UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

FEDERAL TRADE COMMISSION, Plaintiff, v. START CONNECTING LLC, d/b/a USA Student Debt Relief, a Florida limited liability company; START CONNECTING SAS, d/b/a USA Student Debt Relief, a Colombia corporation; DOUGLAS R. GOODMAN, individually and as an officer of START CONNECTING LLC; DORIS E. GALLON-GOODMAN, individually and as an officer of START CONNECTING LLC; and JUAN S. ROJAS, individually and as an officer of START CONNECTING LLC and START CONNECTING SAS, Defendants.	Case No. 8:24-cv-1626-KKM-AAS

PLAINTIFF'S OPPOSITION TO START CONNECTING LLC'S RULE 12(e) MOTION FOR A MORE DEFINITE STATEMENT

The Federal Trade Commission's 42-page Complaint details how five defendants—including Florida-based individual defendants Douglas R.

Goodman and Doris E. Gallon-Goodman (collectively, the "Goodman Defendants"), and their Florida limited liability company, Start Connecting LLC (the "LLC")—operated an unlawful student loan debt relief scheme that bilked struggling student loan borrowers out of millions of dollars. *See* (Doc. 1). The Goodman Defendants previously filed a motion asking the Court to strike the Complaint as an impermissible "shotgun pleading" because it pleads collective liability as to all Defendants. (Doc. 51). The FTC opposed this motion, as it is premised on a fundamental misunderstanding of well-established principles of joint liability under the FTC Act. *See* (Doc. 52); *FTC v. On Point Cap. Partners LLC*, 17 F.4th 1066, 1081–83 (11th Cir. 2021). The Goodman Defendants' motion remains pending, and the LLC has now filed an analogous motion raising essentially the same argument. *See* (Doc. 82). As with the prior motion, the LLC's motion does not acknowledge or engage with the body of governing case law establishing that collective pleading is permissible in cases involving a common enterprise between entwined corporate entities. Because the FTC plausibly alleges that the LLC comprised half the common enterprise at issue (and sufficiently details the LLC's specific role in that enterprise despite being under no obligation to do so), the Complaint is properly pleaded, and the LLC's motion should be denied.

BACKGROUND

The Complaint alleges that, since 2019, Defendants—two corporate entities and three individual family members—operated a predatory student loan debt relief scheme under the name "USA Student Debt Relief." *See* (Doc. 1 at ¶¶ 2–5, 9–13). It describes in detail how, through deceptive online advertising and thousands of illegal telemarketing calls originating from a call center in Colombia, Defendants' scheme employed a series of false and misleading statements and other unlawful conduct to scam struggling student loan borrowers out of millions of dollars. *See* (*id*. at ¶¶ 21–56). Important here, the Complaint pleads facts sufficient to allege that the two corporate Defendants—Florida-based Start Connecting LLC and Colombia-based Start Connecting SAS—operated as a common enterprise, meaning that each may be held responsible for the other's misconduct and that individualized, entity-specific pleading is not required. *See* (*id*. at ¶¶ 9–14).

The allegations most relevant to establishing the LLC's liability under the common-enterprise doctrine are found at paragraphs 9 through 14 of the Complaint. These paragraphs spell out in detail how the LLC and Defendant Start Connecting SAS acted collectively as a common enterprise. The LLC, through the Goodman Defendants and Defendant Juan S. Rojas, managed "telephone numbers," "domain names," and "merchant processing accounts" associated with USA Student Debt Relief, while the LLC's self-described

"sister company," Start Connecting SAS, operated the Colombian boiler room bombarding American consumers with USA Student Debt Relief's telemarketing calls. (*Id.* at ¶¶ 9–13). The companies shared common ownership, with Defendant Rojas—Doris Gallon-Goodman's son and Douglas Goodman's stepson—serving as both a member and officer of the LLC as well as the chief executive officer of Start Connecting SAS. (*Id.* at ¶ 13). The two companies also commingled funds; as proprietor of the merchant processing and bank accounts into which consumer funds flowed, Defendant Goodman initiated regular wire transfers to Colombia to cover the call center's expenses. (*Id.* at ¶ 11). In his capacity as LLC president, Goodman also settled legal claims against USA Student Debt Relief arising out of the illegal telemarketing operation being run out of the Colombia-based call center by Start Connecting SAS. (*Id.* at ¶¶ 11, 57). These allegations, taken as true, sufficiently allege that the two corporate defendants constituted a "common enterprise," where each entity is jointly liable for the acts and practices alleged in the Complaint. (*Id.* at ¶ 14).

The actions of the USA Student Debt Relief common enterprise give rise to nine counts against all five Defendants: Three counts allege unfair or deceptive conduct under Section 5 of the FTC Act, 15 U.S.C. § 45, and the remaining six counts allege conduct prohibited by the Telemarketing Sales Rule, 16 C.F.R. pt. 310, and the Gramm-Leach-Bliley Act, 15 U.S.C. § 6821,

which are both enforceable under Section 19 of the FTC Act, *id*. § 57b. *See* (Doc. 1 at ¶¶ 63–71, 84–93, 99–102). Based on the FTC's emergency *ex parte* motion for a Temporary Restraining Order ("TRO"), which included arguments and evidence in support of the Complaint's common enterprise theory, *see* (Doc. 3 at 14–16), the Court issued a TRO, finding there is good cause to believe that Defendants engaged in the violations alleged in the Complaint and that the FTC is likely to prevail on the merits of the case, *see* (Doc. 13 at 2–4).

LEGAL STANDARD

Under Rule 12(e), a defendant "may move for a more definite statement" only if the complaint "is so vague or ambiguous that the party cannot reasonably prepare a response." Fed. R. Civ. P. 12(e). "Motions for more definite statement are disfavored in light of the liberal pleading requirements" established by the Federal Rules. *FTC v. Sterling Precious Metals*, No. 12-80597-CIV, 2013 WL 595713, at *2 (S.D. Fla. Feb. 15, 2013) (internal quotation marks omitted). To prevail on a Rule 12(e) motion, a defendant must show that the Complaint fails to give it "adequate notice of the claims against [it] and the grounds upon which each claim rests." *Weiland v. Palm Beach Cty. Sheriff's Off.*, 792 F.3d 1313, 1323 (11th Cir. 2015).

In this case, the FTC's Complaint exceeds the Federal Rules' notice-pleading requirements and thus withstands scrutiny under Rule 12(e).

ARGUMENT

In its motion, the LLC advances two arguments, both of which are premised on misapprehensions of the governing law. First, the LLC reprises the Goodman Defendants' assertion that a more definite statement is required because the Complaint impermissibly lumps the LLC together with the other Defendants—a position that ignores clearly established case law on common enterprise under the FTC Act. Second, the LLC argues that the Complaint fails to identify which factual allegations correspond to what claims, which it says makes the Complaint impossible to parse. This contention is inaccurate under any commonsense reading of the Complaint and should accordingly be rejected.

1. Collective Pleading Is Permissible and Appropriate in Cases Involving Allegations of Common Enterprise

As noted in the FTC's response to the Goodman Defendants' analogous motion, cases involving allegations of common enterprise constitute an exception to the general rule against group pleading. The doctrine of common enterprise holds "that a corporate entity can be responsible for the actions of other corporations in a business venture when the structure, organization, and pattern of a business venture reveals a common enterprise or a maze of

integrated business entities." *On Point*, 17 F.4th at 1081 (internal citation and quotation marks omitted). Complaints alleging common enterprise "need not allege that each defendant committed a particular unlawful act." *CFPB v. Ocwen Fin. Corp.*, No. 9:17-CV-80495, 2019 WL 13203852, at *8 (S.D. Fla. Sept. 30, 2019) (internal citation and quotation marks omitted). So long as the complaint "plausibly alleges common enterprise liability, . . . it is not necessary to replead to differentiate the Defendants." *Id.* at *10.

The LLC does not dispute that this is the applicable legal standard.[1] Instead, it argues that the Complaint's common-enterprise allegations amount to a "generic, formulaic recitation" that "entirely fails to describe what each of the Corporate Defendants are alleged to have done or how the companies were interrelated." (Doc. 82 at 3). If the LLC intends to attack the Complaint's allegations as improperly conclusory, a Rule 12(e) motion is not the proper vehicle for doing so. More fundamentally, the LLC's argument

[1] Even if the doctrine of common enterprise did not apply to the FTC's Complaint, the general rule in the Eleventh Circuit for multi-defendant pleadings is that "the allegations can be and usually are to be read in such a way that each defendant is having the allegation made about him individually." *FTC v. Hornbeam Special Situations, LLC*, 308 F. Supp.3d 1280, 1288 (N.D. Ga. 2018) (quoting *Crowe v. Coleman*, 113 F.3d 1536, 1539 (11th Cir. 1997)); *see also Norris v. Honeywell Int'l, Inc.*, 2023 WL 6256183, at *4 (M.D. Fla. Sept. 26, 2023) ("Complaints that attribute the same actions to multiple defendants whom it alleges operate jointly have been found to provide fair notice to defendants for shotgun pleading purposes.") (collecting cases); *cf. Kyle K. v. Chapman*, 208 F.3d 940, 944 (11th Cir. 2000) ("The fact that defendants are accused collectively does not render the complaint deficient. The complaint can be fairly read to aver that all defendants are responsible for the alleged conduct.").

ignores the well-pleaded allegations discussed above, which clearly describe how the common enterprise functioned: Start Connecting SAS ran the telemarketing operation from the Colombia-based call center, while the LLC handled the enterprise's financial, legal, and administrative matters from Florida—including collecting all consumer payments from the sales made by the Colombian corporation and transmitting funds back to Colombia. *See* (Doc. 1 at ¶¶ 9–14, 57). As the Complaint alleges, they operated as a unitary, symbiotic, family-run enterprise, and presented themselves to consumers as the singular entity "USA Student Debt Relief." *See* (*id.*). One could not have functioned without the other.

The LLC does not acknowledge these allegations, which must be taken as true, nor does it attempt to explain why they are inadequate. Instead, it cherry-picks a single detail—that the Complaint does not allege that the Florida Defendants held a formal "ownership interest" in Start Connecting SAS (Doc. 82, at 6)—and treats it as dispositive, as though the Complaint contains no other allegations bearing on the topic of common enterprise. The Complaint makes clear that Corporate Defendants' entanglement went well beyond shared ownership interest. Moreover, courts routinely find common-enterprise defendants jointly liable regardless of whether each one has a formal ownership interest in the other. *See, e.g.*, *On Point*, 17 F.4th at 1082 (affirming finding of common enterprise based in part on overlapping

leadership between two companies, even though overlap was not bilateral); *FTC v. Lanier Law, LLC*, 715 F. App'x 970, 980 (11th Cir. 2017) (affirming finding of common enterprise where one defendant was "squarely at the center of the deceptive enterprise," even though he was not himself a principal or owner of all the common-enterprise companies); *see also FTC v. Pointbreak Media, LLC*, 376 F. Supp. 3d 1257, 1269 (S.D. Fla. 2019) (to establish common enterprise liability, "Plaintiff need not prove any particular number of entity connections or any specific connection. Rather, Plaintiff must show that [the common-enterprise defendants] maintained an unholy alliance." (citation and quotation marks omitted)). The FTC's Complaint plausibly alleges that the LLC was part of a common enterprise. Nothing more is required.[2]

2. The FTC's Complaint Makes Clear Which Factual Allegations Give Rise to Which Claims for Relief

The LLC's remaining contention is that the Complaint impermissibly "incorporates by reference all of its factual allegations into each claim," which it contends makes it "nearly impossible" to determine which factual allegations give rise to which claims for relief. (Doc. 82, at 4 (quoting *Jackson*

[2] The LLC briefly raises a separate but ultimately redundant argument that the Complaint's collective references to the five Defendants deprives it of adequate notice "as to which actions [it is] alleged to have committed on an individual basis." (Doc. 82, at 10). As already discussed, the Complaint's common-enterprise allegations are more than sufficient to put the LLC on notice of its potential liability for all the actions pleaded in the Complaint, regardless of its specific involvement in each individual act or omission alleged.

v. Bank of Am., N.A., 898 F.3d 1348, 1356 (11th Cir. 2018)). But a commonsense reading of the Complaint makes clear which factual allegations correspond to which counts. The Complaint describes a single, overarching student debt relief scheme, the mechanics of which are spelled out in a logically organized manner and with particularity that well exceeds Rule 8's notice-pleading standard. Were there any doubt, the prefatory paragraph of each count specifically references the particular facts at issue. *See, e.g.*, (Doc. 1 ¶¶ 63, 66, 69, 84, 86, 88, 90, 92, 99). The FTC's Complaint bears no resemblance to the complaint in the *Jackson* case cited by the LLC, which the Eleventh Circuit deemed so "incomprehensible" as to have put the district court "in the position of . . . rewriting the complaint into an intelligible document a competent lawyer would have written." 898 F.3d at 1356, 1357. The Court should accordingly reject the LLC's baseless charge that the Complaint fails to identify the factual allegations underlying its counts, as other courts in this Circuit have done in similar cases. *See, e.g.*, *FTC v. Student Aid Ctr.*, 281 F. Supp. 3d 1324, 1335 (S.D. Fla. 2016) (rejecting shotgun pleading argument based on a complaint's alleged "fail[ure] to indicate which factual allegations relate to which count"); *FTC v. Centro Nat. Corp.*, 2014 WL 7525697, at *8 (S.D. Fla. Dec. 10, 2014) (same).

CONCLUSION

For the foregoing reasons, the LLC's Rule 12(e) motion should be denied.[3] The LLC—and the Goodman Defendants—should be required to promptly answer the FTC's Complaint.

Respectfully submitted,

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[3] If the Court were to grant relief under 12(e), it would nonetheless be improper to grant the specific relief requested in the LLC's motion. A successful Rule 12(e) motion results in a court "order[ing] a more definite statement," not immediately proceeding to "strike the pleading," Fed. R. Civ. P. 12(e), as the LLC's motion repeatedly requests. *See* (Doc. 82 at 9, 11); *cf. Barmapov v. Amuial*, 986 F.3d 1321, 1329–30 (11th Cir. 2021) (Tjoflat, J., concurring) (contrasting relief under Rule 12(e) with a dismissal without prejudice).