation contained in the preceding paragraphs as though set forth herein.

70.

This claim is brought against the defendants named in the First Claim for Relief.

71.

Defendants targeted consumers based on demographics. One of the target demographics was consumers 65 years of age or older.

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72.

From on or about January 1, 2010, until the present, on more than 100 occasions, Defendants solicited consumers 65 years of age or older, and obtained money from those consumers, based on defendants' misrepresentations. In each such transaction, Defendants committed financial abuse of vulnerable persons, in violation of ORS 124.110.

SIXTH CLAIM FOR RELIEF

[Simulated Invoice, in Violation of ORS 646A.282(1) and (2)]

73.

Plaintiff re-alleges and incorporates each and every allegation contained in the preceding paragraphs as though set forth herein.

74.

This claim is brought against the defendants named in the First Claim for Relief.

75.

From on or about January 1, 2010, until the present, on more than 100 occasions, defendants violated ORS 646A.282(1) by sending simulated invoices to consumers, which could, under all the circumstances of the receipt of such invoices, cause a reasonable consumer to mistake the simulated invoice for a real invoice.

76.

From on or about January 1, 2010, until the present, on more than 100 occasions, the defendants named in this claim violated ORS 646A.682(2), by sending simulated invoices to consumers, that defendants knew, or reasonably should have known, could cause consumers to mistake the simulated invoices for real invoices.

77.

Each time that Defendants sent a simulated invoice, Defendants violated ORS 646A.282.

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1 **SEVENTH CLAIM FOR RELIEF**

2 [Racketeering; Violation of ORS 166.720(1)]

3 78.

4 This claim is brought by the Attorney General pursuant to ORS 166.725(5). It is brought
5 against all defendants.

6 79.

7 Each of the foregoing allegations is incorporated by this reference.

8 80.

9 Defendants engaged in a pattern of racketeering activity, as defined by ORS 166.715(4),
10 by engaging in two or more incidents of racketeering activity, with the same or similar intent,
11 results, accomplices, victims and methods of commission, which were not isolated. The pattern
12 of racketeering activity included the criminal conduct alleged in this claim, which is more
13 particularly alleged in paragraphs 40-48 above.

14 81.

15 In the course of soliciting consumers, on at least 100 occasions since on and after
16 January 1, 2010, Defendants committed the crime of **MAIL FRAUD**, in violation of 18 U.S.C.
17 §1341, in that Defendants:

- 18 a. Devised and participated in a scheme to defraud Oregon consumers, as well as
19 consumers located in other states;
20 b. Used the mails of the United States for the purpose of executing, or attempting to
21 execute the scheme; and,
22 c. Did so with the intent to defraud consumers and publishers.

23 82.

24 In the course of issuing each solicitation to consumers, on at least 100 occasions since
25 on and after January 1, 2010, Defendants committed the crime of **WIRE FRAUD**, in violation
26 of 18 U.S.C. §1343, in that Defendants:

- 1 a. Devised and participated in a scheme to defraud Oregon consumers, as well as
2 consumers located in other states, out of money;
3 b. Made interstate telephone calls or electronic communications in furtherance of the
4 unlawful scheme; and,
5 c. Did so with the intent to defraud consumers and publishers.

6 83.

7 **EXPRESS PUBLISHERS SERVICE, INC.**, committed the crimes of
8 **AGGRAVATED THEFT BY DECEPTION IN THE FIRST DEGREE**, in violation of ORS
9 164.085 and ORS 164.057, beginning during the 30-day period beginning January 1, 2015, and
10 continuing thereafter during each of the following 30-day periods through February 28, 2015,
11 by making the misrepresentations alleged above and, based thereon, by obtaining consumer
12 checks, money orders, and electronic fund transfers, with a total value of \$10,000 or more.

13 84.

14 **ASSOCIATED PUBLISHERS NETWORK, INC.** committed the crimes of
15 **AGGRAVATED THEFT BY DECEPTION IN THE FIRST DEGREE**, in violation of ORS
16 164.085 and ORS 164.057, committed the crimes of **AGGRAVATED THEFT BY**
17 **DECEPTION IN THE FIRST DEGREE**, in violation of ORS 164.085 and ORS 164.057,
18 beginning during the 30-day period beginning January 1, 2014, and continuing thereafter during
19 each of the following 30-day periods through February 28, 2015, by making the
20 misrepresentations alleged above and, based thereon, by obtaining consumer checks, money
21 orders, and electronic fund transfers, with a total value of \$10,000 or more.

22 85.

23 **LIBERTY PUBLISHERS SERVICE, INC.** committed the crimes of
24 **AGGRAVATED THEFT BY DECEPTION IN THE FIRST DEGREE**, in violation of ORS
25 164.085 and ORS 164.057, beginning during the 30-day period beginning January 1, 2012, and
26 continuing during each 30-day period thereafter, through the end of 2014, by making the

1 misrepresentations alleged above and, based thereon, by obtaining consumer checks, money
2 orders, and electronic fund transfers, with a total value of \$10,000 or more.

3 86.

4 **ORBITAL PUBLISHING GROUP, INC.** committed the crimes of **AGGRAVATED**
5 **THEFT BY DECEPTION IN THE FIRST DEGREE**, in violation of ORS 164.085 and ORS
6 164.057 beginning during the 30-day period beginning January 1, 2010, and continuing during
7 each 30-day period thereafter, through the end of 2011, by making the misrepresentations
8 alleged above and, based thereon, by obtaining consumer checks, money orders, and electronic
9 fund transfers, with a total value of \$10,000 or more.

10 87.

11 Defendants **ORBITAL PUBLISHING GROUP, INC., LIBERTY PUBLISHERS**
12 **SERVICE, INC., ASSOCIATED PUBLISHERS NETWORK, INC.,** and **EXPRESS**
13 **PUBLISHERS SERVICE, INC.,** committed the crimes of **THEFT OF LOST OR MISLAID**
14 **PROPERTY**, in violation of ORS 164.065, on at least 100 occasions on and after January 1,
15 2010, by depositing consumer checks and other negotiable instruments, which were made
16 payable to publishers, into Defendant(s) bank accounts, with the intent to deprive the publishers
17 named as payees of some or all of the value thereof, in an amount less than \$100.

18 88.

19 All Defendants committed the crimes of **LAUNDERING A MONETARY**
20 **INSTRUMENT**, in violation of ORS 164.170(1), on at least 50 occasions on and after January
21 1, 2010, by transferring \$10,000 or more of the proceeds of their unlawful conduct, to or from
22 multiple bank accounts maintained by one or more members of the Enterprise, knowing that the
23 money so transferred consisted of the proceeds of some form, though not necessarily which
24 form of unlawful activity. In so doing, Defendants:

25 a. Acted with the intent of carrying on the unlawful activity; or,

26

- 1 b. Acted with the knowledge that the transactions were designed in whole or in part to
 2 conceal or disguise the nature, location, source, ownership or control of the proceeds
 3 of the unlawful activity; or
 4 c. Used the transactions to: (1) Promote the carrying on of unlawful activity; or to (2)
 5 Conceal or disguise the nature, location, source, ownership or control of property
 6 believed to be the proceeds of unlawful activity.

7 89.

8 Representative money laundering transactions include but are not limited to the
 9 following:

Date	Bank	Payor	Payee	Amount	Notes
8-14-14	Bank of the Cascades, Bend, OR	Cashier's Check	Liberty Publishers Service, Inc.	\$46,325.13	Remitter is Associated Publishers Services; Endorsement: pay to the order of Henry Cricket Group, LLC and Liberty Publisher's Service Inc.
12-26-13	Bank of the Cascades	Liberty Publishers Service, Inc., 1750 Delta Waters Rd #102-204	Henry Cricket Group LLC	\$100,000	Endorsement: For deposit only Henry Cricket Group, LLC, Wells Fargo Bank
12-20-11	Citibank	Publishers Payment Processing, Inc.	Henry Cricket Group	\$15,000	Endorsement: For deposit only Henry Cricket Group, LLC, Wells Fargo Bank
3-20-12	US Bank	Cashier's Check	Orbital Publishing Group, Inc.	\$60,068.80	Endorsement: Pay to the order of Henry Cricket Group, LLC and

	Date	Bank	Payor	Payee	Amount	Notes
1						Orbital Publishing Group, Inc.
2						
3	1-30-12	US Bank	Orbital Publishing Group, Inc.	Henry Cricket	\$100,000	Endorsement: For deposit only Henry Cricket Group, LLC, Wells Fargo Bank
4						
5						
6						
7	12-26-14	Wells Fargo Bank, Medford	Henry Cricket Group, LLC, 107 Monterey Drive, Medford, OR	Adept Management	\$15,000	Endorsed by Lydia Pugsley
8						
9						
10						
11	12-31-14	Wells Fargo Bank, Medford	Henry Cricket Group, LLC, 107 Monterey Drive, Medford, OR	Maximillian	\$50,000	Endorsement: For deposit only Henry Cricket Group, LLC, Wells Fargo Bank
12						
13						
14						
15	12-15-14	Wells Fargo Bank, Medford	Maximillian Inc. 107 Monterey Drive, Medford, OR	Crown Resource management LLC	\$10,000	Endorsement: Lydia Pugsley, Bank of America
16						
17						
18	12-31-14	Wells Fargo Bank, Medford	Maximillian Inc. 107 Monterey Drive, Medford, OR	Atlas Business Consulting	\$5,000	Endorsement: for deposit only, 803963085
19						
20						
21	12-31-14	Wells Fargo Bank, Medford	Maximillian Inc. 107 Monterey Drive, Medford, OR	Reality Kats LLC, 4184 Bellinger Lane, Medford, OR	\$75,000	
22						
23						
24	12-31-14	Wells Fargo Bank, Medford	Maximillian Inc. 107 Monterey Drive, Medford, OR	Hoyal & Associates, Inc.	\$75,000	
25						
26						

	Date	Bank	Payor	Payee	Amount	Notes
1	12-3-14	Bank of America	Associated Publishers Network, PO Box 3834 Central Point, OR	Maximillian	\$28,500	
2						
3						
4						
5	8-20-14	Bank of America	Customer Access Services Inc.	Maximillian, Inc.	\$100,000	
6						
7	8-20-14	Wells Fargo Bank	Henry Cricket Group, LLC	Maximillian	\$150,000	
8						
9	8-26-14	Chase	Magazine Clearing Exchange, 4110 Hawthorne Blvd, Portland, OR	Maximillian, Inc.	\$100,000	
10						
11						
12						
13	7-10-2014	Key Bank	Magazine Link, Inc. PO Box 2866, White city, OR	Maximillian, Inc.	\$100,000	
14						
15						
16	5-31-14	Wells Fargo Bank	Subscription House Agency, Inc., 1222 Ed 13 th Ave, Eugene, OR	Maximillian Inc.	\$60,000	
17						
18						
19	10-31-14	Wells Fargo Bank	Maximillian Inc.	Hoyal & Associates, Inc.	\$50,000	
20						
21	6-13-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$100,000	
22	6-15-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$100,000	
23	6-17-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$150,000	
24						
25	6-18-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$150,000	
26	6-30-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$150,000	

	Date	Bank	Payor	Payee	Amount	Notes
1	5-30-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$150,000	
2	7-14-14	Key Bank	Magazine, Link, Inc.	Wineoceros Wine Club	\$8,000	
3	7-9-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$50,000	
4	7-10-14	Key Bank	Magazine, Link, Inc.	Maximillian	\$100,000	
5	8-20-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$100,000	June consulting Ck 020926
6	8-20-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$100,000	June consulting Ck 020927
7	8-19-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$100,000	June consulting Ck 020925
8	7-31-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$75,000	July consulting Ck 020922
9	7-31-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$50,000	May consulting Ck 020923
10	7-31-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$75,000	July consulting Ck 020922
11	7-10-14	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$150,000	June Ck020859
12	12-31-13	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$75,000	Ck 4244
13	12-31-13	Bank of America	Customer Access Services, Inc.	Maximillian, Inc.	\$75,000	Ck 4242
14	12-31-13	Bank of America	Customer Access Services, Inc.	Consolidated Publishers Exchange	\$40,000	Consulting/mgmt. fee 2013
15	12-31-13	Bank of America	Customer Access Services, Inc.	Magazine Link	\$1,082,523.36	Switch 7814 orders

26

Date	Bank	Payor	Payee	Amount	Notes
6-30-14	Bank of America	Customer Access Services, Inc.	Coleen Kaylor	\$25,000	consulting
12-6-13	Bank of America	Customer Access Services, Inc.	Coleen Kaylor	\$10,000	December consulting
6-30-14	Bank of America	Customer Access Services, Inc.	Clarity Group	\$65,000	
12-31-13	Bank of America	Customer Access Services, Inc.	Consolidated Publishers Exchange	\$40,000	Consulting/mgmt. fee 2013
12-31-13	Bank of America	Customer Access Services, Inc.	Magazine Link	\$35,000	

EIGHTH CLAIM FOR RELIEF

[Racketeering; Violation of ORS 166.720(2)]

90.

The Attorney General re-alleges each of the foregoing allegations.

91.

Defendants violated ORS 166.720(2) by acquiring or maintaining, directly or indirectly, an interest in or control of the Enterprise alleged above, through a pattern of racketeering activity, as alleged in the Seventh Claim for Relief.

NINTH CLAIM FOR RELIEF

[Racketeering; Violation of ORS 166.720(3)]

92.

This claim is brought by the Attorney General, only, pursuant to ORS 166.720(3). It is brought against all defendants.

93.

Each of the foregoing allegations is incorporated by this reference.

94.

Defendants violated ORS 166.720(3) by conducting or participating, directly or indirectly in the Enterprise through a pattern of racketeering activity, by engaging in the criminal conduct alleged in the Seventh Claim for Relief.

TENTH CLAIM FOR RELIEF

[Racketeering; Violation of ORS 166.720(4)]

95.

The Attorney General re-alleges each of the foregoing allegations.

96.

Defendants violated ORS 166.720(4) by conspiring to violate, or endeavoring to violate, ORS 166.720 (1) (2) and (3), by engaging in the criminal conduct alleged in the Seventh Claim for Relief.

ELEVENTH CLAIM FOR RELIEF

[Civil Forfeiture, pursuant to Racketeering; ORS 166.725 and ORS 131A.005 – ORS 131A.180]

97.

The Attorney General re-alleges each of the foregoing allegations.

98.

All property, real or personal, that was used by defendants in the course of, derived from or realized through the racketeering activity alleged in Claims Seven through Ten are civilly forfeited to the State of Oregon, pursuant to ORS 166.725(2) and ORS 131A.225. This includes but is not limited to cash, negotiable instruments, deposits in financial institutions, houses, real

1 estate developments, farms, office equipment, computers, computer software, and such other
2 property as may be identified in the discovery of this case. The real property subject to
3 forfeiture will be described in follow-on civil actions to be filed in the counties where the
4 property is situated. The personal property subject to forfeiture in this action includes the
5 following:

- 6 a. Money deposited in the following bank accounts: Bank of America, Citibank,
7 Rogue Credit Union, Wells Fargo, Bank of the Cascades, U.S. Bank, and
8 Umpqua Bank.
- 9 b. Office equipment, office supplies, computer equipment, and fixtures maintained
10 at offices used by Defendants at 355 Industrial Circle, White City, Oregon.
- 11 c. Office equipment, office supplies, computer equipment, and fixtures maintained
12 at offices used by Defendants at 625 Brownsboro-Meridian Road, Eagle Point,
13 Oregon,
14

15 **PRAYER FOR RELIEF**

16 **WHEREFORE**, Plaintiff State of Oregon prays for relief as follows:

- 17 1. For a money judgment in favor of the State of Oregon and against each Defendant, jointly
18 and severally, for a civil penalty of \$25,000 for each willful, separate and distinct violation
19 of the Unlawful Trade Practices Act, pursuant to ORS 646.605 to 646.656;
- 20 2. For a money judgment in favor of the State of Oregon and against each Defendant, jointly
21 and severally, for a civil penalty of \$25,000 for each instance of financial abuse of a
22 vulnerable person, pursuant to ORS 124.125 and ORS 646A.284(a) and (b);
- 23 3. For a money judgment in favor of the Attorney General and against each Defendant, jointly
24 and severally, for the greater of three times the amount stated in each solicitation (*i.e.*,
25
26

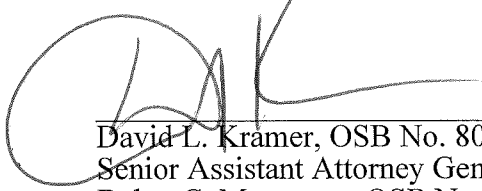
- 1 simulated invoice) or \$500, for each solicitation Defendants sent in the State of Oregon,
2 pursuant to ORS 646A.284(2).
- 3 4. For a money judgment in favor of the State of Oregon, against each Defendant, jointly and
4 severally, for a civil penalty of \$250,000, upon each claim of racketeering activity, pursuant
5 to ORS 166.725(8);
- 6 5. For a money judgment in favor of the State of Oregon, and against each Defendant, jointly
7 and severally, for the State's attorneys' fees and costs for the investigation and prosecution
8 of this matter, pursuant to ORS 124.125, ORS 646A.284(3), ORS 646.632(8), and ORS
9 697.762(1), and ORS 166.725(14);
- 10 6. For an Order compelling Defendants to pay to each vulnerable person against whom it
11 engaged in acts of financial abuse, \$500 or three times the total of all economic damages
12 that resulted to the person from Defendants' acts, whichever is greater, pursuant to ORS
13 124.100;
- 14 7. For a permanent injunction directed against each Defendant and each of the entity
15 defendants' owners, officers, managers, employees, and agents of the entity defendants, as
16 well as any and all present or future corporations or other organizations or entities whose
17 acts, practices or policies are directed, formulated or controlled by a Defendant, or in which
18 a Defendant becomes a principal, owner, successor, assign, agent, representative or
19 employee, whether acting directly or through any other affiliate, corporation, subsidiary,
20 division or other related entity, the terms of which injunction would include an Order
21 permanently prohibiting Defendants from engaging in any of the following activities in
22 Oregon:
- 23 a. Selling goods or services to consumers;
 - 24 b. Representing that that Defendants will provide consumers with goods or services;
 - 25 c. Engaging in any activity related to the mail order solicitation of the sales of
26 magazines or newspapers;

- 1 d. Buying, selling, brokering, leasing, renting, or using any list of potential customers,
- 2 or data regarding such customers, whether such activity relates to direct solicitations
- 3 or otherwise;
- 4 e. Selling, transferring, or using any consumer demographic or financial information;
- 5 f. Buying, operating, or investing in any business which is directly or indirectly
- 6 engaged in the sale of consumer goods or services; and,
- 7 g. Providing advice or consulting services to any person or business that is engaged in
- 8 the sale of consumer goods or services.
- 9 8. An Order divesting Defendants of any interest in the Enterprise; and,
- 10 9. An Order declaring that all interests Defendants have in real property and personal property,
- 11 including money, used in the course of, derived from or realized through the racketeering
- 12 activity alleged herein, is forfeited to the State of Oregon.
- 13 10. And for such further relief as the Court may deem appropriate.

14 DATED this 30 day of March, 2015.

15 Respectfully submitted,

16 ELLEN F. ROSENBLUM
17 Attorney General



19 David L. Kramer, OSB No. 802904
20 Senior Assistant Attorney General
Debra C. Maryanov, OSB No. 114519
21 Assistant Attorney General
Department of Justice
22 Of Attorneys for Plaintiff
1162 Court Street NE
23 Salem, OR 97301
Phone: (503) 934-4400
Fax: (503) 378-5017
24 Email: david.kramer@doj.state.or.us
debra.maryanov@doj.state.or.us

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Renewals will start after your current subscription has expired. Please allow 6 to 12 weeks for processing. New subscribers please allow 6 to 12 weeks for delivery to start. If we cannot timely fulfill your order, we may switch your order to other magazines and give you the option to get a refund. If a renewal, please refer to the magazine mailing label to find the subscription expiration date. All orders are fully cancelable by calling within 7 days after placing an order. After that, in most cases, cancellations will not be accepted. If a cancellation is accepted, it will be subject to a \$20.00 cancellation fee. If you have any questions or would like to inquire about other magazines we offer, please call our customer service number on the front of this offer.

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Exhibit A

Page 1 of 1

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Exhibit C

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