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22 **UNITED STATES DISTRICT COURT**
23 **CENTRAL DISTRICT OF CALIFORNIA**

24 FEDERAL TRADE COMMISSION,)

25 Plaintiff,)

26 v.)

27 KATRINA MOORE,)
28 individually and also d/b/a)
Innovative Paycheck Solutions)
and FakePayStubOnline.com,)

Defendant.)

Case No. _____

**COMPLAINT FOR
PERMANENT INJUNCTION
AND OTHER EQUITABLE
RELIEF**

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

2 1. The FTC brings this action under Section 13(b) of the Federal Trade
3 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain permanent injunctive
4 relief, disgorgement of ill-gotten monies, and other equitable relief for Defendant’s
5 acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in
6 connection with Defendant’s marketing and sale of fake pay stubs, fake bank
7 statements, fake tax forms, and a service for falsifying real bank statements.
8

9 **JURISDICTION AND VENUE**

10 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
11 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

12 3. Venue in the Central District of California is proper under 28 U.S.C.
13 § 1391(b)(1), (b)(2), and (c)(1) and 15 U.S.C. § 53(b).

14 **PLAINTIFF**

15 4. The FTC is an independent agency of the United States Government
16 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC
17 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
18 affecting commerce.
19

20 5. The FTC is authorized to initiate federal district court proceedings, by
21 its own attorneys, to enjoin violations of the FTC Act and to secure such other
22 equitable relief as may be appropriate in each case, including rescission or
23 reformation of contracts, restitution, the refund of monies paid, and the
24 disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).
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1 **DEFENDANT**

2 6. Defendant Katrina Moore (“Moore”) is the operator of Innovative
3 Paycheck Solutions (“IPS”), an unincorporated entity that runs the website
4 www.fakepaystubonline.com (“Fake Pay Stub Website” or “Website”). At all
5 times material to this Complaint, acting alone or in concert with others, she has
6 formulated, directed, controlled, had the authority to control, or participated in the
7 acts and practices of IPS and the Fake Pay Stub Website, including the acts and
8 practices set forth in this Complaint. Defendant Moore resides in this district and,
9 in connection with the matters alleged herein, transacts or has transacted business
10 in this district and throughout the United States.
11

12 **COMMERCE**

13 7. At all times material to this Complaint, Defendant has maintained a
14 substantial course of trade in or affecting commerce, as “commerce” is defined in
15 Section 4 of the FTC Act, 15 U.S.C. § 44.
16

17 **DEFENDANT’S BUSINESS PRACTICES**

18 8. Since at least 2013, Defendant has operated IPS and the Fake Pay
19 Stub Website, which sells customers a variety of financial documents, including
20 pay stubs, income tax forms and returns, bank statements, and profit and loss
21 statements. The company advertises these documents as fake, but makes clear in
22 its ads that they look authentic. Defendant knows or should know that these fake
23 documents will be presented as genuine when provided to recipients (such as
24 lenders and landlords).
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1 9. Through the Fake Pay Stub Website, Defendant sells fake pay stubs
2 for \$40 to \$80, fake income tax forms (W-2 and 1099 forms) for \$75, fake tax
3 returns starting at \$150, fake bank statements for \$125, and fake profit and loss
4 statements starting at \$100. *See* Exhs. A-I.

5
6 10. Pay stubs, also called paycheck stubs or check stubs, can be used to
7 prove identity, residency, income, and/or employment to government agencies,
8 landlords, and lenders. They typically identify the employer and employee by
9 name and address, and state the employee's full or partial Social Security number,
10 gross and net wages earned, hours worked, pay rate or salary, pay period dates, and
11 deductions. Tax forms W-2 and 1099 and tax returns can be used to prove identity,
12 residency, income, and/or taxes paid to government agencies, landlords, and
13 lenders. Bank statements, which show incoming and outgoing payments to and
14 from a bank account, can be used to prove identity, residency, and/or financial
15 assets to government agencies, landlords, and lenders. Profit and loss statements,
16 which show a company's revenues and expenses, can be used to prove a
17 company's assets and creditworthiness to lenders.

18
19 11. Purchasers of fake pay stubs can choose among three styles of pay
20 stubs: "DIY" [do-it-yourself] pay stubs apparently generated by payroll company
21 ADP (Exh. B), "standard" pay stubs printed on white paper in one of four different
22 formats (Exh. C), and "premier" pay stubs printed on blue business check stock
23 paper (Exh. D). Purchasers of fake bank statements can choose among statements
24 apparently associated with real banks such as Citibank, Chase, Bank of America,
25 Wells Fargo, and Best Bank. Exh. H.

1 12. Customers can populate IPS’s fake pay stubs, fake income tax forms
2 and returns, fake bank statements, and fake profit and loss statements with any
3 identification and financial information they choose. In addition, for certain
4 products, Defendant offers personalized data-editing to maximize the apparent
5 authenticity of the products. For example, the blog post introducing IPS’s fake tax
6 return explains that sometimes Defendant asks “detailed questions” for customized
7 data-editing that require the customer to respond to email promptly. Exh. J.
8

9 13. Unless the customer selects a “DIY” [do-it-yourself] option (Exh. B),
10 IPS uses the information the customer supplies to “custom calculate[]” taxes,
11 withholdings, and/or interest appropriate to generate an authentic-looking pay stub
12 or tax form (Exh. A). Once the customer approves the draft populated template,
13 IPS finalizes the document and sends it to the customer by email, download and/or
14 postal mail. Exh. A.
15

16 14. IPS also sells a service, editing real bank statements provided by the
17 customer, for \$150. Exh. K. The Website instructs customers to download real
18 financial statements from their bank and submit them to IPS in PDF format for
19 modification. *Id.* Customers who purchase the bank statement editing service can
20 make any modifications they choose, with any information they choose, to those
21 real bank statements. *Id.*
22

23 15. To use the bank statement editing service, purchasers must supply real
24 contact information for service-related correspondence. Exh. K. The Website
25 assures the purchaser, however, that “[t]his information will NOT be used on your
26 document.” *Id.* Defendant makes no attempt to cross-check the identification
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1 information supplied for the bank statement editing with the contact information
2 supplied for service-related correspondence.

3 16. In addition to the bank statement editing service, Defendant offers pay
4 stub and other document editing services. Defendant explains in an “FAQ” (“*If I*
5 *send you my pay stubs or W2 can you change make changes [sic]?*”): “In some
6 cases we can edit pay stubs or other documents you provide us.” Exh. L.

7 Defendant requires customers to submit a digital copy of a document “downloaded
8 from the company website that issued the document.” *Id.*

9 17. Defendant consistently emphasizes that its products are “fake” but
10 look “authentic” and contain “accurate” calculations. For example, the Website’s
11 URL, www.fakepaystubonline.com, prominently describes the site’s products as
12 “fake.” The home page and product pages for pay stubs, tax forms, and bank
13 statements use the all-capitalized, bold-faced heading “**FAKE.**” *See* Exhs. A-1, -2;
14 C-1, E-1; G-1; H. Other product pages similarly describe the pay stubs and tax
15 forms as “fake.” *See* Exhs. C-1; D; F-1. Metatags in the Website’s source code
16 (which drive Internet search traffic) describe: “Custom Fake Pay Stubs” and
17 “Inexpensive & Authentic Fake Pay Stubs!” Exh. M. Metatags also identify the
18 site as: “Fake Pay Stubs Online | Quick, Easy, Accurate Pay Stubs.” *Id.* The
19 Website describes itself as: “Your one stop shop for authentic looking fake page
20 stubs and other income verification documents . . . Whether you want fake pay
21 stubs, fake W2’s or fake pay statements, we can help!” Exh. N. The Website
22 further states: “We make our check stubs with accurate tax withholding’s [sic],
23 and without a watermarks [sic].” *Id.* at N-2.

1 18. The Website’s Terms and Conditions state: “All items sold on this
2 site are for novelty and entertainment purposes.” Exh. O. The Terms and
3 Conditions further state: “The term “fake” as used in this website’s text, title, meta
4 tags, keywords, and images equate with the word ‘novelty’ and are used for the
5 sole purpose of search engine optimization.” *Id.*

7 19. Despite claiming that the financial documents sold on this site are for
8 “novelty and entertainment purposes,” Defendant does not clearly and prominently
9 mark these documents as being appropriate only for such purposes and does not
10 otherwise clearly and prominently convey to the ultimate recipients that these
11 documents are fake. For example, Defendant does not use a watermark or
12 permanent label to indicate that the pay stub, income tax form, or bank statement is
13 fake. To the contrary, as described in Paragraph 17, Defendant advertises that IPS
14 does *not* use a watermark and that its products, although “fake,” appear “authentic”
15 and “accurate.” In addition, Defendant uses its “FAQs” to give advice on how to
16 avoid making pay stubs “look fake.” Exh. P (advising customers to avoid
17 changing pay stub dates without updating “YTD earnings & taxes”).

20 20. Fake pay stubs, tax forms and returns, bank statements, and profit and
21 loss statements are used to commit identity theft, tax fraud, and loan fraud.
22 Identity thieves use fake pay stubs, along with other fake or fraudulently obtained
23 documents, to apply for credit cards using stolen personal information. When the
24 identity thief fails to pay credit card bills, it is the victim’s credit that suffers.
25 Identity thieves also use fake IRS W-2 and 1099 forms with stolen personal
26 information to obtain tax refunds fraudulently. As a result, victims of the identity
27

1 theft often experience long delays before receiving needed tax refunds. Bad actors
2 use fake pay stubs, fake tax forms and returns, fake bank statements, and fake
3 profit and loss statements to misrepresent income, employment, assets, and
4 creditworthiness in order to obtain mortgages, auto loans, housing leases, and
5 credit fraudulently. When bad actors default on loans or leases, the lender and any
6 downstream investors suffer a loss, which is often passed onto consumers with
7 higher lending costs.

8
9 **VIOLATIONS OF THE FTC ACT**

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

12
13 22. Acts or practices are unfair under Section 5 of the FTC Act if they
14 cause or are likely to cause substantial injury to consumers that consumers cannot
15 reasonably avoid themselves and that is not outweighed by countervailing benefits
16 to consumers or competition. 15 U.S.C. § 45(n).

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

19
20 **COUNT I**

21 24. In numerous instances, Defendant has advertised and sold fake pay
22 stubs, fake income tax documents, fake bank statements, fake profit and loss
23 statements, and services for falsifying real bank statements and other real financial
24 documents.

25 25. Fake financial documents, such as those sold on Defendant’s website,
26 are used to facilitate fraudulent activity, including identity theft and loan fraud.

1 26. Defendant’s actions cause or are likely to cause substantial injury to
2 consumers that consumers cannot reasonably avoid themselves and that is not
3 outweighed by countervailing benefits to consumers or competition.
4

5 27. Therefore, Defendant’s practices as described in Paragraph 24 above
6 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15
7 U.S.C. §§ 45(a) and 45(n).

8 **CONSUMER INJURY**

9 28. Consumers have suffered and will continue to suffer substantial injury
10 as a result of Defendant’s violations of the FTC Act. In addition, Defendant has
11 been unjustly enriched as a result of the unlawful acts or practices. Absent
12 injunctive relief by this Court, Defendant is likely to injure consumers and harm
13 the public interest.
14

15 **THIS COURT’S POWER TO GRANT RELIEF**

16 29. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court
17 to grant injunctive and such other relief as the Court may deem appropriate to halt
18 and redress violations of any provision of law enforced by the FTC. The Court, in
19 the exercise of its equitable jurisdiction, may award ancillary relief, including
20 rescission or reformation of contracts, restitution, the refund of monies paid, and
21 the disgorgement of ill-gotten monies, to prevent and remedy any violation of any
22 provision of law enforced by the FTC.
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PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court’s own equitable powers, requests that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act by Defendant; and


B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendant’s violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;

C. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

ALDEN F. ABBOTT
General Counsel

Dated: 9/13/18


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