

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

MICHAEL A. GIANNULIS, a/k/a MIKE ANTONI, individually and as an officer, member and/or manager of BPO USA LLC, Pixx Media LLC, MyEcomClub Events LLC, and Mike Antoni LLC;

MICHAEL R. WILLIAMS, individually and as an officer, member and/or manager of BPO USA LLC, Pixx Media LLC, MyEcomClub Events LLC;

BPO USA LLC, also d/b/a MY ECOM CLUB, formerly d/b/a MY INTERNET EDUCATION, formerly d/b/a DIGITAL EDUCATION SYSTEMS, a Florida limited liability company;

PIXX MEDIA LLC, also d/b/a YOU GET PAID, a Florida limited liability company;

MIKE ANTONI LLC, a Florida limited liability company; and

MYECOMCLUB EVENTS LLC, a Florida limited liability company,

Defendants.

Case No. 6:20-cv-00371

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER RELIEF**

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

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of

ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

SUMMARY OF THE CASE

2. For nearly a decade, Defendants have operated a series of fraudulent business coaching schemes in order to peddle sham investment opportunities and bilk over \$30 million from consumers.

3. Starting in 2013, Defendants deployed their team of sales agents—purporting to be business “coaches”—to sell worthless membership packages from a company called “My Online Business Education” or “MOBE.” Defendants falsely claimed that their coaches would teach consumers how to start and grow their internet business and that the MOBE membership packages, costing anywhere from \$2,500 to \$30,000, would enable consumers to make substantial income online quickly and easily. Defendants collaborated with the principals of the MOBE scheme and received millions of dollars as reward for proliferating MOBE’s deception and bringing consumer victims into its fold. In early June 2018, the FTC filed a lawsuit and obtained a temporary restraining order to halt the MOBE enterprise. *FTC v. MOBE Ltd. et al* No. 6:18-cv-862-ORL-37DCI.

4. In the same year that MOBE was shut down, Defendants launched their own line of business “training” packages under the name “My Ecom Club.” Through My Ecom Club, Defendants purported to supply consumers with e-commerce stores and a series of related coaching programs, costing between \$2,000 and \$40,000. Defendants claimed that My Ecom Club’s purported training programs would enable consumers to generate substantial income through their online stores. Defendants used the same team of coaches and sales scheme as they used for MOBE, replete with similarly false or unsubstantiated

earnings claims, to bilk millions of dollars more from consumers in just under two years.

With My Ecom Club, Defendants were able to reap all of the ill-gotten proceeds from their coaching operation without sharing the proceeds with MOBE.

5. To advance their deceptive enterprise, Defendants even urged consumers to apply for and open multiple credit lines to finance their purchases. Meanwhile, Defendants used straw signers and shell companies and provided banks and payment processors with “dummy” websites to evade scrutiny by bank underwriters and obtain multiple merchant accounts to process credit card payments from consumers.

6. Absent a broad permanent injunction and other equitable relief, Defendants will continue to engage in deception and prey on consumers.

JURISDICTION AND VENUE

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

8. Venue is proper in this District under 28 U.S.C. § 1391(b)(2), (b)(3), (c)(2), and (d) and 15 U.S.C. § 53(b).

PLAINTIFF

9. The FTC is an independent agency of the United States Government created by statute. 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.

10. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).

DEFENDANTS

11. Defendant Michael A. Giannulis also known as Mike Antoni (“Giannulis”) is the Chief Executive Officer and registered owner of BPO USA LLC, Pixx Media LLC, MyEcomClub Events, and Mike Antoni LLC. At all times material to this complaint, acting alone or in concert with others, Giannulis has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. Giannulis resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

12. Defendant Michael R. Williams (“Williams”) is the Chief Operating Officer and registered owner of BPO USA LLC, Pixx Media LLC, and MyEcomClub Events. At all times material to this complaint, acting alone or in concert with others, Williams formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this complaint. Williams resides in Utah, but in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

13. Defendant BPO USA, LLC (“BPO”) is a Florida limited liability company formed in October 2014. BPO’s registered business address is 3152 Little Road, Suite 114, Trinity, Florida 34655, which is a UPS store mailbox. On or about November 29, 2016, BPO registered the trade name “Digital Education Systems” with the Florida Secretary of State; this trade name registration was canceled on or about April 24, 2018. On or about May 23, 2017, BPO registered the trade name “My Internet Education” with the Florida Secretary of State; this registration was canceled on or about April 17, 2018. On or about May 23, 2017, BPO registered the trade name “My Ecom Club” with the Florida Secretary of State, which remains active. BPO transacts or has transacted business in connection with the matters

alleged herein in this District and throughout the United States.

14. Defendant Pixx Media LLC (“Pixx”) is a Florida limited liability company formed in August 2015. Pixx transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States. Pixx’s registered business address is also located at 3152 Little Road, Suite 114, Trinity, Florida 34655. On or about May 15, 2017, Pixx registered the trade name “You Get Paid” with the Florida Secretary of State, which remains active.

15. Defendant Mike Antoni LLC (“MALLC”) is a Florida limited liability company with its registered place of business in Odessa, Florida. MALLC transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States. Individual defendant Michael A. Giannulis (“Giannulis”) is the registered agent and general manager of MALLC, which he formed in 2007. On or about October 27, 2016, MALLC registered the trade name “My Ecom Club” with the Florida Secretary of State; this trade name registration was canceled on or about April 24, 2018.

16. Defendant MyEcomClub Events LLC (“MEC Events”) is a Florida limited liability company formed by Giannulis and Williams in August 2017. MEC Events transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States. MEC Events’ registered place of business is 3152 Little Road, Suite 110, New Port Richey, Florida 34655, a mailbox in the same UPS store as BPO and Pixx.

COMMON ENTERPRISE

17. Defendants BPO, Pixx, MALLC and MEC Events (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the unlawful acts and practices alleged below. Corporate Defendants conducted the business practices described below through an interrelated network of companies that have common business purpose, business functions, business locations and employees; have commingled funds, and are all owned or controlled by Giannulis and Williams, and others acting at their behest. The Corporate Defendants have routinely moved money among their various business accounts to satisfy obligations and pay business expenses. Because the Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged herein against the common enterprise.

18. Specifically, BPO, Pixx and MEC Events are co-owned and managed by Giannulis and Williams and operate as a seamless unit to promote and sell the business opportunities alleged in this Complaint. MALLC operates as a shell for Giannulis and has no separate business functions apart from promoting Defendants’ business opportunities and processing payments from consumers.

19. Individual defendants Giannulis and Williams have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise. As CEO of the common enterprise, Giannulis directs and oversees Defendants’ advertising and marketing strategy, including devising and editing sales scripts and videos. As CFO, Williams oversees the financial and business operations of the enterprise, such as hiring sales agents, disputing refunds or chargebacks and obtaining merchant accounts and other means to collect

consumer payments.

COMMERCE

20. At all times material to this Complaint, Defendants have 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.

DEFENDANTS’ BUSINESS PRACTICES

21. Defendants use online advertisements, videos on websites, social media platforms such as Facebook and Instagram, and live events to target prospective buyers for their business opportunities, including MOBE and My Ecom Club.

22. As described below, Defendants’ ad campaigns typically contain wildly exaggerated earnings claims to bait consumers to join one or more of their purported business training systems.

23. Once consumers join, Defendants run consumers through their step-by-step “training” system and assign business “coaches” who falsely claim that consumers will make substantial income online once they pay tens of thousands of dollars for additional coaching programs and, in the case of My Ecom Club, customized drop-shipping stores built on Shopify.

24. Unbeknownst to consumers, these “coaches” are essentially sales agents paid on commission for selling Defendants’ overpriced coaching products, and the step-by-step process is a ruse designed to separate consumers from their money. As Giannulis aptly described the process:

The coach walks them through the content step by step which educates the buyer and builds trust. After consuming 6 steps, they join their coach on a strategy session where they buy a \$2k product. This unlocks further

training and then they go to a business plan on step 16 where they are offered the upgraded coaching/services package for \$5k - \$40k. This is laid out really well and is our real secret sauce.

25. In just over eight years, Defendants caused more than \$30 million in harm using this scheme to deceive consumers.

26. As a result of Defendants' deception, many consumers have lost their retirement funds or life savings, lost their homes, and ended up with insurmountable credit card debt.

Defendants' Sale and Marketing of "MOBE" Memberships

27. MOBE purported to deliver free or relatively cheap online business "training" courses that would teach consumers how to start a profitable online business and a "done-for-you" licensing system or franchise, which would enable consumers who purchased MOBE's core products to make substantial income. Contrary to these claims, the vast majority of consumers who joined the MOBE program and purchased these memberships lost money.

28. MOBE's core products consisted of tiered memberships with progressively expensive price tags, starting with the Silver Masterclass (\$2,497), previously known as "MOBE Licensing Rights," then the Gold Masterclass (\$4,997), the Titanium Mastermind (\$9,997) and Platinum Mastermind (\$16,667), and finally the Diamond Mastermind (\$29,997).

29. Consumers who purchased these MOBE membership levels would potentially earn a 40% to 50% commission when they brought referrals into the MOBE program and their referrals purchased the same MOBE membership levels. MOBE referred to customers who sold MOBE programs to other consumers as "affiliates." The membership levels were progressively tiered such that in order to pay and become a MOBE Diamond member,

consumers must first pay for the Platinum membership; in order to reach the Platinum level, consumers must first pay for the Titanium membership, and so forth.

30. Giannulis and Williams initially joined MOBE as members of a five-person affiliate team and called themselves “Redshift Digital Marketing” or “Redshift” on MOBE’s publications and leaderboards that ranked affiliates by their annual or monthly commissions.

31. In 2014, Giannulis and Williams formed BPO to succeed Redshift, assume its operations and retain control over all commissions MOBE owed Redshift for selling MOBE’s memberships.

32. As detailed below, Defendants engaged in widespread and systematic deception to earn their exceptional income by selling MOBE memberships.

33. To find prospective buyers for MOBE’s memberships, Defendants created and launched online advertisements or ad campaigns, which Defendants’ employees called “sales offers.” Defendants paid affiliate ad networks, such as Cash Network, to disseminate their various ad campaigns on the internet and through mass emails.

34. The ad campaigns consisted of a web-link embedded in various work-at-home product review or news websites. When clicked, the web-link would direct the viewer to a separate webpage that played a short video offering an investment opportunity and prompting the viewer to register and learn more about the opportunity.

35. Defendants used a myriad of ad campaigns to target prospective buyers, including “Cash with Matt,” “Countdown to Profits,” “Online Success Plan,” “Cheat Sheet Profits,” “Passive Paychecks,” and “Cash in on the Passion,” among others.

36. Each ad campaign purported to reveal opportunities for consumers to generate substantial monthly income and used blatantly false and exaggerated income claims to draw

consumers' attention. The ad campaigns were often vague on details about the product or service being sold as well as the company selling the product.

37. In the "Cash with Matt" campaign, Defendants guaranteed a \$500 payment to consumers who watched the short video and then joined and completed Defendants' "one-of-a-kind training program":

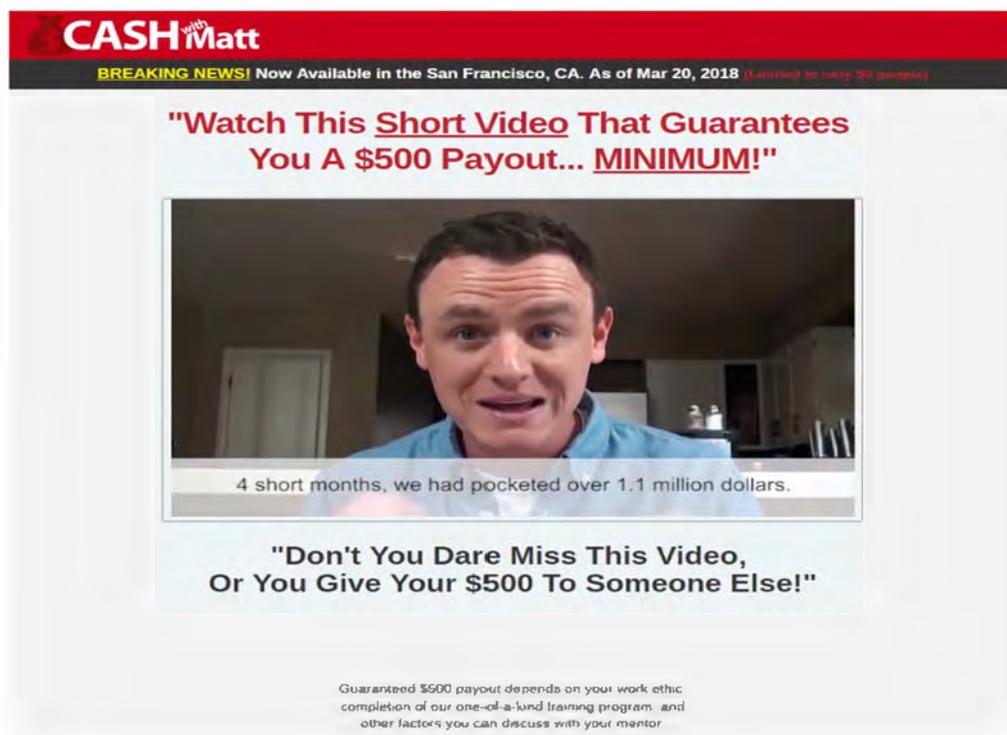


Figure 1: Screenshot of "Cash with Matt" sales offer (captured March 20, 2018).

38. Following a script devised by Defendants, the narrator in this video claimed: "we're going to reveal exactly how we're pulling in thousands and thousands of dollars every week, using an absolutely full proof, guaranteed method that people from all over the world are using every single day from home, a method that can work for anyone, including you."

39. In the "Countdown to Profits" campaign, Defendants claimed to have a step-by-step "training" program that would show consumers how to generate thousands of dollars

in monthly income online. Defendants hired a different spokesman to narrate the video for this campaign:



Figure 2: Screenshot of “Countdown to Profits” sales offer (captured March 2018).

40. The narrator claimed that he had been “[l]oaded with debt, hating my job, hating my boss, really not enjoying my life,” until he found a “training program and system” that enabled him to earn \$125,000 per month “on average.” Toward the end of the video, Paul told the viewer: “If you don’t make your first massive commission in the first 30 days, I’ll pay you \$500, GUARANTEED!”

41. At the end of the video, Defendants sent consumers to a registration page where consumers would pay \$47 or \$97 (depending on the ad campaign they viewed) to access this “training program.”

42. Defendants ran multiple ad campaigns simultaneously. In November 2017 alone, Defendants’ various ad campaigns generated over 25,000 ad views and over 500

registrations.

43. Defendants paid hundreds of thousands of dollars per week in advertising fees to affiliate networks to disseminate these ad campaigns throughout the internet.

44. Defendants targeted demographic groups they believed were likely to be receptive to their ads. As stated in one internal document, this target group consisted of “45 plus, male or female, white, conservative leaning. Has decent job but worried about retirement and taking care of family. Sick of job or knows they have to do something to create more income FAST.”

45. In one advertisement Defendants placed on Newsmax.com and addressed to the “Newsmax Money Reader,” Defendants claimed: “It’s not too late to catch up on your retirement savings and put more money in your pocket fast. There is a proven system that’s working for regular people all over the world. You see, our company specializes in helping boomers and seniors catch up on their financial lives by taking advantage of a little known way to make money using the internet.”

46. Typically, when affiliates introduced consumers to the MOBE program, those consumers would be led through MOBE’s series of step-by-step marketing videos and “coaching” sessions—called MOBE’s 21-step system—and MOBE’s coaches would attempt to sell the consumers additional products and services.

47. Unlike most affiliates, Defendants did not turn their customers over to MOBE’s coaches. Instead, Defendants employed their own sales agents—who they called “success coaches” and “Top Tier coaches”—and devised their own marketing videos in order to sell additional MOBE products and memberships.

48. Defendants’ purported training system ran parallel to MOBE’s 21-step course.

Like MOBE's course, Defendants' purported training system was also an intricate sales process designed to convince consumers to spend tens of thousands of dollars as they progressed through the steps.

49. Like MOBE, Defendants assigned one of their "success coaches" to the newly enrolled consumer. The "success coach" purported to guide the consumer through the 21 business "training" steps, and the "success coach" sold consumers the same membership packages that MOBE sold through its 21-step system.

50. Defendants' "training" videos claimed that the success coach was a "six or seven figure earner in this business" who would ensure that making money for the consumer is an "absolute reality."

51. The videos reminded consumers to always listen and follow the coach's advice and recommendations in order to achieve their desired income results.

52. Like MOBE, Defendants compensated their "coaches" based on the amount of MOBE memberships each sold every month. To illustrate, once Defendants sold MOBE memberships through Defendants' coach, MOBE sent Defendants roughly half of the consumer payments that MOBE collected. Defendants then paid a percentage of these commissions to the coaches that sold the memberships and generated those commissions for BPO.

53. Defendants contracted with between twenty to forty coaches at any one time to engage the consumers that enrolled in their "training" system.

54. Defendants equipped their coaches with sales scripts to use when pitching the MOBE membership offerings to ensure that their coaches consistently delivered the same deceptive sales message—that purchasing costly MOBE memberships would help solve the

consumer's financial or personal struggles and enable consumers to realize their income goals quickly.

55. Defendants evaluated their coaches based on their individual sales performance.

56. Following the sales scripts, at step 6 of the "training" course, the BPO coaches told consumers that they would make \$10,000 in the first month or \$120,000 in the first year once they were "locked" into MOBE—*i.e.*, once they paid thousands of dollars for MOBE's entry level membership. The coaches assured consumers that they would see "serious UPFRONT profits" and "never have to worry about where to find customers." Defendants called this stage of the course the "Strategy Session."

57. After consumers purchased MOBE's Silver membership during the Strategy Session, Defendants proceeded to pass these consumers off to a second sales agent called the "Top Tier coach," who proceeded to sell the higher-level MOBE memberships in subsequent steps.

58. Following the sales script, at or around step 15, the "Top Tier coach" advised consumers to set lofty annual or monthly income goals and counseled them to buy MOBE's higher-level memberships to realize those goals.

59. The Top Tier coaches explained that because these memberships offered larger commissions per sale, they were the fastest and easiest way to achieve the consumer's income goals. Defendants called this stage of the course the "Business Plan."

60. When consumers lacked funds to pay for the expensive MOBE memberships, Defendants pressed consumers to put the purchase on credit cards and open new credit lines if necessary. Defendants referred these consumers to third parties, such as Seed Consulting

LLC, who Defendants claimed were business loan consultants or credit advisors that will assist consumers to obtain credit cards for their MOBE membership purchases.

Unbeknownst to consumers, Defendants received referral fees from these third-party “consultants,” who in turn collected their service fees from Defendants’ customers.

61. Defendants claimed that consumers would be able to pay off their credit card debt with the eventual profits they would generate from MOBE.

62. The sales process did not end here. When the consumer paid up to \$60,000 to upgrade to the highest membership level—MOBE Diamond level—Defendants recommended costly mentoring services or “traffic” generating tools or strategies, until they exhausted the consumers’ available funds and credit.

63. Defendants told consumers that these additional products or services would enable consumers to quickly “set up” their online business and start generating income through MOBE.

64. Defendants changed the branding of their deceptive coaching operation on several occasions to circumvent negative reviews and complaints posted online. Defendants called their coaching operation the “Millionaire Operating System” when they first joined MOBE. They subsequently changed the name to “The Automatic Edge,” then “Digital Education Systems,” and then “My Internet Education.”

65. Using the sales process described above, Defendants deceived thousands of consumers into purchasing MOBE memberships. In one month in January 2017, Defendants had 22 coaches that sold over 150 MOBE memberships to consumers, who collectively spent over \$777,000. Defendants collected about \$375,000 in commissions from MOBE that month.

66. In just over six years, Defendants received over \$23 million in commissions from MOBE using this sales process.

67. Defendants' earnings claims were false and unsubstantiated because most consumers did not make money with MOBE and were unable to recoup their losses. As noted in MOBE's income disclosure, the average purchaser of MOBE memberships made less than \$700 per year in commissions.

68. Contrary to Defendants' overt earnings claims to consumers, the percentage of Defendants' customers who made at least one successful referral to their purported training course was "less than 1%," as documented in one of Defendants' internal documents. In other words, over 99% of consumers that purchased MOBE memberships from Defendants did not, or were unable to, recruit others to join Defendants' purported training course and make substantial income.

69. Defendants received numerous complaints from consumers who were not making the substantial income that Defendants promised after purchasing the MOBE memberships. One consumer reported to Defendants that her "success coach" claimed that the consumer would start making \$10,000 from her MOBE membership purchases "within a couple days from paying." The consumer had not received any commission from her membership purchases even after paying \$13,000 more for additional mentoring services and Facebook ads. According to the consumer, she only received "pointers and pep talks" from her assigned mentor.

70. In June 2017, Defendants conducted an internal exercise to improve their sales conversion figures. To this end, Giannulis took a poll of Defendants' coaches to identify the most common customer objections that coaches would hear so that Defendants could devise

responses to overcome them. At the top of the coaches' lists were complaints or concerns that Defendants' business appeared to be a "scam," that consumers felt misled about the actual cost of the investment opportunity offered, and that consumers believed they were responding to an actual job opportunity.

71. At the same time Defendants were publicly marketing the MOBE program as a legitimate investment opportunity and touting McPhee as the visionary founder of MOBE, Williams and Giannulis stated in their private correspondence: "Matt is blinded by greed and doesn't really care, it's a money grab while the money is still there."

72. As the advertisements illustrated in Figures 1 and 2 show, Defendants made overt guarantees in their ad campaigns that they would pay \$500 to consumers who joined their "training" course. At the same time, Defendants obscured the fact that consumers would not obtain the \$500 cash payment unless they first spent tens of thousands of dollars to buy MOBE memberships.

73. When one consumer sought to reclaim the \$500 after watching the "training" videos without purchasing the memberships, Defendants modified the terms and conditions page linked to their ad campaigns to thwart the "occasional customer who takes this [guarantee] to annoying extremes." For instance, Defendants subtly changed the fine print in their disclaimer page and began requiring "full participation in the program, including qualifying for products to resell (which may incur additional cost, to ensure profitability)," before consumers could redeem the \$500 guarantee.

74. One consumer, who spent \$90,000 on MOBE products and was still unable to make a sale, tried to claim the \$500 guarantee that enticed her to join Defendants' purported business training system. While deliberating whether to pay the \$500 guarantee to this

consumer, Williams told Giannulis and others at BPO: “I don’t want to create an issue by fighting her, but I also don’t want to create an issue by accepting responsibility.”

75. Defendants devised fake testimonials or product reviews to generate publicity for their “training system.” When Defendants re-branded the name of their coaching operation from “The Automatic Edge” to “Digital Education Systems,” the BPO Defendants also published testimonials from purportedly satisfied customers. The BPO Defendants’ internal records show that these reviews were drafted by the BPO Defendants and did not originate from actual consumers of Digital Education Systems.

76. Defendants also created fake user accounts on YouTube to post video testimonials about Digital Education System so that the testimonials would “look more authentic.”

77. When Defendants re-branded their system to “My Internet Education” in 2017, they published a press release that deceptively claimed that Digital Education Systems had formed a new “partnership with a like-minded company ... to bring the best available online training for small businesses to their students and members.” The press release did not disclose the fact that My Internet Education was a continuation of Digital Education Systems and that they had the same owners and managers, coaches, ad campaigns, and “training” videos.

78. In 2016, Defendants launched Pixx Traffic so that their coaches could charge thousands of dollars for internet “traffic” or lead lists—lists of other prospective buyers of Defendants’ business opportunities.

79. Defendants claimed that their leads lists would help consumers make money with MOBE and other business opportunities.

80. Defendants claimed that the leads supplied by Pixx were the best in the industry, that they were the same quality of “leads that are provided for MOBE’s #1 affiliate,” and that these leads consisted of people who were “qualified” and “interested in the product and interested in going through the 21-steps.” Many consumers that purchased the Pixx lead lists still failed to generate substantial income through MOBE.

81. Giannulis and Williams were aware of numerous consumer complaints filed with the Better Business Bureau (the “BBB”) regarding their sales practices.

82. Under the express direction of Giannulis and Williams, Defendants submitted false information to the BBB in order to obtain accreditation for “My Internet Education.” For example, after reviewing Defendants’ application for BBB accreditation, the BBB asked Defendants to explain their “affiliation with Countdown to Profits.” Defendants falsely represented to the BBB that Countdown to Profits was a vendor that Defendants lacked control over when, in reality, Countdown to Profits was one of the ad campaigns that Defendants devised to sell MOBE memberships.

83. Giannulis and Williams were aware that “Countdown to Profits” was generating negative online reviews and concealed their association with this ad campaign when responding to the BBB. As Giannulis remarked to Williams and others at BPO, the “[Countdown to Profits] stuff may hurt us as there have been a lot of bad BBB reviews about CTP linked to the same address as ours.”

84. In December 2017, Giannulis stated in another email: “Our best offer from an EPC [earnings per click] standpoint has been Countdown To Profits but it is very aggressive and over the top.” Despite their awareness of its deceptive nature, Defendants continued to pay affiliate networks to disseminate Countdown to Profits and similar ad campaigns.

85. Giannulis and Williams received inquiries from state attorneys general concerning the BPO Defendants' business practices. In June 2017, for example, Giannulis and Williams received an inquiry from the Utah Attorney General's Office, forwarding a complaint from a consumer alleging the BPO Defendants were selling a deceptive investment opportunity. Defendants did not change their business practice after receiving this complaint and inquiry.

86. Defendants misled consumers by claiming that products purchased through the MOBE program were subject to a 30-day money-back guarantee. However, Defendants did not clearly and conspicuously disclose to consumers that this claim was false or misleading given that MOBE memberships (costing thousands of dollars) were not refundable and only the nominal registration fee consumers paid (costing under \$100) was eligible for the 30-day refund guarantee. Invoking these terms, Defendants routinely denied refund or cancellation requests from dissatisfied consumers, frequently claiming that the consumers' requests were made too late or that all sales were final and non-refundable.

87. Defendants even exploited the fact that MOBE was a "separate company" in order to disclaim responsibility for refunding MOBE membership purchases to dissatisfied consumers. Williams told Giannulis and others at BPO that if consumers "ever get upset with MOBE, we just don't want them coming back to 'the well' (us) for more money."

Defendants' Creation and Launch of "My Ecom Club"

88. In or around late 2017, Defendants created and launched their own line of purported business coaching packages under the brand "My Ecom Club."

89. Similar to MOBE, My Ecom Club offered a "done-for-you" money-making system—in the form of "optimized" drop-shipping stores set up on Shopify's e-commerce

platform—and coaching from Defendants’ “coaches” that would purportedly teach consumers how to make substantial income through the operation of their own e-commerce stores.

90. My Ecom Club offered five or six different product packages, starting with the entry level “Done-For-You E-Commerce Store” (\$1997), where purchasers would purportedly receive their first two Shopify stores and additional e-commerce “training.” If consumers purchased entry-level package with two stores, Defendants offered and sold “upgrade packages” with similar price points to MOBE’s memberships, such as the “Lemonade Stand” (\$4,997), “Small Box” (\$9,997), “Mom & Pop Shop” (\$14,997), “Big Box Store” (\$29,997), and “The Mall” (\$39,997).

91. These upgrade packages differed primarily on the number of additional e-commerce stores offered (e.g., Lemonade Stand offered 1 additional store whereas The Mall offered 10 stores) and personalized coaching sessions (e.g., Mom & Pop Shop offered 10 start-up coaching sessions and “30 hours of over the shoulder training” whereas The Mall offered 50 start-up coaching sessions and “71 hours of over the shoulder training”).

92. Unbeknownst to consumers, Shopify offered e-commerce stores to the general public for monthly payments of \$29 (for 2 staff accounts), \$79 (for 5 staff accounts), or \$299 (for 15 staff accounts). Shopify also offered “training” courses on managing e-commerce stores at no additional cost to its users.

93. In order to sell My Ecom Club’s expensive offerings, Defendants used the same coaches and step-by-step sales process they used to sell the MOBE memberships.

94. In one internal document, Giannulis noted that Defendants were migrating their “coaches” from MOBE to begin selling My Ecom Club’s offerings and routing all

potential buyers to My Ecom Club by the second quarter of 2018. Giannulis revealed that the purpose behind this transition was to cut MOBE out of Defendants’ sales schemes and keep all of the ill-gotten gains from consumers for themselves: “Selling for MOBE they book the full sale [and] we only show half. They pay us 50% of what we sell after we sell it. Switching to ECOM we will book full revenues and increase profits.”

95. To find prospective buyers for My Ecom Club, Defendants continued to engage the same third-party lead generators and affiliate ad networks they used when selling MOBE.

96. Defendants paid these affiliate networks a hefty sum to launch ad campaigns and advertorials with headlines that read “Hot News: How an Unemployed 37-Year-Old Father Now Makes \$14K a Month from Home using a Secret Website ... all on Autopilot,” as illustrated below:



Figure 3: Excerpt of advertorial at www.mswsupforsnews.pw (captured on February 19, 2019).

97. When readers clicked on the hyperlinks embedded in the advertorial, they

were directed to a webpage prompting the consumer to pay a fee of \$47 or \$97 to learn more about the work-at-home money-making opportunity.

98. Defendants also launched deceptive ad campaigns, including one called the “Money Miracle” that claimed to show how “This 14 Year Old Legally ‘Clones’ an Ecommerce Giant to Create What Some Call a Passive Money Miracle.” This ad directed the viewer to watch a short video to learn more about this secret money-making system and then directed the consumer to pay the small fee to register with My Ecom Club.

99. Defendants sent mass emails to their list of consumers who purchased MOBE memberships or passed up the offer in the past. In one of these emails, Defendants claimed to have a “real program” that was already helping people “from all walks of life start their own internet store online using Shopify” and that they were giving away this purportedly valuable training worth thousands of dollars for “absolutely free.”

100. When consumers clicked on the link embedded in the email, they were directed to a webpage like the one below that prominently claimed “Discover How You Could Start Your Own eCommerce Business ... TODAY! No Experience Required”:



Figure 4: Excerpt of My Ecom Club registration page at 1myecomclub.com (captured on August 13, 2019)

101. Defendants claimed that once consumers registered with My Ecom Club, Defendants would provide five hours of free “walk-through instructions on the strategies and tools for learning to build an e-commerce store and become a player in the trillion dollar eCommerce business.”

102. Defendants’ websites and advertisements targeted teenagers, students, older consumers, and retirees with “testimonials” from purportedly satisfied customers. As illustrated in Figure 4 above, one of these testimonials stated: “This is an outstanding program which should be advertised to Seniors in High School who might not have the

funding for college....”

103. My Ecom Club’s paid spokesperson also claimed in one of his testimonials for My Ecom Club: “Because of my financial struggles, I had to figure out a way to make more money – not just to live, but to pay for school as well. My breakthrough came when a 14-year old (yes, just 14 years old) introduced me to ecommerce. You see, he not only showed me what he was doing to make game-changing money in ecom... He also showed me how he did it.”

104. Defendants sent emails to consumers that claimed that for \$100, consumers could access a video revealing how to make money for retirement. As Defendants claimed: “Look, if you haven’t saved enough for retirement ... You owe it to yourself and your loved ones to watch this video. I promise you won’t be disappointed. This is coming straight from a millionaire who’s found a brand-new way of retiring rich. If you have \$100 to spare, click to see this stunning video.”

105. Once consumers joined My Ecom Club, they were directed to work with My Ecom Club “coaches” who would purportedly guide each consumer through Defendants’ step-by-step course on e-commerce, which would include a “Strategy Session” step (around Step 6) and a “Business Plan” step (around Step 15 or later) for the consumer’s prospective e-commerce business. As with MOBE, Defendants’ coaches were paid commissions from their sales of the upgrade packages.

106. Like Defendants’ sale of MOBE, My Ecom Club’s business “training” steps consisted of the consumer watching pre-recorded videos, communicating to Defendants’ coaches their personal income goals and available finances, and attending webinars led by My Ecom Club’s paid spokesman, where he displayed screens that purportedly showed his

drop-shipping stores generating revenues in real time.

107. After watching the videos and progressing through the introductory steps, consumers were prompted to schedule a “Strategy Session” when they reached Step 6.

108. Defendants devised the script for My Ecom Club’s “Strategy Session” step to induce consumers to buy the entry level product offering, which mirrored the process for selling MOBE memberships. Defendants claimed that with this purchase, consumers would receive two custom built stores that were tested to reach higher sales conversions than stores built using Shopify’s generic template.

109. After a consumer purchased the entry-level package, Defendants offered to develop a personalized “business plan” based on the consumer’s financial situation. This was a ploy to induce consumers to purchase one or more of the upgrade packages.

110. After the strategy session, Defendants directed consumers to view a pre-recorded video from their sales agent who claimed:

I’m gonna be working with on My Ecom Club. Now, I know that you’re ready to start making money and I’m ready for you to start making money as well.... Over the next couple of weeks, I’m going to be developing a business plan for you to really take your business way up into the stratosphere, to get you making the money you came here to make, and living the life you came here to live.... If I’m going to be an effective business coach for you and help you develop a business plan that is specific to you, I’ve got to know where you’re at financially.

111. As of October 2019, the pre-recorded video was displayed on the website winwithbeau.com, as shown below:

Ecom Club Business Mentor



You must complete all Steps IN DETAIL below in order to progress to your next ECOM club steps.

STEP 1: COACH BEAU'S INTRODUCTION CALL

Schedule Introduction Call **HERE**:
<https://www.winwithbeau.com/intro>

Figure 5: Screenshot excerpt of website www.winwithbeau.com (captured on August 28, 2019).

112. Defendants often used high-pressure sales tactics to induce purchasers to buy upgrade packages even before consumers received the My Ecom Club stores that Defendants promised with purchase of the entry-level package. For example, Defendants represented that the prices of the upgrade packages (costing between \$4,997 and \$39,997) were time-limited offers and that consumers would need to pay 40% more if they failed to purchase one or more of these upgrade packages within 10 days of their “Business Plan” session.

113. Throughout My Ecom Club’s step-by-step process, Defendants’ coaches conveyed the false impression that consumers would make more money if they had more e-commerce stores and received more “training” from My Ecom Club.

114. Defendants further claimed that My Ecom Club would reveal to consumers

what products or product niches would maximize profit for their stores, which Defendants referred to as “profitable niches.” After consumers spent thousands of dollars on one of the upgrade packages, Defendants provided them a “profitable niche” list that contained over 200 product categories or themes, such as “animal jewelry,” “artificial flowers,” “breast cancer,” “drone,” “military goods,” and “reusable shopping bags.”

115. Defendants’ coaches told consumers that after six months to a year, consumers would be able to resell their My Ecom Club stores on third-party websites such as flippa.com or bizbuysell.com for about twenty times each store’s monthly net revenue.

116. As they had with the purchase of MOBE memberships, Defendants’ coaches referred My Ecom Club members to outside “credit advisors,” like Seed Consulting LLC, which proceeded to “guide” consumers by filling out applications to obtain credit cards and submitting requests to raise borrowing limits on existing credit cards.

117. Defendants also invited consumers to attend Defendants’ live seminars, where the members would listen to and receive tips from My Ecom Club’s “six or seven-figure mentors.”

118. When advertising My Ecom Club’s live seminars such as the “Ecommerce Traffic Summit” held in July 2019, Defendants claimed that their mentors would “hand YOU their best secrets and strategies on a silver platter” and that these “are the same secrets and strategies my top mentors have used to build 6, and even 7-figure ecom stores....”

Defendants further claimed: “How much would your life improve if these strategies put your Ecommerce store on ‘steroids’—so you could leave your job, spend more time with your family, and even take them on unforgettable trips around the world? My Ecom Club students have achieved all those things.” When consumers showed up to these live events,

Defendants' mentors and other sales agents would urge consumers to buy a My Ecom Club product package, lead lists, and other expensive upsells for their e-commerce business.

119. Many consumers who purchased My Ecom Club's packages did not make money through their e-commerce stores, or even recoup their investments.

120. As indicated in fine-print "disclaimers" buried in their websites and purchase agreements, Defendants lacked any basis for their exaggerated claims about making money through My Ecom Club. Defendants casually stated in one such disclaimer: "Are these 'testimonials' typical results? Nope. Here's the disclaimer for any results you've read about.... 'The preceding student information and Teo's personal results are not typical of our average student.'"

121. Contrary to the claims in their marketing materials and sales calls, Defendants claimed in another disclaimer buried in post-purchase agreements: "MyEcomClub makes no representations or guarantees as to the amount of income ... amount of traffic to the Purchaser's website or interest generated ... [or] increase in Purchaser sales...."

122. Defendants often conveyed the misleading impression to consumers that My Ecom Club's product packages were refundable within 30 days. Contrary to these representations, when consumers requested their money back, Defendants refused to issue the refunds or ignored these requests in the first instance.

123. In those instances where Defendants ultimately issued refunds, consumers had escalated their refund disputes by lodging a complaint with the BBB or threatening to hire a lawyer or refer the matter to a law enforcement agency. Defendants also issued refunds after consumers initiated a chargeback request with the credit card networks, which if left unaddressed, could trigger the credit card networks' fraud monitoring oversight of

Defendants' merchant accounts.

124. The BBB issued a public warning about My Ecom Club and the pattern of complaints regarding misrepresentation of services and billing issues raised by My Ecom Club consumers. According to the BBB's website as of September 2019, My Ecom Club has an "F" rating.

125. Through the operation of the My Ecom Club scheme between 2018 and 2019, Defendants bilked more than \$8 million from consumers.

Defendants' Use of Straw Signers and Shell Entities to Obtain Merchant Accounts

126. In order to accept credit and debit card payments from consumers, Defendants opened merchant accounts with various payment processors. As detailed below, Defendants hatched a scheme to open numerous merchant accounts to process payments for their illicit schemes by using straw signers, shell corporations, and "dummy" bank sites.

127. In October 2016, Giannulis remarked to Williams that he was placed on MasterCard's Member Alert To Control High-risk Merchants (MATCH) list. The MATCH list identifies merchants and their principals that have been terminated by acquiring banks and the reasons for termination. The MATCH list is intended to alert credit card network members of potentially fraudulent or high-risk merchants, and banks and payment processors often have policies that forbid them from opening accounts for merchants that appear on the MATCH list.

128. In November 2016, when Defendants were preparing to offer lead-generation services to consumers through Pixx, Giannulis and Williams realized that the "biggest issue" with Pixx was finding a payment processor. Giannulis told Williams that his placement on the MATCH list at the time was a problem. Williams responded that he "may have to

approach someone like my brother Brady” to be a “signer” on their account. Giannulis offered to “ask around” for signers, but also noted that his aunt had also been placed on the MATCH list.

129. Defendants have also offered to open merchant accounts using straw owners and shell entities for other fraudulent coaching schemes such as Digital Altitude LLC (“Digital Altitude”). The FTC commenced an enforcement action to halt Digital Altitude in February 2018. *FTC v. Digital Altitude*, No. 18-cv-00729 (C.D. Cal. Feb. 1, 2018).

130. In one August 2016 email, Williams provided Digital Altitude’s COO with a list of specifications required of straw signers, including a credit score of 650 or higher and income of \$50,000 or more for the past two years. As Williams wrote, “[i]f the potential signer meets the criteria listed above, then we’ll proceed to try to get them approved” and “prepare merchant applications (new corps, recurring billing, biz op space ... tough to get approved).” Williams explained that the signers would receive \$250 per month for each merchant account under their name and must be willing to “make some calls with us here and there to talk to processors, answer questions, perform verification of identity checks, etc.” Williams boasted that Defendants “all have family and friends as signers now,” they have been using such signers for seven years, and they “have a great track record and know how to keep things running smoothly.”

131. In May 2017, Defendants used at least eleven different shell corporations and straw signers, including the individual defendants’ relatives and friends, to obtain merchant accounts through which they could process consumer payments for My Internet Education. The names of some of the shell companies used at the time were Bluefield Education System LLC (formed in 2017 and dissolved in 2018), Goodwin Capital Partners (formed in 2016 and

dissolved in 2019), JPitts Online, Inc. (formed in 2014 and dissolved in 2019), Wasatch Capital Investments LLC (formed in 2016 under the name of Williams' spouse and active as of September 2019) and RG Anderson Capital Partners LLC (formed in 2017 under the name of Giannulis' spouse and active as of September 2019), among others.

132. In September 2019 alone, Defendants, through their various shell corporations, processed hundreds of thousands of dollars per month in consumer credit card payments for their deceptive business opportunities.

133. In addition to reviewing the prior history of the merchant applying for an account, underwriters for payment processors also look at the merchant's websites to learn about the merchant, including whether the merchant may be engaged in deceptive practices. To evade this scrutiny, Defendants created "dummy" underwriting sites to show banks and payment processors when they sought to open new merchant accounts. These dummy websites omitted the false and exaggerated earnings claims typically found in the advertisements and websites Defendants actually used to drive sales of their coaching products and business opportunities.

Defendants' Pattern of Misconduct and Likelihood of Recurrence

134. Defendants have a long track record of deploying and profiting from deceptive coaching schemes and sham investment opportunities. Even before MOBE, Defendants used their step-by-step "training" system to deceive consumers into buying purported business training packages costing tens of thousands of dollars.

135. In late 2016 to early 2017, Defendants sold and marketed membership products offered by Digital Altitude. Defendants used the same coaches to sell both MOBE and Digital Altitude memberships during this brief period. As Williams told Digital

Altitude's principals: "We also have ways that will be contributing to DA's growth, as we're currently including funnels and traffic that DA can use/sell/generate income off of.... BPO sales do not use your overhead/expense, like the other affiliates do. We have our own coaches and our own call floor."

136. Around the same time, MOBE filed a private action in federal court accusing Digital Altitude of running a "knock off" and copying MOBE's step-by-step "training" method—the same process Defendants were using to sell MOBE memberships. Despite their knowledge that Digital Altitude was using the same deceptive scheme as MOBE, Defendants continued to sell MOBE memberships after they learned of the FTC's enforcement action against Digital Altitude.

137. In early 2018, Defendants devised a plan to implement their step-by-step sales process to market and sell purported coaching or consulting services regarding real estate investing. In one internal document, Defendants formulated a pitch offering consumers the opportunity to "partner" on deals with real estate "experts" after completing step 6 of Defendants' "training" program and making the requisite purchase.

138. In 2019, while Defendants were operating My Ecom Club, they launched a website promoting another online coaching scheme called "My Success Team." On their website at mysuccessteam.com, Defendants claimed that My Success Team "is backed by an 8-figure company that was built from \$0 all the way to \$25MM per year in annual gross revenue," but failed to reveal that these were funds Defendants bilked from consumers through their illicit activities with MOBE and My Ecom Club. Moreover, Defendants make the false or misleading claim that their team of coaches can help "scale your business with the goal of building an asset that can be sold or taken public." The website offers "group

coaching” packages for about \$2,500 per year and prompts the prospective buyer to contact Defendants for pricing on “individual coaching” and “mastermind.”

139. In order to facilitate their deceptive coaching schemes and credit card laundering, Defendants have registered over 300 different website domains. Defendants used some of these domains to create “dummy” webpages for their shell companies when applying for merchant accounts for their illicit business activities. Defendants’ website domains include ecommercepowerhouse.com, superiorstrategytoday.com, rapidmarketingstrategies.com, marketingstartupbiz.co, and internetmarketingos.com.

140. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the Commission because, among other things: Defendants engaged in their unlawful acts and practices repeatedly over a period of many years; Defendants engaged in their unlawful acts and practices willfully and knowingly; Defendants continued to sell or promote similar business coaching or investment opportunity schemes after MOBE was shut down; and Defendants participated in the business coaching space and maintain the means, ability and incentive to resume their unlawful conduct.

VIOLATIONS OF THE FTC ACT

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

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

143. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid

themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

Count I
Misrepresentations Regarding Earnings

144. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of Defendants' products and MOBE memberships, Defendants have represented, directly or indirectly, expressly or by implication, that purchasers of those products or services would earn or were likely to earn substantial income.

145. Defendants' representations set forth in Paragraph 144 of this Complaint are false, misleading, or were not substantiated at the time the representations were made.

146. Therefore, Defendants' representations set forth in Paragraph 144 of this Complaint constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count II
Unfairly Injuring Consumers Through Credit Card Laundering

147. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of Defendants' products and MOBE memberships, Defendants have engaged in credit card laundering by: (a) falsely representing, directly or through agents acting on their behalf and for their benefit, that the shell companies listed as the applicants on the merchant applications were the true merchants who were applying for merchant accounts; and/or (b) falsely representing, directly or through agents acting on their behalf and for their benefit, that the individual signors listed as the principal owners on the merchant applications were the bona fide principal owners applying for merchant accounts.

148. Defendants' actions caused or were likely to cause substantial injury to

consumers that was not reasonably avoidable by consumers themselves and that is not outweighed by countervailing benefits to consumers or competition.

149. Therefore, Defendants' acts or practices, as described in Paragraph 147 above, constitute unfair acts or practices in violation of Section 5 of the FTC Act §§ 45(a) and (n).

CONSUMER INJURY

150. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

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

PRAYER FOR RELIEF

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

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

B. Find Defendants jointly and severally liable for redress to all consumers who were injured as a result of their violations, as appropriate;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

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

Respectfully submitted,

ALDEN F. ABBOTT
General Counsel



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