

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
CIVIL DIVISION

STATE OF ARKANSAS, *ex rel.*  
LESLIE RUTLEDGE, ATTORNEY GENERAL

PLAINTIFF

v. CASE NO. \_\_\_\_\_

COREY SHANE D/B/A  
HOPSIN SHIPPING

DEFENDANT

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COMPLAINT

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The State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General (“the State”), for its Complaint against Corey Shane D/B/A Hopsin Shipping (“Shane” or “Defendant” or, collectively, “Defendants”) states:

I. INTRODUCTION

1. This is a consumer protection action brought to redress and restrain violations of the Arkansas Deceptive Trade Practices Act (“ADTPA”), Ark. Code Ann. § 4-88-101 *et seq.*

2. This is an action to redress deceptive and fraudulent acts by the Defendant committed while doing business with an Arkansas company. As part of the fraudulent scheme, Defendant knowingly contacted Specialty Fastening Systems, Inc. d/b/a Specialty Nail (“Specialty Nail”), an Arkansas company, for the

stated purpose of purchasing nails, inflated the cost by adding shipping charges, and pre-paid for the nail order and shipping charges by credit card. Defendant then instructed the nail company to wire money to the freight company to cover the cost of shipping. In so doing, Defendant deceived and defrauded the Arkansas company into wiring \$9,920.00 to his personal bank account.

3. The State seeks an injunction against Defendants Corey Shane and Hopsin Shipping, as well as an order imposing civil penalties, restitution for the affected consumer, and other relief.

## **II. PARTIES**

4. Plaintiff is the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General. Attorney General Rutledge is the chief legal officer of the State. Pursuant to Ark. Code Ann. §§ 4-88-104 and 4-88-113, the State may seek civil enforcement of the ADTPA.

5. Defendant Corey Shane lives at 15620 Ruston Circle, Port Charlotte, Florida 33981. He is purportedly the financial controller for Hopsin Shipping. At all times relevant to this action, Defendant Shane acted in concert with Hopsin Shipping to defraud the nail company. Defendant Shane personally formulated, directed, controlled, supervised, managed, participated in, and had knowledge of, the fraudulent business practices described below, to the extent that Shane is personally, jointly, and severally liable for the unconscionable, deceptive, and otherwise unlawful acts and practices described more fully below. Defendant Shane is a “controlling person” within the meaning of Ark. Code Ann. § 4-88-113(d).

6. Hopsin Shipping purports to be a freight company with Defendant Shane as its financial controller. However, the State has no evidence that Hopsin Shipping is an organized business entity, a sole proprietorship, or even an actual physical location. The only evidence that the company actually exists is the email address hopsinexpress424@usa.com, which was used to solicit a purchase order from Specialty Nail.

### **III. JURISDICTION**

7. This Court has jurisdiction over this matter pursuant to Ark. Code Ann. § 4-88-104, Ark. Code Ann. §16-4-101, and the common law of the State of Arkansas. At all times relevant to this lawsuit, Defendants systematically and continually did business and availed themselves of the privileges of conducting activities within the State of Arkansas. Such activities are sufficient to subject the Defendants to the personal jurisdiction of the court.

8. Venue is proper pursuant to Ark. Code Ann. §§ 4-88-104, 4-88-112, and the common law of the State of Arkansas.

### **IV. BACKGROUND**

9. In February and March 2021, Shane operated a fraud scheme by soliciting the purchase of goods from Specialty Nail, inflating the total price of his purchase through the addition of shipping charges, directing that Hopsin Shipping be used to deliver the shipment, and causing payment of those shipping charges to be fraudulently deposited in his bank account.

10. Defendant's conduct is a variation of a fake shipping scheme that preys on small business owners. Those associated with such fraud schemes will contact a

business, usually by email, to order a large quantity of product. The customer will typically ask to pay for the product with a credit card and requests to ship the order a large distance, even though the product could easily be obtained locally or regionally. The purchasing credit card is usually stolen. The customer requests to use a preferred shipping company to transport the product, asks the business to pay the shipping company directly, and promises to send a check or money order to the business to repay the shipping costs. This scheme is perpetrated for the sole purpose of defrauding the victim of money. The shipping company and the fraudster are either acting in concert or, in some cases, they are one and the same. After the business has paid the shipping company, the scammer's check or money order won't go through, leaving the business without the thousands of dollars it paid in shipping costs and with wasted product on its shelves.

## **V. FACTUAL ALLEGATIONS**

11. On February 3, 2021, Defendant Shane contacted Specialty Nail, using the email address "timothythestrong01@gmail.com", and placed a purchase order with the nail company.<sup>1</sup> He requested to add shipping charges to the nail order, pay the sum total with a credit card, and have Specialty Nail wire the shipping charges separately to Hopsin Shipping.

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<sup>1</sup> Exhibit A – Email dated February 3, 2021, from Timothy Strong to Brandy Carter/Specialty Nail, at pg.16.

12. Defendant Shane instructed Specialty Nail to contact Donny Hopsin at Hopsin Shipping Express by email at “hopsinexpress424@usa.com” to obtain a quote and arrange for shipping.<sup>2</sup>

13. Specialty Nail emailed Hopsin Shipping and received a quote of \$3,420.00 for the nail order to be picked up and shipped to an address in Mexico. In the reply email, Donna Hopsin instructed Specialty Nail to “pay to our Financial Controller at the (Mr. Corey Shane) information’s [sic] below. You can pay by Bank Transfer to the below account information...:

Beneficiary Account Name: Mr. Corey Shane

Beneficiary Address: 15620 Ruston Cir, Port Charlotte, FL 33981, USA

Phone Number: (800) 515-9044

Bank Name: CHASE BANK

Account Number: -----3377

Bank Wire Routing Number: -----0021

ACH Wire Routing: -----4131

Bank Address: 11 N Indiana Ave Englewood, FL 34223, USA

Bank Phone No: 941-473-2810”<sup>3</sup>

14. The nail order and shipping charges, which were \$8,629.92 in total, were paid for with a credit card in the name of Timothy Strong.<sup>4</sup>

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<sup>2</sup> See Exhibit A, pg. 15.

<sup>3</sup> Exhibit B –Email, dated February 15, 2021, from Donna Hopsin to Brandy Carter/Specialty Nail.

<sup>4</sup> See Exhibit A, pg. 11.

15. According to a police report filed by Tom Willcutt, owner of Specialty Nail, the credit card transaction was initially processed and approved. On February 18, 2021, pursuant to Shane's instructions, Specialty Nail wired \$3,420.00 to Hopsin Shipping to cover the shipping charges.<sup>5</sup>

16. The following day, on February 19, 2021, Shane placed the order on hold and requested an additional nail order to be added to the original order, with instructions that both orders be shipped together, with insurance fees added, to the same Mexico address.<sup>6</sup>

17. The freight charges and insurance fees for the additional order were \$6,500.00.<sup>7</sup>

18. The \$6,500.00 payment was made by credit card. The \$6,500.00 credit card payment and the \$3,420.00 credit card payment were processed by the same credit card processing company and both payments were initially approved.

19. On March 8, 2021, Specialty Nail wired the additional freight charges, in the amount of \$6,500.00, to what it believed to be Hopsin Shipping. In total, Specialty Nail wired \$9,920.00, as directed by Defendant Shane, to Hopsin Shipping to cover the shipping costs of Defendant's nail orders.

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<sup>5</sup> Exhibit C - Prairie Grove Police Report filed by Tom Willcutt on March 11, 2021.

<sup>6</sup> Exhibit D - Email from Timothy Strong to Brandy Carter/Specialty Nail, dated February 19, 2021, pg. 15.

<sup>7</sup> See Exhibit D, pg. 12.

20. The credit card payments of \$3,420.00 and \$6,500.00 were later disputed and reversed.<sup>8</sup>

21. The State opened an investigation into this matter on March 29, 2021, and subsequently obtained bank account records for the account into which the shipping charges of \$3,420.00 and \$6,500.00 were deposited, a Chase Bank account owned by the Defendant.

22. Defendant's Chase Bank statements reflect that on February 18, 2021, Defendant's savings account ending in 3377 received wired funds in the amount of \$3,420.00 from Specialty Fastening Systems, Inc. in Prairie Grove, Arkansas.<sup>9</sup>

23. Defendant's Chase Bank records also reflect that on March 8, 2021, Defendant's savings account ending in 3377 received wired funds in the amount of \$6,500.00 from Specialty Fastening Systems, Inc. in Prairie Grove, Arkansas.<sup>10</sup>

24. Defendant opened the Chase savings account on March 5, 2020. He is the sole owner and authorized signor on the account. The monthly bank statements were mailed to Defendant's residence at 15620 Ruston Circle, Port Charlotte, Florida 33981.<sup>11</sup>

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<sup>8</sup> See Exhibit C - Prairie Grove Police Report filed by Tom Willcutt on March 11, 2021.

<sup>9</sup> Exhibit E - Chase Bank records from Custodian Caronetta Y. Williams, dated April 8, 2021, pg. 8.

<sup>10</sup> See Exhibit E, Chase Bank records, pg. 12.

<sup>11</sup> See Exhibit E, Chase Bank records, pg. 3.

25. During its investigation, the State obtained a copy of an email from the branch manager at Prairie Grove Bank to Tom Willcutt, confirming that the amount of \$3,420.00 was wired to Corey Shane in Port Charlotte, FL on February 18, 2021.<sup>12</sup>

26. The State obtained a copy of an email, dated March 8, 2021, confirming that the amount of \$6,500.00 was also wired to Corey Shane.<sup>13</sup>

27. During its investigation, the State obtained still video footage of Defendant Shane withdrawing \$3,200.00 from his account ending in 3377 on February 18, 2021, the same day that \$3,420.00 was deposited into the account.<sup>14</sup>

28. The State also obtained still video footage of Defendant Shane withdrawing \$2,400.00 from his account ending in 3377 on March 11, 2021, three days after \$6,500.00 was deposited into the account.<sup>15</sup>

29. Defendant Shane transferred the remainder of the \$6,500.00 electronically into his checking account ending in 8319.<sup>16</sup>

## **VI. VIOLATIONS OF LAW**

30. The ADTPA sets forth the State's statutory framework prohibiting deceptive and unconscionable trade practices.<sup>17</sup>

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<sup>12</sup> Exhibit F – Email dated September 28, 2021, from Emily Bullington to Tom Willcutt.

<sup>13</sup> Exhibit G – Email dated March 8, 2021, from Wire Department/Me Banking to Specialty Nail.

<sup>14</sup> Exhibit H – Chase Bank still video footage, February 18, 2021.

<sup>15</sup> Exhibit I – Chase Bank still video footage, March 11, 2021.

<sup>16</sup> See Exhibit E, Chase Bank records, pg. 12.

<sup>17</sup> Ark. Code Ann. §§ 4-88-101, *et seq.*

31. The business practices of Defendant constitute the sale or purchase of “goods” or “services.”<sup>18</sup> The same business practices constitute business, commerce, or trade.<sup>19</sup>

32. The law prohibits the “act, use, or employment by a person of any deception, fraud, or false pretense” when utilized in connection with the sale or advertisement of goods or services. Defendant engaged in prohibited conduct, while purporting to purchase goods from an Arkansas company, by falsely representing himself as a shipping company, inducing the company to transfer \$9,920.00 to pay for shipping costs, and concealing the fact that the funds wired for shipping were being deposited into Defendant’s personal bank account.<sup>20</sup>

33. The law prohibits the use of “concealment, suppression, or omission of any material fact with the intent that others rely upon the concealment, suppression, or omission” while selling any goods or services.<sup>21</sup> Defendant has engaged in prohibited conduct by concealing the material fact that the \$9,920.00 payment made by Specialty Nail for shipping was not going to the shipping company but was actually being deposited into Defendant’s personal bank account.

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<sup>18</sup> Ark. Code Ann. § 4-88-102(4) and (7).

<sup>19</sup> Ark. Code Ann. § 4-88-107.

<sup>20</sup> Ark. Code Ann. § 4-88-108(a)(1).

<sup>21</sup> Ark. Code Ann. § 4-88-108(2).

34. It is a violation to engage in unconscionable, false, or deceptive acts or practices in business, commerce, or trade.<sup>22</sup> Defendant has engaged in prohibited conduct by making representations that have the tendency or capacity to mislead or deceive and that tend to create a false impression. Specifically, Defendant engaged in prohibited conduct by falsely representing himself as a shipping company, falsely representing to Specialty Nail that \$9,920.00 was to cover shipping costs, and concealing the fact that the funds wired for shipping were actually being deposited into Defendant's personal bank account.

### **PRAYER FOR RELIEF**

35. The Attorney General may bring a civil action to seek to prevent persons from engaging in the use or employment of prohibited practices.<sup>23</sup>

36. Likewise, the Attorney General may bring a civil action to seek to restore to any purchaser who has suffered any ascertainable loss by reason of the use or employment of the prohibited practices any moneys or real or personal property which may have been acquired by means of any practices declared to be unlawful, together with other damages sustained.<sup>24</sup>

37. The Attorney General may seek an injunction prohibiting any person from engaging in any deceptive or unlawful practice.<sup>25</sup>

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<sup>22</sup> Ark. Code Ann. § 4-88-107(a)(10).

<sup>23</sup> Ark. Code Ann. § 4-88-113(a)(1).

<sup>24</sup> Ark. Code Ann. § 4-88-113(a)(2)(A).

<sup>25</sup> Ark. Code Ann. §§ 4-88-104 and 4-88-113(a)(1).

38. Any person who violates the provisions of the ADTPA may be assessed a civil penalty of up to \$10,000 per violation.<sup>26</sup>

39. Upon petition of the Attorney General, the court may order the suspension or forfeiture of franchises, corporate charters, or other licenses or permits or authorization to do business in this state.<sup>27</sup>

40. In addition, any person who violates the provisions of the ADTPA shall be liable to the Office of the Attorney General for all costs and fees, including but not limited to, expert witness fees and attorney's fees, incurred by the Office of the Attorney General in the prosecution of such actions.<sup>28</sup>

41. A "person" is an individual, organization, group, association, partnership, corporation, or any combination thereof.<sup>29</sup>

42. Defendant is a "person" who has engaged in an unconscionable, false, or deceptive act or practice in business, commerce, or trade.

43. The State will exercise its right to a trial by jury.

44. Upon information and belief, other persons who have not yet been named as Defendants in this Complaint may have participated in the activities

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<sup>26</sup> Ark. Code Ann. § 4-88-113(a)(3).

<sup>27</sup> Ark. Code Ann. § 4-88-113(b),

<sup>28</sup> Ark. Code Ann. § 4-88-113(e).

<sup>29</sup> Ark. Code Ann. § 4-88-102(5).

described herein, and additional facts and violations which are not presently known to the State may be discovered and added to this Complaint at a later time.

45. Discovery is ongoing, and the State reserves the right to amend this Complaint and to plead further.

**WHEREFORE**, the above premises considered, the State of Arkansas, *ex rel.* Leslie Rutledge, Attorney General, respectfully requests that this Court:

- a. Issue such orders, pursuant to Ark. Code Ann. §§ 4-88-104 and 4-88-113(a)(1), as may be necessary to prevent the use or employment by the Defendant of the practices described herein which are violations of the ADTPA and to preserve the possibility of effective final relief;
- b. Issue an order, pursuant to Ark. Code Ann. § 4-88-113(a)(2)(A), requiring Defendant to pay \$9,920.00 in consumer restitution to those consumers affected by the activities outlined herein; in addition, or in the alternative, enter an order requiring Defendant to remit to affected consumers all sums obtained from consumers by methods prohibited by Arkansas law;
- c. Impose civil penalties pursuant to Ark. Code Ann. § 4-88-113(b), to be paid to the State by the Defendant in the amount of \$10,000.00 per each violation of the ADTPA proved at a trial of this matter;
- d. Issue an order, pursuant to Ark. Code Ann. § 4-88-113(e), requiring Defendant to pay the State's costs in this investigation and litigation, including, but not limited to, attorneys' fees and costs; and

