OFFICE OF ATTORNEY GENERAL
CONSUMER PROTECTION AND ANTITRUST DIVISION
GATEWAY PROFESSIONAL CENTER
1050 E INTERSTATE AVENUE, STE 200
BISMARCK, NORTH DAKOTA 58503-5574

701-328-5570 (Telephone)
701-328-5568 (Facsimile)

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE OF NORTH DAKOTA EX REL. WAYNE STENEHJEM, ATTORNEY GENERAL, Petitioner, -vs- **NORTHSTAR ADVERTISING SOLUTIONS, LLC, and** **WILLIAM RELIGO, Individually** **dba NETWORK MEDIA SOLUTIONS** Respondents.	**CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY AND NOTICE OF RIGHT TO REQUEST A HEARING** CPAT 120171.003

To the individual and entity identified below hereinafter "Respondents"):

NORTHSTAR ADVERTISING SOLUTIONS, LLC
dba Network Media Solutions
5150 N 16th Street, Ste B252
Phoenix, AZ 85016

NORTHSTAR ADVERTISING SOLUTIONS, LLC
dba Network Media Solutions
1928 E Highland Ave, Suite F104-451
Phoenix, AZ 85016-0645

AND

WILLIAM RELIGO
5150 N 16th Street, Ste B252
Phoenix, AZ 85016

WILLIAM RELIGO
9770 N 94TH PL, UNIT 105
SCOTTSDALE AZ 85258-9196

(including all of those entities' officers, directors, owners, agents, servants, employees and representatives as well as all other persons in active concert or participation with them, extending to all "doing business as" names, formal corporate names, fictitious names of any kind or any variations of the same)

BACKGROUND

1. The Attorney General of North Dakota has a reasonable basis to believe Respondents have engaged in and are engaging in acts or practices declared unlawful by N.D.C.C. ch. 51-15, commonly referred to as the "Consumer Fraud Law," and N.D.C.C. ch. 51-28, commonly referred to as the "Do-Not-Call Law." Respondents have refused or failed to respond to the Attorney General's Civil Investigative Demand, issued to Respondents pursuant to N.D.C.C. § 51-15-04. It is necessary and appropriate in the public interest and for the protection of consumers to restrain the Respondents' unlawful acts or practices.

2. Respondent Northstar Advertising Solutions, LLC is a Florida Profit Corporation and the owner of the trade name Network Media Solutions.

3. Respondent, William Religo, is an Arizona resident, and is the manager, member and the registered agent for Northstar Advertising Solutions, LLC.

4. Northstar Advertising Solutions, LLC and its member William Religo, doing business as Network Media Solutions, are or were engaged in the advertising,

solicitation and sale of merchandise, including home-based business opportunity products and services such as internet marketing and advertising, affiliated marketing, website development and other marketing or advertising tools and products.

5. The Attorney General has received information alleging that Respondents have made untrue, deceptive and misleading representations, and have engaged in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon, in violation of N.D.C.C. ch. 51-15, the Consumer Fraud Law. Respondents have misrepresented to consumers the nature and quality of merchandise sold, including falsely represented and made promises to consumers that the merchandise would generate income.

6. N.D.C.C. ch. 51-15 prohibits a person from engaging in any deceptive act or practice, fraud, false pretense, false promise, or misrepresentation, with the intent that others rely thereon in connection with the sale or advertisement of any merchandise. "Merchandise" is defined as any objects, wares, goods, commodities, intangibles, real estate, charitable contributions, or services. N.D.C.C. § 51-15-01(3).

7. The Attorney General's Consumer Protection Division received a consumer complaint against Respondents alleging misrepresentations, false promises, and refusal to cancel and refund, together with other deceptive advertisement and sales practices ("the consumer complaint").

8. The consumer complaint alleges that Respondents charged the consumer $8,890, in connection with the sale of products and services to the consumer, after making representations and promises that Respondents' products could generate the consumer income of $6,000 per quarter. Respondents represented that the consumer would receive such income payments once the consumer's website reached a certain

amount of visitors. The consumer alleges that Respondents sold the consumer an advertising campaign and represented that the consumer would receive income from marketing affiliates once her website reached 120,000 visitors. The consumer alleges that the website reached 120,000 visitors in February, 2012. However, the consumer never received any payment or income as represented and promised by Respondents.

9. The consumer's complaint alleges that Respondents' promises were false, and that income was not generated as promised from Respondents' merchandise. The complaint also alleges that Respondents made promises of customer support and service that were not kept, and that Respondents were not able to provide answers to questions from the consumer.

10. Based on the consumer complaint and other information received, it appears to the Attorney General that Respondents have made untrue, deceptive and misleading representations, and/or have made or engaged in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon, in violation of N.D.C.C. ch. 51-15, the Consumer Fraud Law. Respondents deceptive acts or practices include (1) making untrue, deceptive and misleading representations regarding merchandise offered and sold, (2) making false promises to consumers regarding expected income generated by Respondents' products or services, (3) making false promises regarding customer support and services, and (4) expressly, impliedly, or by omission of a material fact, misrepresenting the nature or quality of merchandise sold by Respondents.

11. Respondents have made phone calls to a consumer in violation of the Do-Not-Call Law. N.D.C.C. ch. 51-28 prohibits telephone solicitations to the telephone line of any subscriber in North Dakota who, for at least 31 days before the date the call is

made, has been on the North Dakota or Federal Trade Commission do-not-call list. A violation of N.D.C.C. ch. 51-28 constitutes a violation of N.D.C.C. ch. 51-15.

12. The consumer complaint shows that Respondents placed a telemarketing call to the consumer in August, 2011, despite the fact that the consumer had been registered on the do-not-call list since October of 2008.

13. The consumer complaint was forwarded to Respondents on June 18, 2012. In response to the consumer complaint Respondents offered to re-run the consumer's advertising program and proposed a partial refund, without specifying the amount of refund offered. Respondents never followed through with these promises to the consumer.

14. After receiving the consumer complaint and other information indicating that Respondents may be or may have been engaged in business activities in violation of North Dakota law, the Attorney General's Consumer Protection Division issued a Civil Investigative Demand on November 2, 2012, pursuant to N.D.C.C. § 51-15-04. The Civil Investigative Demand was sent to Respondents via first class mail and via certified mail on November 2, 2012, and was also sent to Respondents via facsimile on November 2, 2012.

15. The Civil Investigative Demand required Respondents to provide to the Attorney General certain information and documentation requested by December 3, 2012. No response was received to the Civil Investigative Demand.

16. On January 2, 2013 the Attorney General sent a letter to Respondents requesting that Respondents comply with the Civil Investigative Demand by January 21, 2013. Respondents filed no response to the letter or to the Civil Investigative Demand.

17. Respondents did not comply with the Attorney General's Civil Investigative Demand and, pursuant to N.D.C.C. § 51-15-07, the Attorney General may issue a cease and desist order for the Respondents' failure or refusal to file a statement or report under N.D.C.C. ch. 51-15.

18. Each of the Respondents is engaged in a combination of two or more persons who have agreed to act together to inflict a wrong or an injury upon another, or who have agreed to act together to commit a lawful act using unlawful means to inflict a wrong or injury upon another, namely violation of N.D.C.C. chs. 51-15 and 51-28. In doing so, Respondents have committed acts in pursuit of an agreement and the agreement has proximately caused damage to North Dakota consumers.

19. Respondents are liable for their own misconduct and/or for directing others to engage in misconduct. *See e.g. Zimprich v. North Dakota Harvestore Sys., Inc.*, 419 N.W.2d 912, 914 (N.D. 1988); *Rickbeil v. Grafton Deaconess Hosp.*, 23 N.W.2d 247, 257 (N.D. 1946)("The general rule with reference to this feature is considered and set out in the great series of volumes of jurisprudence familiar to the courts. In 52 Am. Jur., 440, this rule is stated, 'It is a conceded general rule that all persons or entities are liable for torts committed by them, or by their agents while acting within the scope of their duties.'").

20. Respondents who are natural persons will additionally be subject to personal liability for corporate misconduct. *Hilzendager v. Skwarok*, 335 N.W.2d 768 (N.D 1983)(quoting *Schriock v. Schriock*, 128 N.W.2d 852, 866 (N.D. 1964)("'... but, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons.' Fletcher, Private Corporations Sec. 41 (1963 rev. vol.).'"). The crime/fraud

exception to the protections of corporate form has long been recognized in North Dakota, "neither law nor equity will ever recognize the right of a corporate entity to become the receptacle or cover for fraud or wrong based on deception for the purpose of defeating the right of innocent parties." *McFadden v. Jenkins*, 169 N.W. 151, 163 (N.D. 1918). *See also Danks v. Holland*, 246 N.W.2d 86 (N.D. 1976); *Family Center Drug v. North Dakota St. Bd. of Pharm.*, 181 N.W.2d 738, 745 (N.D. 1970).

ORDER

Based upon the foregoing information, it appears to the Attorney General that Respondents have engaged in violations of N.D.C.C. chs. 51-15 and 51-28, and have failed or refused to respond to the Civil Investigative Demand as required by N.D.C.C. § 51-15-04; **NOW, THEREFORE, IT IS ORDERED** pursuant to N.D.C.C. § 51-15-07 that Respondents, individually, and where applicable their officers, directors, owners, agents, servants, employees, contractors, representatives (extending to all "doing business as" names, formal corporate names, aliases, fictitious names of any kind or any variations of the same) as well as all other persons in active concert or participation with them, whether directly or indirectly, immediately **CEASE AND DESIST** from: 1) advertising, soliciting or selling merchandise to North Dakota residents; 2) making or causing to be made any telephone solicitations to North Dakota residents who are registered on the Do-Not-Call list, in violation of N.D.C.C. ch. 51-28; and 3) engaging in any deceptive act or practice, fraud, false pretense, false promise, or misrepresentation, with the intent that others rely thereon in connection with the sale or advertisement of any merchandise, in violation of N.D.C.C. ch. 51-15. Respondents also shall immediately **CEASE AND DESIST** from taking, collecting, charging, billing or accepting any payment from any North Dakota consumers, including, but not limited to, cash,

check, direct credit, debits or withdrawals from North Dakota consumers' credit cards, debit cards or bank accounts for any past or future sale of merchandise or other services related to the sale of merchandise.

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 12.1-09-03 a person is guilty of a criminal offense if he or she intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF CIVIL PENALTIES

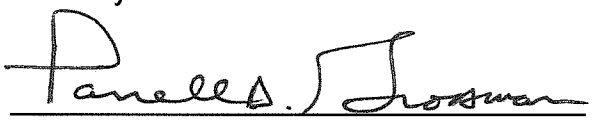
YOU ARE FURTHER NOTIFIED that pursuant to N.D.C.C. § 51-15-07 any violation of this Cease and Desist Order is subject to civil penalties not to exceed $1,000 per violation. Any violation of this Order that also is a violation of N.D.C.C. ch. 51-15 may result in additional civil penalties of not more than $5,000 per violation. Any violation of this Order that also is a violation of N.D.C.C. ch. 51-28 may result in additional civil penalties of not more than $2,000 per violation and additional civil penalties of not more than $5,000 per violation as a separate violation of N.D.C.C. ch. 51-15. Nothing in this Order is intended to limit or waive any rights and remedies available to the State of North Dakota or consumers.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 51-15-07 you may request a hearing before the Attorney General if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. Respondents have the right to be represented by legal counsel at the hearing.

Dated this 8th day of February, 2013.

STATE OF NORTH DAKOTA
Wayne Stenehjem
Attorney General

BY: 

Parrell D. Grossman, ID No. 04684
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STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE OF NORTH DAKOTA EX REL. WAYNE STENEHJEM, ATTORNEY GENERAL, Petitioner, -vs- **NORTHSTAR ADVERTISING SOLUTIONS, LLC, and** **WILLIAM RELIGO, Individually** **dba NETWORK MEDIA SOLUTIONS** Respondents.	**AFFIDAVIT OF SERVICE BY MAIL AND CERTIFIED MAIL** CPAT 120171.003

STATE OF NORTH DAKOTA)
) ss
COUNTY OF BURLEIGH)

Jessica Schumacher states under oath as follows:

1. I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct and made upon personal knowledge.

2. I am of legal age and on the 8th day of February, 2013, I served the CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY AND NOTICE OF RIGHT TO REQUEST A HEARING upon the following by placing true and correct copies thereof in an envelope addressed as follows:

FIRST CLASS MAIL

WILLIAM RELIGO
5150 N 16TH STREET STE B252
PHOENIX AZ 85016-3950

CERTIFIED MAIL RECEIPT 7011 2000 0001 3047 8204

WILLIAM RELIGO
5150 N 16TH STREET STE B252
PHOENIX AZ 85016-3950

FIRST CLASS MAIL

WILLIAM RELIGO
9770 N 94TH PL #105
SCOTTSDALE AZ 85258-9196

CERTIFIED MAIL RECEIPT 7011 2000 0001 3047 8211

WILLIAM RELIGO
9770 N 94TH PL #105
SCOTTSDALE AZ 85258-9196

FIRST CLASS MAIL

NORTHSTAR ADVERTISING
SOLUTIONS LLC
DBA NETWORK MEDIA SOLUTIONS
5150 N 16TH STREET, STE B252
PHOENIX AZ 85016-3950

CERTIFIED MAIL RECEIPT # 7011 2000 0001 3047 8228

NORTHSTAR ADVERTISING
SOLUTIONS LLC
DBA NETWORK MEDIA SOLUTIONS
5150 N 16TH STREET STE B252
PHOENIX AZ 85016-3950

FIRST CLASS MAIL

NORTHSTAR ADVERTISING
SOLUTIONS LLC
DBA NETWORK MEDIA SOLUTIONS
1928 E HIGHLAND AVE SUITE F104-451
PHOENIX AZ 85016-0645

CERTIFIED MAIL RECEIPT # 7011 2000 0001 3047 7696

NORTHSTAR ADVERTISING
SOLUTIONS LLC
DBA NETWORK MEDIA SOLUTIONS
1928 E HIGHLAND AVE SUITE F104-451
PHOENIX AZ 85016-0645

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota, as first class mail and as CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

Jessica Schumacher

Jessica Schumacher

Subscribed and sworn to before me
this 8th day of February, 2013

NOTARY PUBLIC

G:\C[illegible]

ELIN S. ALM
Notary Public
State of North Dakota
My Commission Expires Mar. 10, 2016