

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION**

**FEDERAL TRADE COMMISSION,**

**Plaintiff,**

**v.**

**ARISE VIRTUAL SOLUTIONS INC., also  
d/b/a ARISE, a Delaware corporation,**

**Defendant.**

**Case No.** \_\_\_\_\_

**COMPLAINT FOR PERMANENT  
INJUNCTION, MONETARY  
RELIEF, AND OTHER RELIEF**

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

1. The FTC brings this action for Defendant’s violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the FTC’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Business Opportunities” (the “Business Opportunity Rule”), 16 C.F.R. pt. 437, as amended, and for engaging in acts and practices the Commission has previously determined to be unfair and deceptive. Defendant’s violations relate to misleading and unsubstantiated earnings claims made in selling the Arise business opportunity to consumers seeking to work from home in customer service, along with its failure to provide the disclosures required by the Business Opportunity Rule. For these violations, Plaintiff seeks relief, including a permanent injunction, monetary relief, and other relief, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b, and the Business Opportunity Rule, 16 C.F.R. pt. 437.

**SUMMARY OF THE CASE**

2. Defendant Arise Virtual Solutions Inc. (“Arise”) is part of the “gig” economy comprised of digital platforms that connect gig workers and customers.

3. For years, Defendant has misled consumers into joining what purports to be a lucrative business opportunity where, using Defendant's online platform, consumers work from home as customer service agents on behalf of large, brand-name companies. Defendant has promised that recruits can quickly and easily start their own customer support business, be their own boss, set their own schedule, and earn up to \$18 per hour. However, the vast majority of consumers never realize the promised earnings.

4. After being lured into enrolling with Arise by the promise of earning \$18 per hour, consumers then incur substantial unreimbursed costs. These consumers, who are disproportionately people of color and are often low-income, bear their own costs. After enrolling in Defendant's business opportunity, they must invest hundreds of dollars of their own money in upfront and ongoing costs, including equipment purchases as well as fees for mandatory certification courses, background checks, and so-called "platform usage fees." Consumers must then spend as long as two months in training for the "opportunity" to sporadically earn as little as \$9 per hour, and even then, only during the time increments that Arise considers them to be working—which in some instances does not include time spent waiting for customer service calls. Meanwhile, revenue from the required trainings and mandatory fees generates millions of dollars annually for Defendant. In 2021 alone, consumers paid Defendant \$5,627,889 in mandatory fees.

5. Even without factoring in the significant startup and recurring costs associated with Defendant's business opportunity, the vast majority of consumers who invest fail to earn the promised hourly rate of \$18. In March 2020, when Defendant began widely disseminating ads touting the ability to make up to \$18 per hour, its own internal estimates showed that participants

in the Arise business opportunity earned on average only about \$12 per working hour. In truth, 99.9% of Defendant's workers earned an hourly base pay of less than \$18 from 2019 to 2022.

6. Because Defendant solicits consumers to enter into a business opportunity for which Defendant has represented it will supply outlets, accounts, and customers and that obligates consumers to make a series of required payments, the Business Opportunity Rule applies to Defendant's promotion of its opportunity. The Business Opportunity Rule requires Defendant to make upfront disclosures that inform consumers about earnings representations, cancellation and refund policies, Defendant's litigation history, and prior purchasers of Defendant's business opportunity, among other information. But Defendant fails to make the required Business Opportunity Rule disclosures at any point during its lengthy registration and onboarding process. As a result, Defendant does not give prospective participants the information necessary to assess the potential risks involved before joining and incurring substantial costs to participate in the business opportunity.

7. Defendant has been aware for years that its earning claims were not substantiated, and that it has misrepresented its business opportunity. Hundreds of consumers have complained to Defendant directly about compensation issues, with some even filing lawsuits accusing Defendant of misrepresenting key aspects of its business opportunity. Thousands more have left the business opportunity after realizing that the experience was not what they had been promised. In April 2022, the Commission served Defendant with a Notice of Penalty Offense Concerning Money-Making Opportunities (the "Notice"), which stated that, by virtue of its misleading and unsubstantiated earnings claims, Defendant may be subject to civil penalties for violations of the FTC Act for engaging in acts and practices the Commission has previously determined in a

series of litigated decisions are unfair and deceptive. Despite all that, Defendant still has not changed its earnings representations.

### **JURISDICTION AND VENUE**

8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

9. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(1)–(2), (c)(2), and (d), and 15 U.S.C. § 53(b).

### **PLAINTIFF**

10. The FTC is an independent agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41–58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Business Opportunity Rule, 16 C.F.R. pt. 437, which requires sellers of business opportunities to accurately disclose the opportunity to prospective purchasers.

### **DEFENDANT**

11. Defendant Arise Virtual Solutions Inc., formerly known as Willow CSN Inc., is a Delaware corporation with its principal place of business at 3450 Lakeside Drive, 6th Floor, Miramar, Florida 33027. Defendant is owned by the private equity firm Warburg Pincus LLC, which acquired Defendant in December 2019 from another private equity firm, Strait Lane Capital Partners, LLC. Defendant transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Defendant has advertised, marketed, distributed, or sold a customer service business opportunity to consumers throughout the United States.

## COMMERCE

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

### DEFENDANT’S BUSINESS ACTIVITIES

#### **Overview of the Arise Business Opportunity**

13. Generating billions of dollars annually, the gig economy has grown exponentially in recent years and touches nearly every aspect of life—from transportation and food delivery to household services. Companies like Defendant rely on gig workers to deliver services to millions of customers. Gig workers earn income by providing on-demand services that typically are mediated through online platforms, mobile devices, and apps that connect workers with customers.

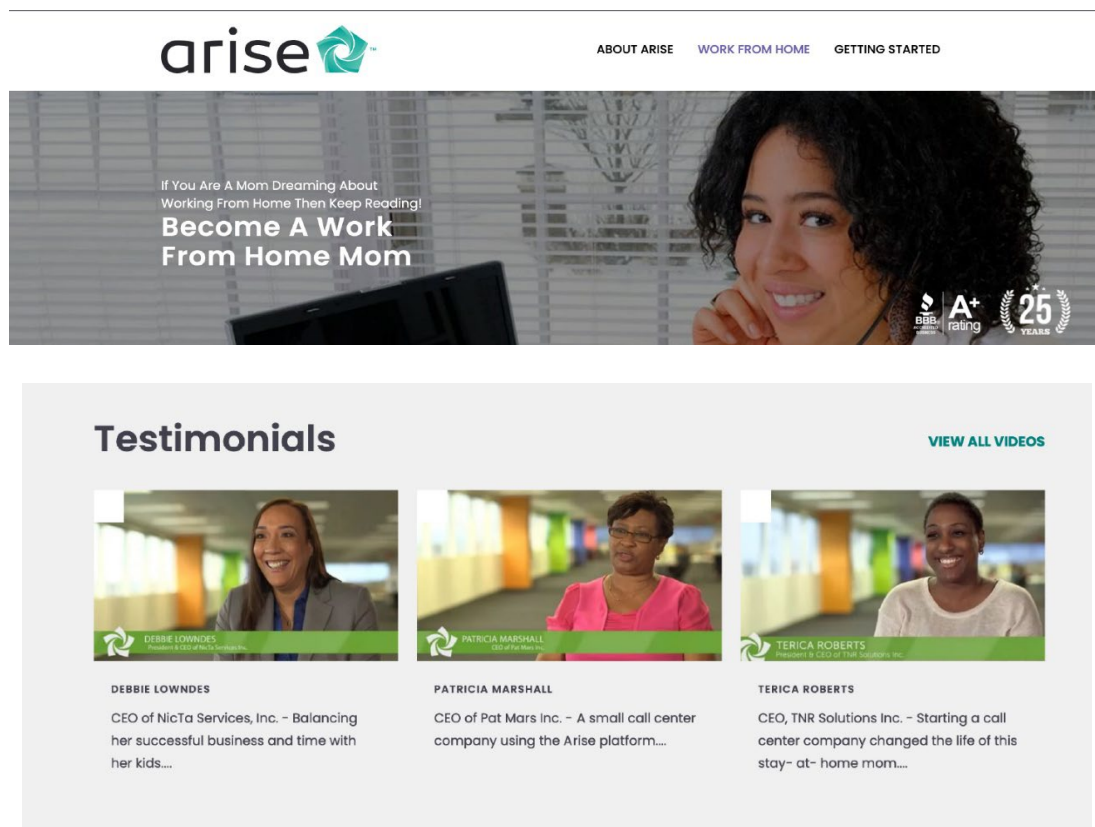
14. Defendant provides third-party customer service support to a variety of large companies. Defendant refers to these companies as its clients and tells them in marketing materials that its gig business model can significantly reduce their spending on customer support services by allowing these companies to replace their customer service employees with Defendant’s cheaper gig workers.

15. To provide this third-party customer service support, Defendant recruits consumers to become customer service support agents for its clients, including by answering customer inquiries over the telephone or online. These consumers come from across the United States. Defendant refers to these consumers as “agents” and connects them to its clients’ customers via its online digital platform, which is known as the Arise Platform. By design, the

Arise Platform is invisible to the clients' customers, who do not know they are communicating with one of Defendant's agents rather than the clients' own employees.

16. Defendant's gig workers are often people of color, with about three-fifths identifying themselves as Black (51%), Latino (5%), or multiracial (5%). About 90% of Defendant's agents are women. Indeed, Defendant often features Black women in its ads and testimonial videos, which often target stay-at-home moms. *See* Figure 1. Defendant touts the diversity of its agents to its clients as a selling point of its outsourcing business, claiming that its workforce better matches the demographics of clients' customers.

**Figure 1. Arise Ads Featuring Black Women.**

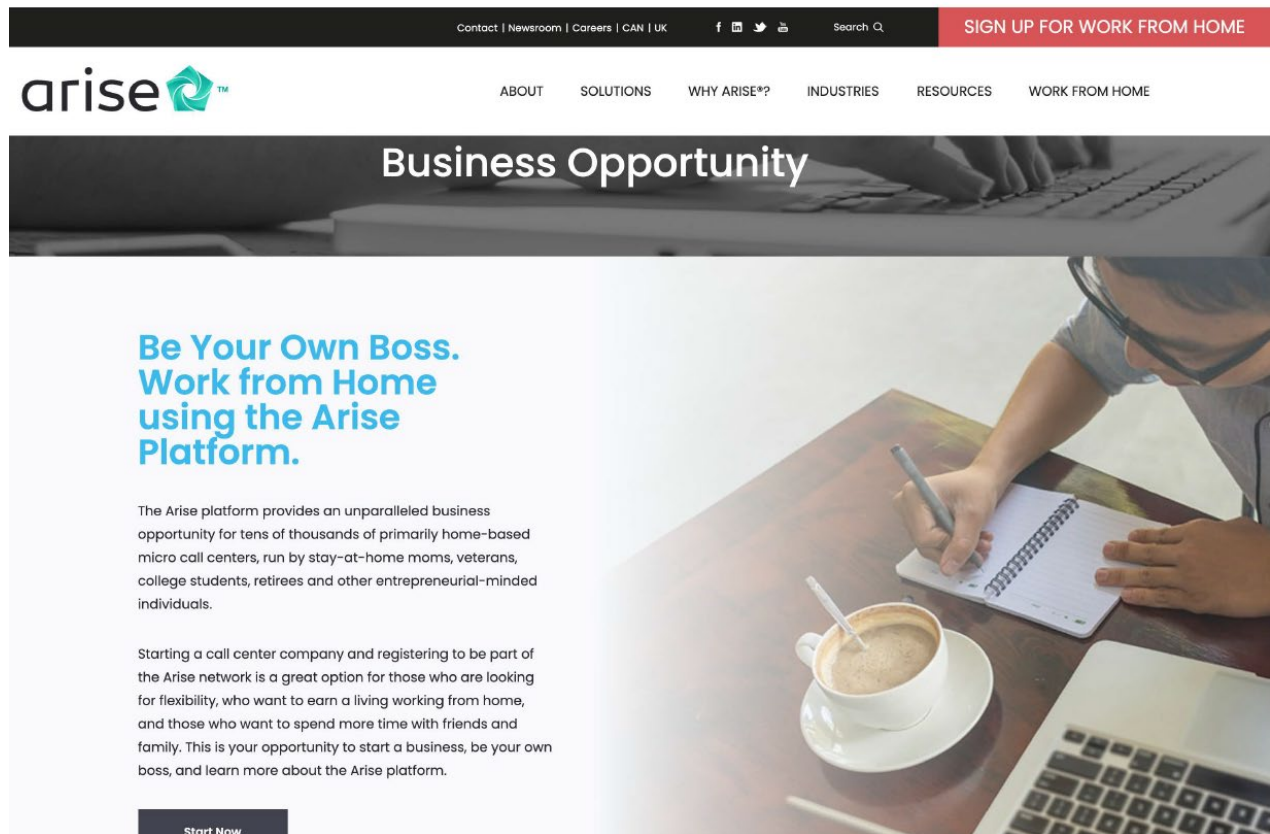


17. Defendant treats its gig workers as independent contractors who are not entitled to the benefits enjoyed by traditional employees, such as salaries, benefits, or regular work

schedules. Yet, contrary to the “be your own boss” messaging aggressively promoted by Defendant as a purported benefit of this arrangement, Defendant tightly controls the gig workers laboring on the Arise Platform. These workers are constantly monitored and evaluated against an array of metrics that are difficult to achieve and that may be used to reduce their compensation. Indeed, the extent to which Defendant controls its gig workers has been the subject of government enforcement actions alleging that Defendant evades various minimum wage and overtime laws. *See Su v. Arise Virtual Sols. Inc.*, Case No. 0:23-cv-61246 (S.D. Fla. filed June 29, 2023); *District of Columbia v. Arise Virtual Sols., Inc.*, Case No. 2022-CA-247-B (D.C. Sup. Ct. filed Jan. 19, 2022).

18. Instead of describing work on the Arise Platform as a conventional job, Defendant promotes it as a lucrative business opportunity that allows consumers to be their own boss, work from home, and set their own schedule. *See* Figure 2.

**Figure 2. Arise’s Business Opportunity Ad.**



19. More than 60% of Defendant’s agents are the primary breadwinner in their household, making the earnings available through Defendant’s gig work opportunity vitally important. For many of those primary breadwinners, the Arise opportunity also is their main source of income.

### **Defendant’s Misleading Earnings Claims**

20. To entice consumers to enroll in its business opportunity, Defendant has disseminated, or caused to be disseminated, search engine ads on Google and Bing that have falsely promised consumers will earn “up to” \$18 per hour working for Arise. *See* Figure 3. Defendant has spent hundreds of thousands of dollars on these ads, which have generated millions of clicks and impressions.



**Figure 3. Arise’s “Up to \$18/Hour” Google Ads.**

**Ad** · <https://sign-up.ariseworkfromhome.com/> ⋮

### Register Today - Arise Work From Home - Up to \$18/Hour

Set your own hours and choose the brands you want to support. The **Arise**® Platform has hundreds of opportunities for customer service agents. Sign up now. Flexible Schedule. Income You Control. Run Your Own Company. 25+ Years in Business. Better Than a Job.

**Sponsored**

[sign-up.ariseworkfromhome.com](https://sign-up.ariseworkfromhome.com/)  
[https://sign-up.ariseworkfromhome.com](https://sign-up.ariseworkfromhome.com/) ⋮

#### Arise Work From Home - Flexible Working Schedule

Earn extra income and provide customer support for brands you love on the Arise® Platform. Provide customer support for Fortune 500 brands. No experience required. Register today. Join the Arise® Platform. Work From Home Today. Be Your Own Boss. Run Your Own Company.

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[Explore Opportunities](#)

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[How It Works](#)

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[Up To \\$18 Per Hour](#)

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[Home Business Opportunity](#)

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[Work From Home - Register](#)

**Ad** · <https://sign-up.ariseworkfromhome.com/> ⋮

### Arise Work From Home - Up to \$18/Hour

The **Arise**® Platform has hundreds of opportunities for customer service agents. Sign up now. Earn extra income and provide customer support for brands you love on the **Arise**® Platform. Run Your Own Company. Income You Control. Flexible Schedule.

#### How It Works

Do the work you want to do. No office, no boss, your schedule.

#### Explore Opportunities

Check out the latest virtual opportunities with brands you love.

#### Up To \$18 Per Hour

Use the Arise® Platform to earn extra income on a flexible basis.

#### Home Business Opportunity

Starting A Micro Call Center Is Easier Than You Think.

21. Before Defendant started running the “Up to \$18/Hour” ads on March 25, 2020, Defendant also ran similar Google ads promising earnings of “Up to \$14/Hour.” Defendant has run Google ads with “up to” hourly earnings claims of between \$14 and \$18 every day since at least January 1, 2019, and it started running regular ads on Bing advertising hourly pay of up to \$18 in June 2021.

22. The represented hourly earnings in these ads are material to a consumer’s decision to invest in the Arise business opportunity. Indeed, Defendant’s own market testing showed that consumers are more likely to pursue an opportunity that promises a specific earnings level, like “Up to \$18/Hour,” than an opportunity that simply promises “Extra Income.”

23. When consumers click on the link in these ads, they are directed to a page on Defendant’s website where they can begin the registration process. That page provides no clarification or qualification of the ad’s earnings claim.

24. Defendant’s hourly earnings claims in these ads are false and/or unsubstantiated. According to Defendant’s own data, the median and average hourly base pay for Arise agents has consistently fallen well below \$18. During 2020–22, when Defendant was running the “Up to \$18/Hour” ads, the hourly base pay for 99.9% of Defendant’s agents was below \$18. See Table 1, Base Pay for Arise’s Agents, 2019–22. Similarly, even during the period when Arise was representing that agents could earn “Up to \$14/Hour,” 91.9% of Defendant’s agents earned a lower hourly base rate.

**Table 1. Base Pay for Arise Agents, 2019–22.**

<b>Year</b>	<b>Median Hourly Base Pay</b>	<b>Average Hourly Base Pay</b>	<b>Percentage of Agents with Base Pay Under \$18/Hour</b>	<b>Percentage of Agents with Base Pay Under \$14/Hour</b>
2019	\$11.00	\$11.12	N/A	91.9%
2020	\$12.00	\$12.06	99.9%	N/A
2021	\$12.00	\$12.62	99.9%	N/A
2022	\$12.50	\$12.85	99.9%	N/A

25. The vast majority of Arise workers have not made \$14 or \$18 per hour even when non-hourly income adjustments, such as short-term promotional payments and other incentive payments, are factored in. Because these bonuses and incentives are sporadic and often difficult to obtain, agents cannot rely on them being a consistent part of their pay.

26. Defendant also automatically deducts from its agents’ wages a “platform usage fee” of \$19.75 that is charged to all agents twice a month. As shown in Table 2, this mandatory deduction pushes agents’ hourly base pay even further below the hourly rate represented in

Defendant’s advertisements. Because platform usage fees are deducted before agents receive their pay, the hourly pay reflected in Table 2 better reflects agents’ actual base income from the Arise business opportunity. Agents’ actual hourly income may also be reduced for other reasons unique to that agent, including technical and payment issues that Defendant fails to resolve.

**Table 2. Base Pay for Arise Agents Less Platform Usage Fees, 2019–22.**

<b>Year</b>	<b>Median Hourly Base Pay After Platform Usage Fee</b>	<b>Average Hourly Base Pay After Platform Usage Fee</b>
2019	\$9.77	\$8.87
2020	\$10.79	\$9.63
2021	\$11.35	\$10.41
2022	\$11.65	\$10.65

27. Despite knowing that the vast majority of its agents were not making \$18 or \$14 per hour, Defendant has persisted in running daily ads with unsubstantiated hourly earnings claims. Indeed, in presentations to its board of directors in 2021, Defendant admitted that agents’ average hourly base pay had not yet broken \$13 but noted that Walmart, Amazon, and Chipotle were all advertising entry-level jobs paying \$15 per hour.

28. In addition to its exaggerated hourly earnings claims, Defendant also promotes the Arise business opportunity as a replacement for a full-time job. Until April 2020, Defendant ran Google ads several times a week calling the business opportunity “Better Than a Job” and telling prospective agents that they can “Kiss Your 9-to-5 Goodbye.” Defendant also has run Facebook ads telling consumers to “[f]orget the 9-5 and find your inner entrepreneur” and to “[t]hink beyond the 9-5 life.” Similarly, Defendant’s website continues to claim that the Arise business opportunity offers “an alternative to the daily 9-to-5 grind.” During the COVID-19 pandemic, Defendant also developed a Get Back to Work! initiative, which targeted recruitment in states

where enhanced unemployment benefits under the Pandemic Unemployment Assistance program were expiring.

29. Defendant then bolsters these claims by posting on its website purported testimonials from agents touting their ability to quit other jobs and support themselves and their families solely through Defendant's business opportunity. Examples include:

a. "In 2010 I started servicing my first client program through Arise and loved it! I was still working at my other job to make ends meet, but after a few months I was thrilled to realize that I had enough income to quit that job and concentrate 100% on my company."

b. "I'm able to manage all of my schoolwork, take care of my family, while making a household income."

c. "I started this three years ago just to bring in some extra income—now I'm completely doing this full-time, and working on building our dream home."

d. "At first, I kept my original job while I was serving clients with the Arise Platform. But once I felt secure with my company—and knew I could earn a living—I left my other job."

e. "Prior to starting my own call center, I worked two jobs, one full-time and the other part-time. In a matter of months I was able to quit both jobs and dedicate my time to my company. The Arise Platform has truly changed my life."

30. Despite these testimonials and other claims pitching Arise as an alternative to full-time employment, Defendant's business opportunity typically does not provide income that can replace a full-time job or support a household. Between 2019 and 2022, after accounting for agents' base pay, bonuses, adjustments, and the recurring fees agents must pay to Defendant,

agents' median annual income from Defendant never exceeded \$1,500, and agents' average annual income never exceeded \$3,800. These annual earnings figures reflect the fact that agents often leave Defendant's business opportunity within several weeks and do not stay a full year.

31. Due to the disconnect between Defendant's representations and consumers' actual earnings, it is not surprising that agents quickly leave Defendant's business opportunity. A 2022 survey commissioned by Defendant found that fewer than half of agents had been on the Arise Platform for one year, with almost a third having joined within the last three months. That same survey found that the biggest complaint by far amongst agents was the business opportunity's limited earning potential. This high consumer churn rate places even greater emphasis on Defendant's marketing efforts to recruit new purchasers of its business opportunity.

#### **Consumers' Required Startup Costs**

32. After having been induced to join the Arise business opportunity by Defendant's misleading earnings claims and marketing, consumers must incur substantial startup costs before they can start working as an agent for the Arise business opportunity and begin earning money on the Arise Platform. These costs include paying required fees to Defendant and obtaining required equipment and technology.

33. Agents must obtain hundreds of dollars of computer and office equipment as well as high-speed Internet service to satisfy the requirements of Defendant's System and Equipment Policy. *See* Figure 4.

**Figure 4. Arise’s Equipment Purchase Suggestions.**

EQUIPMENT PURCHASE SUGGESTIONS*		
Store	Item	Approximate Cost*
<b>Desktop/Laptop** Computer (New and Refurbished Options)</b>		
Amazon	Acer Aspire Desktop	\$688
Amazon	HP Laptop (New)	\$785 **
<b>USB Headset (Used during certification)</b>		
Amazon	Logitech USB Headset H390	\$25
Amazon	Logitech H540 Headset	\$35
Amazon	Plantronics – Blackwire 3320	\$55
<b>Keypad/Headset Phone (Used to take calls)</b>		
Amazon	AGPtek	\$26
Amazon	Plantronics S12	\$75

34. Many of Defendant’s corporate clients also require agents to purchase additional equipment for their particular work opportunity, such as a second monitor, hard-wired telephone service, or even a special computer sold and financed by Defendant, as shown below in Figure 5.

**Figure 5. Additional Equipment Required by Arise.**

**OPPORTUNITY ANNOUNCEMENT**

**Inbound Support & Mediation Program**  
Community Education Multi-Channel Support

To enroll and service this opportunity, Service Partners will be required to purchase additional equipment through Arise as noted below:

The cost of a new, limited contents equipment package is \$600 if paid in full. Service Partners may also choose to finance the equipment for \$650 in installment payments of \$50.00/invoice period for 13 periods. Purchase or financing agreements must be signed by Service Partners by 03/11/20 . Business's must indicate which option they are selecting for each agent no later than 03/10/20 at the following link:  
[Equipment Order Form](#)

35. Agents must also pay for and pass a required background check, which may include drug screening, and complete a series of assessments, including a voice assessment and

equipment compatibility assessment. Consumers pay Defendant \$30 for its required background checks.

36. Every opportunity to earn money and provide customer service as an Arise agent for an Arise client first requires successful completion of a mandatory training course specific to that opportunity. Until recently, Defendant required consumers to pay a fee to enroll in each required training program. Between January 1, 2019, and July 18, 2022, training costs ranged from about \$10 to \$250, generating approximately \$6.5 million in revenue for Defendant. Defendant stopped charging fees for the training courses on July 18, 2022, after receiving the FTC's Civil Investigative Demand.

37. On average, just 36.8% of agents who enroll in one of Defendant's training programs successfully complete the program.

38. Consumers who leave the business opportunity are generally not refunded the money they spent on equipment, training, or background checks. The required payments necessary to start working as an agent and earn money in Defendant's business opportunity exacerbate the injury to consumers who discover, after spending the money to sign up and be trained, that the business opportunity is not what Defendant had promised.

#### **Defendant's Violations of the Business Opportunity Rule**

39. Defendant actively markets itself as a business opportunity. Yet, despite this deliberate marketing decision, Defendant has made no effort to comply with the disclosure and transparency requirements imposed by the FTC's Business Opportunity Rule, 16 C.F.R. pt. 437. The Business Opportunity Rule is designed to help potential recruits make an informed decision about whether to participate in a particular opportunity by requiring those offering the opportunity to provide necessary information up front and to avoid making misleading

representations about the opportunity. *See* Business Opportunity Rule, 76 Fed. Reg. 76,816, 76,824 (Dec. 8, 2011).

40. Defendant explicitly and repeatedly describes its gig work opportunity to prospective agents as a “business opportunity,” as opposed to an employment opportunity. *See* Figures 2, 6.

**Figure 6. Arise Ad Contrasting Business Opportunity with Employment.**



41. Defendant has known about the Business Opportunity Rule and the obligations it imposes. Even the Commission’s Civil Investigative Demand, which was served on Defendant in April 2022, named the Business Opportunity Rule as a focus of the FTC’s investigation and attached an official copy of the Rule.

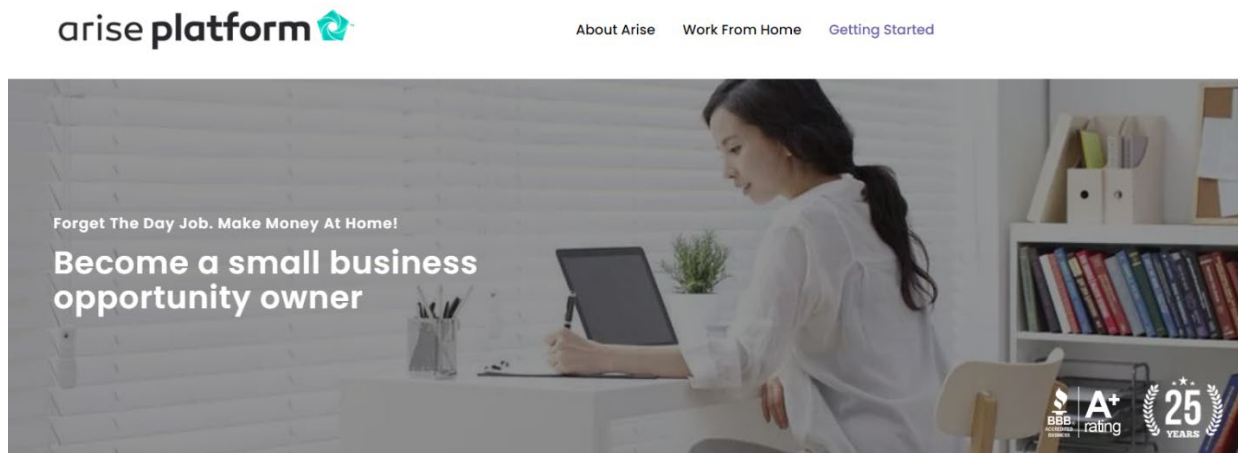
42. In addition, Defendant’s gig work program meets the three threshold requirements in the FTC’s Business Opportunity Rule: (1) Defendant solicits consumers to enter into a new customer service business; (2) for which they must make a required payment; and (3) Defendant



represents that it will provide outlets, accounts, or customers for consumers' customer support services. *See* 16 C.F.R. § 437.1(c).

43. *First*, Defendant solicits consumers to enter into a new business, inviting them to forget their day job and start a new business working from home while also telling them that no prior experience is required. *See* Figure 7.

**Figure 7. Arise New Business Ad.**



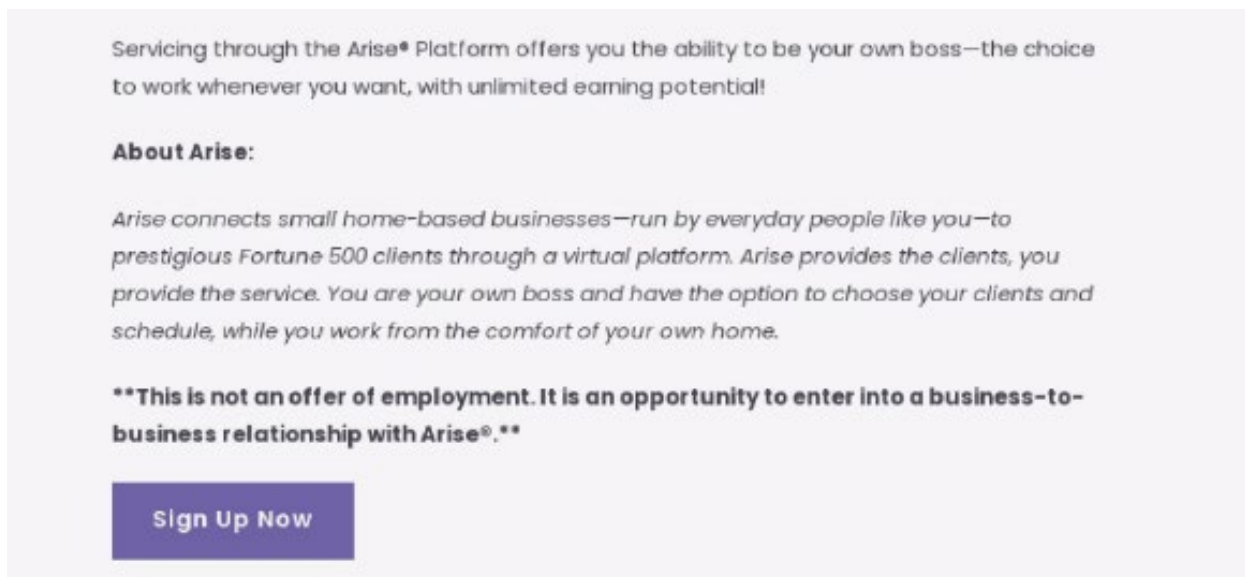
44. *Second*, consumers have made and continue to make at least two categories of “required payment[s]” to Defendant as a condition of obtaining or commencing operation of the business opportunity. *See* 16 C.F.R. § 437.1(p). These payments, which collectively have resulted in substantial annual revenue to Defendant, have included:

- a. Training Fees. Until July 18, 2022, Defendant charged agents to enroll in the mandatory training courses that were required to begin working on a customer service opportunity on the Arise Platform. The training charges ranged from approximately \$10 to \$250 for each course. Consumers could not participate in Defendant’s business opportunity without paying the required fee for the mandatory training.

b. Background Check Fees. To use the Arise Platform, agents must complete a background check. Since September 2022, consumers signing up for Defendant’s business opportunity have paid Defendant \$30 for the background check. Previously, between July 2019 and May 2020, consumers paid Defendant \$9.99 for the background check. Consumers cannot participate in the business opportunity without paying Defendant the background check fee.

45. *Third*, Defendant represents, expressly or by implication, that it will provide outlets, accounts, or customers for the services the consumer would offer as part of the business opportunity. As Defendant put it to prospective purchasers in the advertisement depicted below, “Arise provides the clients, you provide the service,” unlocking what Defendant says is a business opportunity with “unlimited earning potential.” *See* Figure 8.

**Figure 8. Arise Ad Promising to Provide Clients for Consumers’ Services.**



46. Because Defendant is subject to the Business Opportunity Rule, it is required to provide prescribed disclosure documents at least seven days before consumers execute their first written agreement in connection with the business opportunity or pay any money to Defendant,

whichever is earlier. Defendant has failed for many years to provide the disclosure documents required by the Rule, which would have provided consumers with material information that would have been important to their consideration of whether to join the Arise business opportunity. Specifically, the disclosure documents that Arise failed to provide should have given consumers the following information in the format required by the Rule:

- a. A list of recent legal actions involving claims of misrepresentation, fraud, securities law violations, or unfair and deceptive practices against Defendant or its officers, directors, or sales directors;
- b. Applicable cancellation or refund policies;
- c. The name, state, and telephone number of at least ten nearby consumers who recently enrolled in the Arise business opportunity and can be contacted by prospective purchasers;
- d. A separate disclosure document that describes all of Defendant's earnings claims, including how often consumers achieved the represented earnings and any characteristics of consumers who did so, and invites consumers to request written substantiation for the earnings claims; and
- e. The name, address, and telephone number of the person offering the business opportunity, as well as the date when the required disclosures were provided to the consumer.

47. As a result of Defendant's failure to comply with the Business Opportunity Rule, consumers who were considering and joined Defendant's business opportunity were denied access to materials and information necessary for individuals to make an informed decision about whether to participate in a business opportunity.

### FTC's Notice of Penalty Offenses

48. Defendant has continued to make earnings claims in the general media to attract agents, including the "Up to \$18/Hour" claim presented in search engine ads, along with other advertisements and testimonials. Consumers viewing the "Up to \$18/Hour" claim have been likely to believe that they will earn \$18 for each hour of work with Defendant, even though 99.9% of agents do not earn that amount in hourly base pay.

49. Because Defendant closely tracks the amounts it pays to agents, it knows that most agents make substantially less than \$18 per hour. Despite that, Defendant has not changed its advertising but has continued to market its business opportunity through misleading and unsubstantiated earnings claims.

50. Furthermore, actual agent earnings fall far short of \$18 per hour even before accounting for other factors like the required semimonthly platform usage fee.

51. In April 2022, the FTC sent a letter to Defendant that included a copy of the Notice of Penalty Offenses Concerning Money-Making Opportunities. Defendant and its registered agent received this letter on April 27, 2022. The letter and Notice of Penalty Offenses identified specific acts or practices that the Commission has determined are unfair or deceptive and violate Section 5 of the FTC Act, 15 U.S.C. § 45.

52. As detailed in the Notice enclosed with the letter, the Commission determined in a series of litigated decisions that, among other things, it is an unfair or deceptive trade practice to make false, misleading, or deceptive representations concerning the profits or earnings that may be anticipated by a participant in a money-making opportunity (i.e., a person who has been accepted or hired for, has purchased, or otherwise is engaging in the money-making opportunity).

53. As the Notice stated, in a series of litigated decisions issued in the cases cited in the Notice, the FTC determined, among other things, that it is an unfair or deceptive trade practice to make false, misleading, or deceptive representations concerning the profits or earnings that may be anticipated by a participant in a moneymaking opportunity. The Notice warned Defendant of its potential liability for civil penalties under Section 5(m)(1)(B) of the FTC Act, for knowingly engaging in acts or practices determined by the Commission to be unfair or deceptive, and thus unlawful. The Notice stated, among other things, that it is an unfair or deceptive practice to “make false, misleading or deceptive representations concerning the profits or earnings that may be anticipated by a participant in a money-making opportunity.”

54. The letter instructed Defendant to contact Commission staff if it had any questions or to visit the Commission’s website at [www.ftc.gov/MMO-notice](http://www.ftc.gov/MMO-notice) to obtain copies of the case decisions discussed in the Notice.

55. Despite receiving the Notice of Penalty Offenses, Defendant has continued to make misleading earnings claims daily in marketing its business opportunity.

56. Therefore, based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendant is violating or is about to violate laws enforced by the Commission, including because it has continued to sell the Arise business opportunity without providing the disclosures required by the Business Opportunity Rule and has continued to run daily online advertisements promising that consumers can earn up to \$18 per hour.

#### **VIOLATIONS OF THE FTC ACT**

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

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

59. As set forth below, Defendant has engaged and continues to engage in violations of Section 5(a) of the FTC Act in connection with the advertising, marketing, and sale of its business opportunity.

**COUNT I**  
**Misrepresentations Regarding Earnings**

60. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the Arise business opportunity, Defendant has represented, directly or indirectly, expressly or by implication, that consumers who participate in Defendant's business opportunity are likely to earn a specific range of gross or net income or profit, including sufficient income to replace full-time employment.

61. The representations set forth in Paragraph 60 are false, misleading, or were not substantiated at the time they were made.

62. Therefore, the representations set forth in Paragraph 60 constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT II**  
**Misrepresentations Regarding Hourly Earnings**

63. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the Arise business opportunity, Defendant has:

- a. Since March 25, 2020, represented, directly or indirectly, expressly or by implication, that consumers who participate in Defendant's business opportunity are likely to earn \$18 per hour; and

b. Prior to March 25, 2020, represented, directly or indirectly, expressly or by implication, that consumers who participate in Defendant's business opportunity are likely to earn \$14 per hour.

64. The representations set forth in Paragraph 63 are false, misleading, or were not substantiated at the time they were made.

65. Therefore, the representations set forth in Paragraph 63 constitute a deceptive act or practice in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **VIOLATIONS OF THE BUSINESS OPPORTUNITY RULE**

66. Defendant is a "seller" who has sold or offered to sell "business opportunities" as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(c) and (q). Under the Business Opportunity Rule, a "seller" is a "person who offers for sale or sells a business opportunity." 16 C.F.R. § 437.1(q).

67. Under the Business Opportunity Rule, a "business opportunity" means a "commercial arrangement" in which the "seller solicits a prospective purchaser to enter into a new business"; the "prospective purchaser makes a required payment"; and the "seller, expressly or by implication, orally or in writing, represents that the seller or one or more designated persons will . . . [p]rovide outlets, accounts, or customers, including but not limited to, Internet outlets, accounts, or customers, for the purchaser's goods or services." 16 C.F.R. § 437.1(c).

68. Among other things, the Business Opportunity Rule requires the seller to provide each prospective purchaser with a disclosure document in the form and using the language set forth in the Business Opportunity Rule and Appendix A to the Rule, and any required attachments. In the disclosure document, the seller must disclose five categories of information,

including basic identifying information about the seller, whether the seller makes an earnings claim and, if so, additional information about such earnings claims, the seller's litigation history, any cancellation or refund policy the seller offers, and contact information of prior purchasers. 16 C.F.R. § 437.3(a)(1)–(5). Furthermore, this information must be disclosed at least seven (7) days before the prospective purchaser signs a contract or makes a payment, whichever is earlier. *See* 16 C.F.R. § 437.2. The pre-sale disclosure of this information enables a prospective purchaser to contact prior purchasers and take other steps to assess the potential risks involved in the purchase of the business opportunity.

69. Defendant has made earnings claims in connection with the sale of its business opportunity, as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(f). Under the Business Opportunity Rule, an “earnings claim” means “any oral, written, or visual representation to a prospective purchaser that conveys, expressly or by implication, a specific level or range of actual or potential sales, or gross or net income or profits.” 16 C.F.R. § 437.1(f).

70. The Business Opportunity Rule prohibits sellers from making earnings claims unless the seller: (1) has a reasonable basis for the claim at the time it is made; (2) has in its possession written materials to substantiate the claim at the time it is made; (3) furnishes an earnings claim statement to prospective purchasers in conjunction with the disclosure document, containing, among other things, information regarding the time frame captured by the earnings claim, the characteristics of the purchasers, and the number and percentage of all persons who purchased the business opportunity within the timeframe who achieved at least the stated level of earnings; and (4) makes written substantiation of the earnings claim available to any prospective purchaser who requests it. *See* 16 C.F.R. § 437.4(a).



71. Defendant also has made earnings claims in the general media in connection with the sale of its business opportunity, as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(h). Under the Business Opportunity Rule, “general media” means “any instrumentality through which a person may communicate with the public, including, but not limited to, television, radio, print, Internet, billboard, Web site, commercial bulk email, and mobile communications.” 16 C.F.R. § 437.1(h).

72. The Business Opportunity Rule prohibits sellers from making earnings claims in the general media unless the seller has a reasonable basis for, and written substantiation of, any earnings claims, and states in immediate conjunction with those claims the beginning and ending dates when the represented earnings were achieved, and the number and percentage of all persons who purchased Defendant’s business opportunity prior to that ending date who achieved at least the stated level of earnings. *See* 16 C.F.R. § 437.4(b).

73. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the Business Opportunity Rule constitutes an unfair or deceptive act or practice in or affecting commerce in violation of Section 5(a)(1) of the FTC Act, 15 U.S.C. § 45(a)(1).

**COUNT III**  
**Disclosure Document Violations**

74. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of a business opportunity, Defendant has failed to furnish prospective purchasers with the disclosure document and attachments required by the Business Opportunity Rule, within the time prescribed by the Rule.

75. Defendant's acts and practices, as described in Paragraph 74 above, violate the Business Opportunity Rule, 16 C.F.R. §§ 437.2 and 437.3(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT IV**  
**Earnings Claims Violations**

76. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of a business opportunity, Defendant has made earnings claims to prospective purchasers while, among other things, (1) lacking a reasonable basis for the earnings claim at the time it was made; (2) lacking written substantiation for the earnings claim at the time it was made; or (3) failing to provide an earnings claim statement to the prospective purchaser, as required by the Business Opportunity Rule.

77. Defendant's acts and practices, as described in Paragraph 76 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT V**  
**General Media Earnings Claims Violations**

78. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of a business opportunity, Defendant has made earnings claims in the general media while, among other things, (1) lacking a reasonable basis for the earnings claim at the time it was made; (2) lacking written substantiation for the earnings claim at the time it was made; or (3) failing to state in immediate conjunction with those claims (i) the beginning and ending dates when the represented earnings were achieved, and (ii) the number and percentages of all persons who purchased Defendant's business opportunity prior to that ending date who achieved at least the stated level of earnings.

79. Defendant's acts and practices, as described in Paragraph 78 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(b), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT VI**  
**Misrepresentations Regarding Income or Profits**

80. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of a business opportunity, Defendant has directly or indirectly misrepresented the amount of sales, or gross or net income or profits a prospective purchaser may earn or that prior purchasers have earned.

81. Defendant's acts and practices, as described in Paragraph 80 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.6(d), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**VIOLATIONS OF PRIOR COMMISSION DETERMINATIONS CONCERNING**  
**UNFAIR OR DECEPTIVE ACTS OR PRACTICES**

82. If the Commission has determined in a proceeding under Section 5(b) of the FTC Act, 15 U.S.C. § 45(b), that an act or practice is unfair or deceptive and issued a final cease and desist order, other than a consent order, with respect to the act or practice, then a person, partnership, or corporation that engages in such act or practice with actual knowledge that such act or practice is unfair or deceptive and is unlawful under Section 5(a)(1) of the FTC Act shall be liable under Section 5(m)(1)(B) of the FTC Act, 15 U.S.C. § 45(m)(1)(B).

83. In prior litigated decisions, the Commission has determined that the acts or practices described in Paragraph 52 above are unfair or deceptive and violate Section 5(a)(1) of the FTC Act and issued final cease and desist orders, other than consent orders, with respect to those acts or practices.

**COUNT VII**

**Violations of Prior Commission Determinations Known to Defendant**

84. As set forth in Paragraphs 48–56, at least since receiving the Notice of Penalty Offenses Concerning Money-Making Opportunities and associated cover letter on April 27, 2022, Defendant has had actual knowledge that, in connection with the advertising or promotion of money-making opportunities like the Arise business opportunity, making false, misleading, or deceptive earnings claims is an unfair or deceptive act or practice, unlawful under Section 5(a)(1) of the FTC Act.

85. In numerous instances, as set forth in Paragraphs 48–56, Defendant has represented, directly or indirectly, expressly or by implication, that consumers who have paid to participate in Defendant’s business opportunity are likely to realize earnings of \$18 per hour.

86. In truth and in fact, in numerous instances in which Defendant has made the representations set out in Paragraph 85, consumers were not likely to earn \$18 per hour of work in Defendant’s business opportunity.

87. Since at least April 27, 2022, Defendant has engaged in the acts and practices described in Paragraph 85 with actual knowledge, as set forth in Paragraph 84, that in prior litigated decisions the Commission has determined that the acts or practices are unfair or deceptive and violate Section 5(a)(1) of the FTC Act and issued final cease and desist orders, other than consent orders, with respect to those acts or practices.

**CONSUMER INJURY**

88. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendant’s violations of the FTC Act and the Business Opportunity Rule.

Absent injunctive relief by this Court, Defendant is likely to continue to injure consumers and harm the public interest.

**PRAYER FOR RELIEF**

89. Wherefore, Plaintiff requests that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act and the Business Opportunity Rule by Defendant and other relief under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b;

B. Award monetary and other relief within the Court's power to grant, including relief under Section 19 of the FTC Act, 15 U.S.C. § 57b; and

C. Award any additional relief as the Court determines to be just and proper.

Dated: July 2, 2024

Respectfully submitted,



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