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1 Mark Brnovich
2 Attorney General
3 (Firm State Bar No. 14000)
4 Mitchell Allee
5 Assistant Attorney General
6 State Bar No. 031815
7 Office of the Attorney General
8 2005 N. Central Ave, Suite 100
9 Phoenix, AZ 85004
10 Telephone: (602) 542-7725
11 Facsimile: (602) 542-4377
12 Consumer@azag.gov
13 Attorneys for Plaintiff

8
9 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

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

Case No.: CV 2018--003918

11 In the Matter of:
12 FIRST PROGRESS, LLC, an Arizona limited
13 liability corporation d/b/a NORTEC
14 STRATEGIES; NORTEC STRATEGIES,
15 LLC, a Wyoming limited liability company;
16 and ELI RABADI, an individual.

ASSURANCE OF DISCONTINUANCE

17 Respondents.

17 The Attorney General of the State of Arizona and Respondents, First Progress, LLC
18 (hereinafter "First Progress"), Nortec Strategies, LLC (hereinafter "Nortec"), and Eli Rabadi
19 (collectively "the Respondents") agree to the entry of the following Assurance of
20 Discontinuance (or "Assurance") pursuant to A.R.S. § 44-1530.

21 1. This Assurance does not constitute any finding against, or an admission by
22 Respondents, for any purpose, of any fact or of a violation of any state or federal law, rule, or
23 regulation, nor does this Assurance constitute evidence of any liability, fault, or wrongdoing.

24 2. Respondent First Progress is an Arizona limited liability company that operated
25 in Arizona from 2013 through 2014, and whose principal place of business was in Maricopa
26 County, Arizona.

1 3. Respondent Nortec is a Wyoming limited liability company that operated in
2 Arizona from 2013 through 2014, and whose principal place of business was in Maricopa
3 County, Arizona.

4 4. Respondent Eli Rabadi is a resident of Arizona and was the sole managing
5 member of Respondents First Progress and Nortec from 2013 through 2014, during which
6 time he was ultimately responsible for the operations of Respondents First Progress and
7 Nortec.

8 5. The State alleges that First Progress and Nortec initiated telephone calls to
9 consumers to sell work-at-home business opportunities as defined in A.R.S. § 44-1271(1).

10 6. The State alleges that First Progress and Nortec represented that they would
11 establish Amazon affiliate websites for consumers from which consumers could earn
12 commissions when products were purchased by the general public from the Amazon affiliate
13 websites.

14 7. The State alleges that First Progress and Nortec represented that they would
15 provide consumers online training videos and personalized support with the purchase of a
16 website.

17 8. The State alleges that First Progress and Nortec offered consumers \$199 to \$299
18 packages to purchase work-at-home business opportunity websites, and then offered
19 consumers who purchased web-stores the ability to also buy advertising/marketing packages
20 and training packages that included technical support and access to training videos from First
21 Progress, Nortec, or affiliated companies within six months of the original sale.

22 9. The State alleges that consumers paid up to a total of \$9,500 dollars for the
23 above described marketing and training packages.

24 10. The State alleges that First Progress and Nortec made various statements in
25 violation of A.R.S. § 44-1521, *et seq.*, including the following:
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1 A. First Progress and Nortec falsely told some consumers that they could
2 generate sales greater than their initial investments from the sale of products on their
3 personal websites; and

4 B. First Progress and Nortec provided deceptive hypotheticals and fictitious
5 examples of successful customers, which misled some consumers as to the
6 effectiveness of advertising packages and the increased sales that consumers could
7 realize by purchasing advertising packages.

8 11. The State alleges that First Progress and Nortec conducted “telephone
9 solicitations” as defined under the Telephone Solicitations Statutes, A.R.S. § 44-1271, *et seq.*
10 but did not fully comply with the requirements of the Telephone Solicitations Statute, A.R.S.
11 § 44-1271, including the following:

12 A. First Progress and Nortec conducted telephone solicitations
13 without filing a verified registration statement with the Arizona Secretary of
14 State as set forth in A.R.S. § 44-1272.

15 B. First Progress and Nortec conducted telephone solicitations
16 without submitting a bond in the amount of one hundred thousand dollars
17 (\$100,000.00) with the Arizona State Treasurer as required by
18 A.R.S. § 44-1274.

19 12. The State alleges that the above mentioned violations of the Telephone
20 Solicitations Statutes constitute unlawful practices under the Arizona Consumer Fraud Act,
21 A.R.S. § 44-1521 *et seq.*

22 13. The State alleges that the above described violations of the Arizona Consumer
23 Fraud Act were “wilfull” violations as defined in A.R.S. § 44-1531, and could subject
24 Respondents to a civil penalty of not more than ten thousand dollars (\$10,000) per violation.

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1 14. NOW, THEREFORE, Respondents First Progress, Nortec, and Eli Rabadi, and
2 any successor corporation(s), undertake and assure that for a period of six (6) years from the
3 entry of this Assurance they will not:

4 A. engage in any conduct in violation of A.R.S. § 44-1521, *et seq.*, and/or
5 the Arizona Telephone Solicitations Act, A.R.S. § 44-1271, *et seq.* as currently written
6 or as they may be amended in the future;

7 B. receive any remuneration of any kind whatsoever from holding any
8 ownership interest, share or stock in, or serving as an officer, director, trustee,
9 employee, or independent contractor of, any business entity engaged, in whole or in
10 part, in the sale of any "business opportunity" as defined by A.R.S. § 44-1271(1) in the
11 State of Arizona;

12 C. engage in any telephone solicitations in the State of Arizona or initiate
13 any telephone solicitation to any Arizona resident;

14 D. sell any products, services, equipment and/or supplies for the purpose of
15 enabling consumers to start or sustain "business opportunities" as defined in A.R.S. §
16 44-1271(1) in the State of Arizona;

17 E. provide to any person, including any natural person or his legal
18 representative, any partnership, domestic or foreign corporation, any company, trust,
19 business entity, or association, any agent, employee, salesman, partner, officer,
20 director, member, stockholder, associate, or trustee, other than a law-enforcement
21 agency, the name, address, telephone number, e-mail address, fax number, credit card
22 and/or bank account number, tax identification number, social security number, or
23 other identifying information of any consumer who provided such information to or did
24 business with Nortec and/or First Progress.

25 15. Respondents are not prohibited from providing customer service and related
26 hosting services to existing customers pursuant to settlement agreements already entered with

1 existing customers provided that such services comply with the Consumer Fraud Act, but
2 Respondents are enjoined from marketing or selling any new products and/or services to these
3 existing customers, receiving any compensation from other companies that sell products or
4 services to these existing customers, or providing customer information to third parties for the
5 purpose of marketing or selling any new products and/or services to these existing consumers.

6 16. Respondents shall, jointly and severally, pay to the Arizona Attorney General
7 attorneys' fees and investigative costs in the amount of FIVE THOUSAND DOLLARS
8 (\$5,000.00) to be deposited by the Attorney General into the Consumer Protection --
9 Consumer Fraud Revolving Fund pursuant to A.R.S. § 44-1531.01 and used for the purposes
10 set forth therein.

11 17. Pursuant to A.R.S. § 44-1528(A)(2), Respondents shall, jointly and severally,
12 pay to the Attorney General TWENTY-TWO THOUSAND THREE HUNDRED DOLLARS
13 (\$22,300.00) in consumer restitution to be deposited by the Attorney General into the interest-
14 bearing Consumer Restitution Subaccount of the Consumer Restitution and Remediation
15 Revolving Fund pursuant to A.R.S. § 44-1531.02.

16 18. The restitution payment will be distributed to Eligible Consumers by the
17 Arizona Attorney General's Office. For purposes of this Assurance of Discontinuance,
18 "Eligible Consumers" means consumers who file a complaint or a declaration with the
19 Arizona Attorney General within sixty (60) days of the Court's approval of this Assurance,
20 and who, in the sole discretion of the Attorney General's Office, demonstrate that they had an
21 unrefunded loss of money due to Respondents' violations of the Consumer Fraud Act. The
22 State, in its sole discretion, shall make the final determination as to the eligibility of
23 consumers to receive restitution.

24 19. In the event the amount ordered as restitution herein is insufficient to fully restore
25 Eligible Consumers, the restitution collected shall be distributed to Eligible Consumers on a pro
26 rata basis.

1 20. In the event any portion of the restitution ordered herein cannot be distributed to
2 Eligible Consumers, or exceeds the amount of restitution owed to Eligible Consumers, such
3 portion shall be deposited by the Attorney General's Office into the Consumer Protection –
4 Consumer Fraud Revolving Fund in accordance with A.R.S. § 44-1531.01 and used for the
5 purposes specified therein.

6 21. Respondents shall pay TEN THOUSAND DOLLARS (\$10,000.00) of the
7 TWENTY-SEVEN THOUSAND THREE HUNDRED DOLLARS (\$27,300.00) identified in
8 ¶¶16 and 17 within five (5) days of the Court approving this Assurance. Payment shall be
9 made by cashier's check payable to the State of Arizona and hand delivered, or mailed and
10 postmarked, to:

11 Ms. Stephanie Paine
12 Office of the Arizona Attorney General
13 Consumer Protection & Advocacy Section
14 2005 N. Central Ave.
15 Phoenix, Arizona 85004

16 22. Respondents shall pay the remaining SEVENTEEN THOUSAND THREE
17 HUNDRED DOLLARS (\$17,300.00) of the TWENTY-SEVEN THOUSAND THREE
18 HUNDRED DOLLARS (\$27,300.00) identified in ¶¶16 and 17 in twelve (12) monthly
19 increments of ONE THOUSAND FOUR HUNDRED FORTY-ONE DOLLARS AND
20 SIXTY-SEVEN CENTS (\$1441.67) due on the fifth day of each month starting April 5,
21 2018. Payment shall be made by cashier's check payable to the State of Arizona and hand
22 delivered, or mailed and postmarked, to the address provided in ¶ 21.

23 23. Failure to make any payment within ten (10) days of the date due is a default,
24 and the entire unpaid balance, plus interest at a rate of ten percent (10%) per annum from the
25 date of the entry of this Assurance of Discontinuance and costs of collection, less any amount
26 previously paid, shall become due and owing.

27 24. If Respondents pay all amounts due under this Assurance in accordance with the

1 payment schedule above, the debt owed to the State shall not be recorded with any county
2 because the amounts will have been paid in full.

3 25. Respondent Eli Rabadi shall not transfer any real property held in his name to
4 any other party until after the entire amount due under this Assurance has been
5 paid. Transferring the property prior to payment in full will constitute a material breach of
6 this Assurance. This Assurance shall then become voidable at the exclusive discretion of the
7 State, and the State may then initiate or continue any action against the Respondents based on
8 the allegations specified herein.

9 26. The State's acceptance of this Assurance is expressly conditioned on the
10 truthfulness, accuracy, and completeness of Respondents' sworn statements submitted to the
11 State, namely the statement of financial condition Respondent Eli Rabadi signed on November
12 14, 2017.

13 27. If, upon motion by the State, the Court finds that Respondent Eli Rabadi failed to
14 disclose any material asset, materially misstated the value of any asset, or made any other
15 material misstatement or omission in the financial statements identified above, Respondents
16 shall forfeit all payments made under this Assurance, this Assurance shall become voidable at
17 the exclusive discretion of the State, and the State may then initiate or continue any action
18 against the Respondents based on the allegations specified herein.

19 28. The Respondents understand and agree that this Assurance of Discontinuance
20 shall not be construed as an approval by the State of Respondents' past, present, or future
21 conduct, and Respondents may not directly or indirectly represent anything to the contrary.

22 29. Respondents understand and agree that a violation of this Assurance within six
23 (6) years of the filing thereof constitutes *prima facie* evidence of a violation of
24 A.R.S. § 44-1521, *et seq.*, and "wilfulness" under A.R.S. § 44-1531. This Court retains
25 jurisdiction for the purpose of enabling the State of Arizona to apply to this Court for the
26 enforcement of this Assurance and compliance therewith.

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30. Nothing in this Assurance shall be construed so as to prevent any enforcement action against or limit the liability of any person or entity that is not a party to this Assurance.

31. The State acknowledges by its execution hereof that this Assurance constitutes a complete settlement of the allegations and claims against the Respondents set forth in this Assurance, and the State agrees not to institute any civil action against the Respondents or their employees or agents for the violations of the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*, described herein.

32. Notwithstanding the foregoing, the State may institute an action or proceeding to enforce the terms and provisions of this Assurance, take action based on future conduct by the Respondents, take action based on past conduct not covered by this Assurance, and, or institute an action or proceeding to prevent the discharge of any debt acquired through this Assurance.

33. The Respondents agree that the facts and allegations set forth in this Assurance shall be taken as true without further proof in any subsequent civil proceeding pursued by the State to enforce its rights to any payment or money judgment owed pursuant to this Assurance, including, but not limited to, a nondischargeability complaint in any bankruptcy.

34. If any portion of this Assurance is held invalid by operation of law, the remaining terms thereof shall not be affected and shall remain in full force and effect.

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DATED this 20 day of March, 2018.

MARK BRNOVICH
ATTORNEY GENERAL

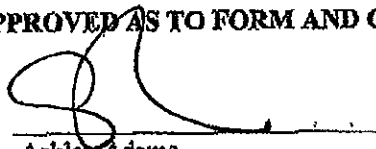
By: 
Mitchell Allee
Assistant Attorney General
Attorney for State of Arizona

ELI RABADI;
FIRST PROGRESS LLC; and
NORTEC STRATEGIES LLC
(including all "doing business as" names, formal corporate
names, fictitious names, or any variations of the same)

By: 
Eli Rabadi, owner and individual

Date: 3-20-18

APPROVED AS TO FORM AND CONTENT

By: 
Ashley Adams
Ashley D. Adams, PLC
Attorney for Respondents