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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION, <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> JOHN BECK AMAZING PROFITS, LLC, et al., <p style="text-align: center;">Defendants.</p>	Case No. CV-09-4719-CBM(FFMx) PRELIMINARY INJUNCTION APPOINTMENT OF MONITOR AND OTHER EQUITABLE RELIEF
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Plaintiff Federal Trade Commission (“FTC” or “Commission”) filed a Complaint for Permanent Injunction and Other Equitable Relief and applied for a Preliminary Injunction against Defendants pursuant to Sections 13(b) and 19(a) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b(a), and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101 *et seq.* In conjunction with the Order of this same date, granting in part Plaintiff’s request for a Preliminary Injunction, Plaintiff’s request is **HEREBY GRANTED IN PART** as follows.

FINDINGS OF FACT

The Court has considered the pleadings, declarations, exhibits, and memoranda filed in support of the Commission’s motion and finds that:

1 instructional services, teaching services, consulting services, or any other services or
2 products marketed or sold by **Defendants** (as hereinafter defined), which relate in
3 any way to the John Beck or Jeff Paul systems that **Defendants** sell in the **Beck**
4 **Infomercials** (as hereinafter defined) or in the **Paul Infomercials** (as hereinafter
5 defined), whether these services or products consist in whole or in part of additional
6 written and/or electronic materials, or of one-on-one telephonic sessions, or of other
7 types of telephonic sessions, or of a seminar or seminars.

8 3. “**Clearly and conspicuously,**” or “**clear and conspicuous,**” means:

9 a. In textual communications (e.g., printed publications or words
10 displayed on the screen of an electronic device), the required disclosures are of a
11 type size and location sufficiently noticeable for an ordinary consumer to read and
12 comprehend them, in print that contrasts with the background against which they
13 appear;

14 b. In communications disseminated orally or through audible means
15 (e.g., radio or streaming audio), the required disclosures are delivered in a volume
16 and cadence sufficient for an ordinary consumer to hear and comprehend them;

17 c. In communications disseminated through an electronic medium
18 (such as television, video, and interactive media such as the Internet, online services
19 and software), the required disclosures shall be presented simultaneously in both the
20 audio and the visual portions of the communication. In any communication
21 presented solely through visual or audio means, the required disclosures may be
22 made through the same means in which the communication is presented. Any audio
23 disclosures shall be delivered in a volume and cadence sufficient for an ordinary
24 consumer to hear and comprehend them. Any visual disclosures shall be of a size
25 and shade, with a degree of contrast to the background against which they appear and
26 shall appear on the screen for a duration and in a location sufficiently noticeable for
27 an ordinary consumer to read and comprehend them;

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1 d. In all instances, the required disclosures shall be presented prior
2 to the consumer incurring any financial obligation, in an understandable language
3 and syntax, and with nothing contrary to, inconsistent with, or in mitigation of the
4 disclosures used in any communication with them.

5 4. “**Commerce**” means commerce among the several States or with
6 foreign nations, or in any Territory of the United States or in the District of
7 Columbia, or between any such Territory and another, or between any such Territory
8 and any State or foreign nation, or between the District of Columbia and any State or
9 Territory or foreign nation, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

10 5. “**Corporate Defendants**” means John Beck Amazing Profits, LLC; Jeff
11 Paul, LLC d/b/a Shortcuts to Millions, LLC; Mentoring of America, LLC; and
12 Family Products, LLC, as well as their affiliates, subsidiaries, successors and assigns,
13 and any other corporations or businesses under the control of any of them.

14 6. “**Defendants**” means the **Individual Defendants** and the **Corporate**
15 **Defendants**, individually, collectively, or in any combination.

16 7. “**Document**” is synonymous in meaning and equal in scope to the usage
17 of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
18 drawings, graphs, charts, photographs, audio and video recordings, computer
19 records, and any other data compilations from which information can be obtained
20 and translated, if necessary, through detection devices into reasonably usable form.
21 A draft or non-identical copy is a separate document within the meaning of the term.

22 8. “**Endorsement**” is synonymous in meaning and equal in scope to the
23 usage of the term in the FTC’s “Guides Concerning Use of Endorsements and
24 Testimonials in Advertising,” 16 C.F.R. § 255.0(b), and includes any advertising
25 message (including verbal statements, demonstrations, or depictions of the name,
26 signature, likeness or other identifying personal characteristics of an individual or the
27 name or seal of an organization) which message consumers are likely to believe
28 reflects the opinions, beliefs, findings, or experience of a party other than the

1 sponsoring advertiser. The party whose opinions, beliefs, findings, or experience the
2 message appears to reflect will be called the endorser and may be an individual,
3 group or institution.

4 9. “**FTC**” or “**Commission**” means the Federal Trade Commission.

5 10. “**Individual Defendants**” means John Beck, Douglas Gravink, Gary
6 Hewitt, and Jeff Paul, and each of them, by whatever names they may be known.

7 11. “**Infomercial**” means any written or verbal statement, illustration, or
8 depiction that is 120 seconds or longer in duration that is designed to effect a sale or
9 create interest in the purchasing of any product or service, which appears in any
10 media, including but not limited to radio, television, and the Internet.

11 12. “**Material**” means likely to affect a **person**’s choice of, or conduct
12 regarding, products or services or a charitable contribution.

13 13. “**Monitored Defendants**” means all Defendants over which a Monitor
14 has been appointed pursuant to this Order. as well as their affiliates, subsidiaries,
15 successors and assigns, and any other corporations or businesses under the control of
16 any of them.

17 14. “**Negative option feature**” means, in an offer or agreement to sell or
18 provide any product or service, a provision under which the consumer’s silence or
19 failure to take an affirmative action to reject products or services or to cancel the
20 agreement is interpreted by the **seller** or provider as acceptance or continuing
21 acceptance of the offer. Offers or agreements with **negative option features**
22 include, but are not limited to:

23 a. Free or introductory price trial offers in which the consumer
24 receives a product or service for free or at a nominal or introductory price for an
25 initial period and will incur an obligation to pay or pay a greater amount for the
26 product or service if he or she does not take affirmative action to cancel, reject, or
27 return the product or service before the end of that period;

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1 division, or other device, including but not limited to, fictitious business names, and
2 each such **person**:

3 A. Are hereby restrained and enjoined, following the expiration of
4 fifteen (15) business days after the date of this Order, from airing the
5 “earlier” John Beck **infomercial**, which for the purposes of this Order is the
6 version of the John Beck **infomercial** referenced in this litigation by the First
7 Declaration of FTC Investigator Ann Stahl” (“**First Stahl Decl.**”), ¶ 5
8 (hereinafter the “**Earlier Beck Infomercial**”), or the “later” John Beck
9 infomercial, which for the purposes of this Order is the version of the John
10 Beck infomercial referenced in this litigation by the First Stahl Decl., ¶ 6
11 (hereinafter, the “**Later Beck Infomercial**”) (collectively, the “**Beck**
12 **Infomercials**”), on television or on any other medium, without first adding the
13 following disclaimers to these **infomercials**. These following disclaimers,
14 which must be added to either or both of the **Beck Infomercials** that air, may
15 not be modified by **Defendants**, and the disclaimers are listed immediately
16 below, as items (1) through (11). These disclaimers, with the exception of
17 (11), must be added in a font size identical to, or greater in size than, the font
18 size of the scrolling text that appears at the bottom of the **Later Beck**
19 **Infomercial** at approximately minute 6:20 – 6:35 of the **Later Beck**
20 **Infomercial**, which states, “Stay tuned to Receive FREE Lists of All the Tax
21 Foreclosure Properties Available in Your Area!” Subject to any agreement
22 **Defendants** may already have made or subsequently enter into not to air either
23 of the **Beck Infomercials**, so long as the revised **Beck Infomercials** contain
24 all of the following disclaimers, the **Beck Infomercials** may air for a period of
25 up to 150 days from the date either one first airs in this revised form:

26 (1) Whenever there is an image or video featured of a house that
27 was renovated more than a nominal amount after the purchase of the
28 relevant tax lien or tax deed or other instrument, but before the

1 photograph or video image was taken (or if **Defendants** have any doubt
2 about whether any house shown has been thus renovated), the
3 disclaimer, appearing during the entire time the image or video is
4 shown: “This house is pictured as it appears after being renovated.”;

5 (2) Whenever there is a group of images showing houses, some of
6 which have been, or may have been, renovated more than a nominal
7 amount after the purchase of the relevant tax liens or tax deeds or other
8 instruments, but before the photographs were taken (or if **Defendants**
9 have any doubt about whether any house in the group shown has been
10 thus renovated), the disclaimer, shown for at least three seconds: “Some
11 houses pictured after being renovated.”;

12 (3) Whenever John Beck’s “Property Vault,” or “Free 30 Day
13 Membership!” or “FREE 30 Day Membership” or “John Beck’s
14 amazing property vault” or “FREE Advisory Service!” or “FREE
15 Property Vault Membership!” or any equivalent or similar phrase, is
16 mentioned or referenced, the disclaimer, appearing for at least three
17 seconds: “After the initial 30-days of free membership, or until you
18 cancel, a monthly fee of \$39.95 will automatically be charged.”;

19 (4) Appearing approximately every five-to-seven minutes
20 throughout the **Beck Infomercials**, and showing on screen for at least
21 fifteen seconds at a time, and appearing at least five distinct times, the
22 disclaimer: “Tax sale, foreclosure and lien programs vary widely from
23 state-to-state. Significant restrictions and legal obstacles OFTEN
24 EXIST. Other secured parties likely have a strong interest in protecting
25 their legal interests. Vacant land is often easier to obtain than homes.”;

26 (5) Appearing approximately every five-to-seven minutes
27 throughout the **Beck Infomercials**, and showing on screen for at least
28 fifteen seconds at a time, and appearing at least five distinct times: “It is

1 the very exceptional situation when a valuable property is obtained,
2 since owners do not normally give away their property for just back
3 taxes.”;

4 (6) Whenever there is an **Endorsement** and/or a testimonial, or a
5 reference to an **Endorsement** and/or a testimonial, the disclaimer,
6 appearing during the entire time any such endorser is speaking:
7 “Endorser’s results unique. Results not typical. Actual results vary
8 widely.”;

9 (7) Whenever there is an explicit or implicit reference to a
10 “guarantee”, or equivalent word or phrase, the disclaimer, which must
11 also be complied with by **Defendants**: “Return your package within 30
12 days of receipt for a full refund, excluding shipping and handling
13 costs.”;

14 (8) Every time the phrase “pennies on the dollar” or “Pennies on
15 the Dollar!” or any similar or equivalent catchphrase is used in the
16 infomercial, the disclaimer, appearing for at least five seconds: “While
17 property can theoretically be purchased for pennies on the dollar, it will
18 likely take significant effort to find any such homes or land.”;

19 (9) Every time the phrase “free and clear” or “Free & Clear” or
20 any similar or equivalent catchphrase is used, the disclaimer, appearing
21 for at least five seconds: “Purchase prices do not include closing and
22 other costs, which vary by state. In many states legal title to property
23 cannot be acquired immediately.”;

24 (10) Whenever there is an **Endorsement** and/or a testimonial, or a
25 reference to an **Endorsement** and/or a testimonial, then if **Defendants**
26 do not possess concrete financial substantiation beyond an affidavit or
27 other instrument signed by the endorser, the disclaimer, appearing
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1 during the totality of the **endorsement**: “Endorser’s results self-
2 reported, not independently verified.”;

3 (11) One time at the beginning, once at or near the middle (if
4 technologically feasible), and one time at the end of the **Beck**
5 **Infomercials, Defendants** shall add a spoken audio disclaimer, which
6 shall be spoken no faster than average speaking speed, and which will
7 state all of the text of the above disclaimers listed in this section in items
8 (2) through (10), except that as to item (10) the disclaimer therein need
9 not be spoken if item (10) does not otherwise require it to appear
10 elsewhere in the **Beck Infomercials**; if item (10) does require the
11 disclaimer to appear elsewhere, then it shall be modified herein to state
12 “Certain endorsers’ results self-reported, not independently verified.”;

13 B. Are hereby restrained and enjoined from airing any version of the
14 **Beck Infomercials** on television or on any other medium, even as modified by
15 the immediately preceding paragraph, unless the testimonials and/or
16 **Endorsements** of Jimmie Chiappelli and Andrew Gold can be, and are first,
17 edited out entirely;

18 C. Are hereby restrained and enjoined from airing any other John Beck
19 **Infomercials**, other than the **Beck Infomercials** as revised by this Order,
20 except as specified in the immediately subsequent paragraph below;

21 D. Are hereby restrained and enjoined from producing or causing to be
22 produced any new John Beck **Infomercial** for airing (prior to the final
23 resolution of this lawsuit as it pertains to the John Beck **Infomercials**), unless
24 and until **Defendants** provide to the FTC, no later than fifteen (15) business
25 days prior to filming, the script, excluding testimonials, for the proposed
26 infomercial. At that point the FTC shall have ten (10) business days from
27 receipt of the new infomercial script to review it and advise **Defendants**
28 regarding the revised infomercial script. If the FTC and **Defendants** cannot

1 agree on the content of the new **Infomercial** script, no filming of the new
2 **Infomercial** shall take place until further order of this Court, and the proposed
3 **Infomercial** script shall be presented to the Court, along with the parties'
4 briefs on the issues, for consideration. After any such **Infomercial** has been
5 completed but before it is aired on television or on any other medium,
6 **Defendants** shall provide a copy of it to the FTC. The FTC shall have ten
7 (10) business days to review the testimonials/**Endorsements** portion of the
8 **Infomercial** and advise **Defendants** of any problems with the
9 testimonials/**Endorsements**. If the parties cannot agree on the content of the
10 testimonials/**Endorsements** in the **Infomercial**, the **Infomercial** will not be
11 aired (prior to the final resolution of this lawsuit as it pertains to the John Beck
12 **Infomercials**) until further order of this Court, and the
13 testimonials/**Endorsements** shall be presented to the Court, along with the
14 parties' briefs on the issues, for consideration. Alternatively, if **Defendants**
15 have already begun the filming or have finished the filming of a new version
16 of the John Beck **Infomercial**, **Defendants** shall not air the new **infomercial**
17 (prior to the final resolution of this lawsuit as it pertains to the John Beck
18 **Infomercial**) before **Defendants** provide a copy of it to the FTC. The FTC
19 shall have fifteen (15) business days from receipt of the new **Infomercial** to
20 review it and advise **Defendants** of any problems with the script and/or the
21 testimonials/**Endorsements**. If the parties cannot agree on the content of the
22 script and testimonials/**Endorsements** in such an **infomercial**, the
23 **Infomercial** will not be aired (prior to the final resolution of this lawsuit as it
24 pertains to the John Beck **Infomercials**) until further order of this Court, and
25 the script and testimonials/**Endorsements** shall be presented to the Court,
26 along with the parties' briefs on the issues, for consideration.

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1 **II.**

2 **Conduct Prohibitions (Jeff Paul Infomercials)**

3 **IT IS HEREBY ORDERED** that **Defendants**, as well as their officers,
4 agents, servants, employees, and attorneys, and all other **persons** or entities in active
5 concert or participation with any of them who receive actual notice of this Order,
6 whether acting directly or through any corporation or other entity, subsidiary,
7 division, or other device, including but not limited to, fictitious business names, and
8 each such **person**:

9 A. Are hereby restrained and enjoined, following the expiration of
10 fifteen (15) business days after the date of this Order, from airing the “earlier”
11 Jeff Paul **Infomercial**, which for the purposes of this Order is the version of
12 the Jeff Paul **Infomercial** referenced in this litigation in the “Second
13 Declaration of FTC Investigator Ann Stahl” (“**Second Stahl Decl.**”), ¶ 17, att.
14 7.) (hereinafter, the “**Earlier Paul Infomercial**”), or the “later” Jeff Paul
15 **Infomercial**, which for the purposes of this Order is the version of the Jeff
16 Paul **Infomercial** referenced in this litigation by the **Second Stahl Decl.**, ¶ 17,
17 att. 8 (hereinafter, the “**Later Paul Infomercial**”) (collectively, the “**Paul**
18 **Infomercials**”), on television or on any other medium, without adding the
19 following disclaimers to them. These following disclaimers, which must be
20 added to either or both of the **Paul Infomercials** that air, may not be modified
21 by **Defendants**, and the disclaimers are listed immediately below, as items (1)
22 through (9). These disclaimers, with the exception of (9), must be added in a
23 font size identical to, or greater in size than, the font size of the scrolling text
24 that appears at the bottom of the **Later Beck Infomercial** at approximately
25 minute 6:20 – 6:35 of the **Later Beck Infomercial**, which states “Stay tuned
26 to Receive FREE Lists of All the Tax Foreclosure Properties Available in
27 Your Area!” Subject to any agreement **Defendants** may already have made or
28 subsequently enter into not to air either of the **Paul Infomercials**, so long as

1 the revised **Paul Infomercials** contain all of the following disclaimers, the
2 **Paul Infomercials** may air for a period of up to 150 days from the date either
3 one first airs in revised form:

4 (1) Whenever there is an **Endorsement** and/or a testimonial, or a
5 reference to an **Endorsement** and/or a testimonial, then in addition to or
6 in place of any present disclaimer, the disclaimer, appearing during the
7 totality of the **endorsement**: “Endorser’s results unique. Results not
8 typical. Actual results vary widely.”;

9 (2) Whenever there is an **Endorsement** and/or a testimonial, or a
10 reference to an **Endorsement** and/or a testimonial, if **Defendants** do
11 not possess concrete financial substantiation beyond an affidavit or
12 other instrument signed by the endorser, the disclaimer, appearing
13 during the totality of the **endorsement**: “Endorser’s results self-
14 reported, not independently verified.”;

15 (3) Whenever Jeff Paul’s “Big League,” or “Internet Millionaires
16 Club” or a “free 30-day membership” to the “Internet Millionaires
17 Club,” or “FREE 30 Day trial!” with reference to Big League (or any
18 equivalent statement or representation) is mentioned or referenced, the
19 disclaimer, appearing for at least three seconds: “After the initial free
20 30-day membership, or until you cancel, a monthly fee of \$39.95 will
21 automatically be charged.”;

22 (4) Whenever there is a reference to “NO EXPERIENCE
23 NEEDED!”, or to not needing to know anything about computers or the
24 Internet to make money, or “No computer skills needed!” or any similar
25 or equivalent statement, the disclaimer, appearing for at least five
26 seconds at a time: “The ability and willingness to learn and apply a
27 significant amount of new information about the use of the internet,
28 some technical, is likely required to achieve measurable success.”

1 (5) Whenever there is a reference to the Jeff Paul system being
2 “easy,” or any similar or equivalent statement, the disclaimer, and
3 showing on screen for at least five seconds at a time: “Extraordinary
4 results achieved are not typical, and individual results will vary, in part,
5 based on the amount of time and effort you use to develop and/or
6 market products that you choose.”

7 (6) Appearing approximately every five-to-seven minutes
8 throughout the **Paul Infomercials**, and showing on screen for at least
9 fifteen seconds at a time, and appearing at least five distinct times:
10 “‘Shortcuts to millions’ or ‘shortcuts to internet millions’ are
11 catchphrases. They do not necessarily mean consumers of this system
12 typically earn significant amounts of money.”;

13 (7) Appearing approximately every five-to-seven minutes
14 throughout the **Paul Infomercials**, and showing on screen for at least
15 fifteen seconds at a time, and appearing at least five distinct times:
16 “NOTE: Any free websites or website businesses provided to you will
17 only earn money to the extent you can successfully market them.”;

18 (8) Appearing approximately every five-to-seven minutes
19 throughout the **Paul Infomercials**, and showing on screen for at least
20 fifteen seconds at a time, and appearing at least five distinct times:
21 “The Jeff Paul system provides basic websites that may potentially earn
22 money by linking to other websites where products are sold. The
23 system also provides marketing tips, and tips for finding your own
24 products to market.”;

25 (9) One time at the beginning, once at or near the middle (if
26 technologically feasible), and one time at the end of the **Paul**
27 **Infomercials**, **Defendants** shall add a spoken audio disclaimer, which
28 shall be spoken no faster than average speaking speed, and which will

1 state all of the text of the above disclaimers listed in this section in items
2 (1) through (8), except that as to item (2) the disclaimer therein need not
3 be spoken if item (2) does not otherwise require it to appear elsewhere
4 in the **Paul Infomercials**; if item () does require the disclaimer to
5 appear elsewhere, then it shall be modified herein to state “Certain
6 endorsers’ results self-reported, not independently verified.”;

7 B. Are hereby restrained and enjoined from airing any other Jeff Paul
8 **Infomercials**, other than the **Paul Infomercials** as revised by this Order,
9 except as specified in the immediately subsequent paragraph below;

10 C. Are hereby restrained and enjoined from producing or causing to be
11 produced any new Jeff Paul **Infomercial** for airing (prior to the final
12 resolution of this lawsuit as it pertains to the Jeff Paul **Infomercials**), unless
13 and until **Defendants** provide to the FTC, no later than fifteen (15) business
14 days prior to filming, the script, excluding testimonials, for the proposed
15 **Infomercial**. At that point the FTC shall have ten (10) business days from
16 receipt of the new **Infomercial** script to review it and advise **Defendants**
17 regarding the revised **Infomercial** script. If the FTC and **Defendants** cannot
18 agree on the content of the new **Infomercial** script, no filming of the new
19 **Infomercial** shall take place until further order of this Court, and the proposed
20 **Infomercial** script shall be presented to the Court, along with the parties’
21 briefs on the issues, for consideration. After any such **Infomercial** has been
22 completed but before it is aired on television or on any other medium,
23 **Defendants** shall provide a copy of it to the FTC. The FTC shall have ten
24 (10) business days to review the testimonials/**Endorsements** portion of the
25 **Infomercial** and advise **Defendants** of any problems with the
26 testimonials/**Endorsements**. If the parties cannot agree on the content of the
27 testimonials/**Endorsements** in the **Infomercial**, the **Infomercial** will not be
28 aired (prior to the final resolution of this lawsuit as it pertains to the Jeff Paul

1 **Infomercials**) until further order of this Court, and the
2 testimonials/**Endorsements** shall be presented to the Court, along with the
3 parties' briefs on the issues, for consideration. Alternatively, if **Defendants**
4 have already begun the filming or have finished the filming of a new version
5 of the Jeff Paul **Infomercial, Defendants** shall not air the new infomercial
6 (prior to the final resolution of this lawsuit as it pertains to the Jeff Paul
7 **Infomercials**) before **Defendants** provide a copy of it to the FTC. The FTC
8 shall have fifteen (15) business days from receipt of the new infomercial to
9 review it and advise **Defendants** of any problems with the script and/or the
10 testimonials/**Endorsements**. If the parties cannot agree on the content of the
11 script and testimonials/**Endorsements** in such an **Infomercial**, the
12 **Infomercial** will not be aired (prior to the final resolution of this lawsuit as it
13 pertains to the Jeff Paul **Infomercials**) until further order of this Court, and the
14 script and testimonials/**Endorsements** shall be presented to the Court, along
15 with the parties' briefs on the issues, for consideration.

16 **III.**

17 **Conduct Prohibitions (Telemarketing of Coaching Services)**

18 **IT IS HEREBY ORDERED** that **Defendants**, as well as their officers,
19 agents, servants, employees, and attorneys, and all other **persons** or entities in active
20 concert or participation with any of them who receive actual notice of this Order,
21 whether acting directly or through any corporation or other entity, subsidiary,
22 division, or other device, including but not limited to, fictitious business names, and
23 each such **person:** in connection with the **telemarketing** of any **coaching services**
24 by telephone, or by any other medium, in **commerce**, are hereby restrained and
25 enjoined from:

26 A. **Telemarketing coaching services** to prior or future purchasers or
27 consumers of the John Beck or Jeff Paul systems, following the expiration of five (5)
28 business days after the date of this Order, unless **Defendants:**

1 1) Initially obtain each **person's** or consumer's or purchaser's
2 permission (or otherwise comply with all applicable law in connection
3 with the recording of any such calls) to record any such sales or
4 **telemarketing** phone call, whether incoming or outgoing;

5 2) In fact record all such sales or **telemarketing** phone calls; and

6 3) Retain and maintain the recording of any sales or
7 **telemarketing** phone calls, pertaining to a given **person**, before which,
8 during which, or after which that **person** agrees to and does purchase
9 any degree or form of **coaching services** from **Defendants** (or from any
10 or all other **persons** or entities in active concert or participation with
11 any of **Defendants**); and

12 4) Retain and maintain a recording of any compliance-related
13 phone calls to or from, or phone session with, any **person** who
14 purchases or consumes, or who has purchased or consumed, any degree
15 or form of **coaching services** from **Defendants** (or from any or all other
16 **persons** or entities in active concert or participation with any of
17 **Defendants**);

18 B. Misrepresenting, expressly or by implication, that **coaching services** are
19 "risk free" or that **Defendants'** tuition refund program removes the risk
20 from paying for the **coaching services**;

21 C. Misrepresenting, expressly or by implication, that money charged to a
22 credit card is "other people's money" (or any equivalent to that phrase),
23 or misrepresenting, expressly or by implication, that money charged to a
24 credit card does not ordinarily have to be paid off in its entirety by the
25 user of that credit card;

26 D. Misrepresenting, expressly or by implication, any specific earnings
27 claims, with regard to what consumers or purchasers of **coaching**
28 **services** are likely to earn;

1 E. Representing, expressly or by implication, that **persons** who purchase
2 or consume any form or degree of **coaching services** will quickly
3 and/or easily earn substantial amounts of money, unless **Defendants**
4 possess and rely upon a reasonable basis to substantiate any such
5 representation at the time the representation is made;

6 F. Representing, expressly or by implication, that **persons** who purchase
7 or consume any degree or form of **coaching services** will quickly
8 and/or easily earn back a significant portion of the cost, or the cost, or
9 substantially more than the cost of any degree or form of such **coaching**
10 **services**, unless **Defendants** possess and rely upon a reasonable basis to
11 substantiate any such representation at the time the representation is
12 made;

13 G. Representing, expressly or by implication, the income, profit, or
14 earnings typically achieved by **persons** who have purchased or
15 consumed any degree or form of **coaching services**, unless **Defendants**
16 possess and rely upon a reasonable basis to substantiate any such
17 representation at the time the representation is made;

18 H. Representing, expressly or by implication, that purchasing or consuming
19 any degree or form of **coaching services** will cause the **person** to
20 experience greater, increased, or more substantial success, or earn more
21 money, than the typical purchaser or consumer could or would
22 experience or earn as a result of purchasing or consuming the basic John
23 Beck or Jeff Paul systems (i.e., absent any **coaching services**), unless
24 **Defendants** possess and rely upon a reasonable basis to substantiate any
25 such representation at the time the representation is made.

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1 IV.

2 Required Disclosures

3 IT IS FURTHER ORDERED that in connection with the advertising,
4 telemarketing, promotion, offering for sale or sale of any product or service, by
5 telephone or otherwise in commerce, Defendants, as well as their officers, agents,
6 servants, employees, and attorneys, and all other persons or entities in active concert
7 or participation with any of them who receive actual notice of this Order, whether
8 acting directly or through any corporation or other entity, subsidiary, division, or
9 other device, including but not limited to, fictitious business names, and each such
10 person, shall disclose, clearly and conspicuously, before consumers are asked to
11 pay money, reveal billing information, or submit consideration, or before any
12 charge is incurred:

13 A. All fees and costs;

14 B. All material restrictions, limitations, or conditions applicable to the
15 purchase, receipt, or use of the product or service that is the subject of the offer
16 (including but not limited to any promotion associated with free products or services,
17 or products or services available on a trial basis);

18 C. All material terms and conditions of any cancellation or refund policy,
19 including but not limited to informing consumers if no cancellations or refunds are
20 permitted; and

21 D. All material terms and conditions of any offer with a negative option
22 feature, including but not limited to:

23 1. The dollar amount of the first payment and when it will be
24 charged, withdrawn, or become due; the dates or frequency (e.g., monthly, quarterly)
25 of all subsequent charges or payment(s); and the dollar amount or range of costs of
26 all subsequent charges or payment(s);

27 2. If a withdrawal will be made or a charge assessed at the end of a
28 trial period unless the consumer cancels: this fact; when the trial period begins; the

1 consumer's **billing information** to obtain payment without first obtaining the
2 consumer's express informed consent, which shall include express informed consent
3 to be charged for the product or service using a specified billing account, and the
4 **clear and conspicuous** disclosure of the information identified in Section IV of this
5 Preliminary Injunction ("Required Disclosures"), in close proximity to the
6 consumer's express consent to purchase such products or services.

7 A. In connection with the marketing of any product or service pursuant to
8 an offer or agreement with a **negative option feature**, the following requirements
9 must be met to ensure express informed consent:

10 1. The consumer's consent to be charged for the product or service
11 using a specified billing account must be either in writing or audio-recorded, and
12 must meet the following requirements:

13 a. If the consumer's consent is provided in written format,
14 such consent must include the **clear and conspicuous** disclosure of each item of
15 information set forth in Section IV ("Required Disclosures") of this Preliminary
16 Injunction, as well as the consumer's signature (the term "signature" includes a
17 verifiable electronic or digital form of signature, to the extent such form of signature
18 is recognized as a valid signature under applicable federal law or state contract law);

19 b. If the consumer's consent is provided orally, such consent
20 shall be audio-recorded, as follows:

21 i. The recording must evidence that the consumer, during that
22 transaction, has provided at least the last four (4) digits of
23 the account number to be charged;

24 ii. The recording must evidence that the disclosure
25 requirements of Section IV ("Required Disclosures") have
26 been complied with;

27 iii. The recording must include the entirety of the sales call
28 (and not merely the portion of the call after the consumer

1 has indicated that he or she desires to make a purchase)
2 (Completion of installation of recording equipment for this
3 purpose may take up to fifteen (15) business days from the
4 entry of this order);

5 iv. The recording can be identified and located by either the
6 consumer's name or telephone number; and

7 v. A copy of the recording must be provided upon request to
8 the consumer, the consumer's bank, credit or debit card
9 company or other billing entity, state attorney general or
10 consumer protection agency, or the **Commission**.

11 2. For any transaction involving a service, within the lesser of ten
12 (10) days after the date of the transaction or half the time of any trial period, the
13 consumer must be sent written confirmation of the transaction that includes all of the
14 information required by Subsection IV and a **clear and conspicuous** statement of the
15 procedures by which the consumer can cancel or obtain a refund. The written
16 confirmation shall be sent via first class mail in an envelope (and also in an email
17 whenever a consumer has disclosed an email address), that **clearly and**
18 **conspicuously** identifies the sender of the confirmation and the service the consumer
19 ordered;

20 3. For any transaction involving a product, the first product
21 shipment must contain written confirmation of the transaction that includes all of the
22 information that is required to be disclosed pursuant to Section IV of this Preliminary
23 Injunction, and a **clear and conspicuous** statement of the procedures by which the
24 consumer can cancel or obtain a refund;

25 4. In the case of a membership, subscription, or agreement whose
26 term is less than sixty (60) days, at least fifteen (15) days prior to renewing a
27 consumer's membership, subscription, or agreement to purchase for any service and
28 prior to the submission for payment of a consumer's **billing information** for such

1 **persons** or entities in active concert or participation with any of them who receive
2 actual notice of this Order by personal service or otherwise, whether acting directly
3 or through any corporation or other entity, subsidiary, division, or other device,
4 including but not limited to fictitious business names, and each such **person**, are
5 hereby restrained and enjoined from violating any provision of the Telemarketing
6 Sales Rule, 16 C.F.R. Part 310, as currently promulgated or as hereinafter may be
7 amended, including but not limited to:

8 A. violating Section 310.3(a)(1)(vii), of the TSR, 16 C.F.R.
9 § 310.3(a)(1)(vii), by failing to disclose, or to disclose clearly and conspicuously,
10 before a consumer pays for goods or services offered, all material terms and
11 conditions of any negative option feature included in the offer, including, but not
12 limited to, the fact that the customer's account will be charged unless the customer
13 takes an affirmative action to avoid the charge(s), the date(s) the charge(s) will be
14 submitted for payment, and the specific steps the customer must take to avoid the
15 charge(s);

16 B. violating Section 310.4(a)(6) of the Telemarketing Sales Rule, 16
17 C.F.R. § 310.4(a)(6), by causing billing information to be submitted for payment,
18 directly or indirectly, without the express informed consent of the customer or donor.
19 In any telemarketing transaction, **Defendants** shall obtain the customer's or donor's
20 express informed consent to be charged for the goods or services or charitable
21 contribution, and consent to be charged using the identified account;

22 C. violating Section 310.4(b)(1)(iii)(A) of the Telemarketing Sales Rule,
23 16 C.F.R. § 310.4(b)(1)(iii)(A), by initiating or causing a telemarketer to initiate an
24 outbound telephone call to any consumer who has previously stated that he or she
25 does not wish to receive outbound telephone calls made by or on behalf of
26 **Defendants**; and

27 D. violating Section 310.8 of the Telemarketing Sales Rule, 16 C.F.R.
28 § 310.8, by failing to make and keep records required by that Section.

1 **VII.**

2 **Appointment of Monitor over Corporate Defendants**

3 **IT IS FURTHER ORDERED** that _Rob Evans & Associates, LLC_ is hereby
4 appointed as Monitor for the purpose of monitoring the activities of, and compliance
5 with this Order by, **Corporate Defendants** Family Products, LLC; Mentoring of
6 America, LLC; John Beck Amazing Profits, LLC; Jeff Paul, LLC d/b/a Shortcuts to
7 Millions, LLC, and their affiliates, subsidiaries, successors and assigns, and any
8 other corporations or businesses under the control of any of them (“**Monitored**
9 **Defendants**”). The Monitor shall be the agent of this Court, and solely the agent of
10 this Court, in acting under this Order. The Monitor shall be accountable directly to
11 this Court.

12 **VIII.**

13 **Monitor’s Duties and Authority**

14 **IT IS FURTHER ORDERED** that the Monitor shall have the following
15 duties and authority:

16 A. The Monitor is directed to monitor the **Monitored Defendants’**
17 business operations and compliance with this Order and is authorized to do so using
18 whatever means the Monitor finds necessary and appropriate. Means that the
19 Monitor is authorized to employ include, but are not limited to, the following:

20 1. Identifying and reviewing any and all of the **Monitored Defendants’**
21 infomercials or revised infomercials that are airing or will air during the pendency of
22 this Order;

23 2. Reviewing a reasonable number of recordings of telephone calls or
24 portions of telephone calls with customers and prospective customers;

25 3. Listening to one or both sides of a reasonable number of telephone
26 conversations between customers or prospective customers of any of the **Monitored**
27 **Defendants** and any telemarketers, coaches, customer service representatives, or
28 other personnel of any of the **Monitored Defendants** (provided that, to the extent

1 that Monitor personnel listen to the customer's side of any conversation, notice is
2 first provided to the customer);

3 4. Reviewing and copying recorded information that is played for
4 customers and prospective customers who place telephone calls to any of the
5 **Monitored Defendants**;

6 5. Reviewing and copying all scripts provided to or used by any personnel
7 of the **Monitored Defendants**, including scripts used by telemarketers;

8 6. Interviewing personnel who work for any of the **Monitored**
9 **Defendants**, including but not limited to telemarketers, coaches, and customer
10 service representatives;

11 7. Reviewing and copying records pertaining to requests by consumers
12 that they not receive telephone calls from any of the **Monitored Defendants**, as well
13 as policies, procedures and practices of the **Monitored Defendants** for handling
14 such requests;

15 8. Placing and recording a reasonable number of undercover calls to any of
16 the **Monitored Defendants** in which Monitor personnel pose as a customer or
17 prospective customer;

18 9. Monitoring and observing any officer, employee, independent
19 contractor, subcontractor, representative, or other agent or entity involved in the
20 provision of any service or product for, on behalf of, or to any of the **Monitored**
21 **Defendants**;

22 10. Reviewing and copying financial records of any of the **Monitored**
23 **Defendants**, and evaluating the liquidity and solvency of the **Monitored**
24 **Defendants**;

25 11. Reviewing and copying other business records of any of the **Monitored**
26 **Defendants**;

27 12. Appearing at the premises of any of the **Monitored Defendants** without
28 prior notification; and

1 13. Identifying and reviewing **Monitored Defendants'** efforts to preserve
2 all documents and recordings.

3 B. Nothing in this Order shall be construed as authorizing or directing the
4 Monitor to go beyond monitoring **Defendants'** business operations and compliance
5 with this Order. The Monitor shall not intervene in the administrative management
6 of the **Monitored Defendants** and shall not direct the **Monitored Defendants** or
7 any of their subordinates to take or to refrain from taking any specific action to
8 achieve compliance.

9 **IX.**

10 **Cooperation with the Monitor**

11 **IT IS FURTHER ORDERED** that **Monitored Defendants** and their officers,
12 agents, servants, employees, attorneys, and all persons or entities directly or
13 indirectly under their control or under common control with them, and all other
14 persons or entities in active concert or participation with them, who receive actual
15 notice of this Order by personal service or otherwise, shall fully cooperate with and
16 assist the Monitor in the exercise of the Monitor's duties.

17 In the event that any of the **Monitored Defendants** or other persons or entities
18 subject to this Section fails to cooperate with the Monitor as herein directed, or in
19 any way interferes with the Monitor's ability or efforts to exercise his/her/its duties
20 in a timely manner, the Monitor is authorized and directed to immediately notify the
21 Court; and, if necessary, the **Plaintiff** may apply on an *ex parte* basis for an order to
22 show cause why contempt sanctions should not be issued, or may otherwise may
23 seek an appropriate remedy from the Court.

24 **X.**

25 **Reporting By Monitor**

26 **IT IS FURTHER ORDERED** that the Monitor shall:

27 A. Prepare and submit periodic reports, observations, and
28 recommendations to the Court, upon reasonable notice to the parties, and seek

1 guidance and instructions from this Court as necessary. The first report shall be
2 filed, with no further notice required, by no later than forty-five (45) days after the
3 date of entry of this Order. The first report shall describe the efforts and activities
4 that the Monitor has undertaken pursuant to this Order, and any other information
5 that the Monitor believes is relevant to the Court. If the Monitor has any reason to
6 believe that the report would reveal any trade secrets or similarly sensitive business
7 information, the Monitor shall file his/her/its report under seal, or, alternatively,
8 redact the report and file a key to the sensitive information under seal; and

9 B. Prepare and submit additional reports every sixty (60) calendar days
10 thereafter.

11 XI.

12 Compensation of the Monitor

13 **IT IS FURTHER ORDERED** that the Monitor and all personnel hired by the
14 Monitor as herein authorized, including counsel to the Monitor and accountants, are
15 entitled to reasonable compensation for the performance of duties pursuant to this
16 Order and for the cost of actual out-of pocket expenses incurred by them, from the
17 assets now held by or in the possession or control of, or which may be received by,
18 the **Monitored Defendants**. To obtain payment, the Monitor shall file with the
19 Court and serve a request for payment that details the fees and costs incurred. To the
20 extent possible, the Monitor shall make a recommendation as to what percentage of
21 the requested payment should be borne by each of the **Monitored Defendants**.

22 XII.

23 Compliance Monitoring by Plaintiff

24 **IT IS FURTHER ORDERED** that the Commission is authorized to use all
25 lawful means to monitor **Defendants'** compliance with this Order, including but not
26 limited to:

27 A. obtaining discovery from any person relating to the issue of any
28 **Defendant's** compliance with this Order; and

1 B. posing as consumers to **Defendants**, their employees, or any other
2 entity managed or controlled in whole or in part by any **Defendant**,
3 without the necessity of identification or prior notice.

4 **XIII.**

5 **Distribution of Order by Defendants**

6 **IT IS FURTHER ORDERED** that **Defendants** shall deliver copies of the
7 Order, and provide proof of delivery, as directed below:

8 A. Corporate Defendants: Each **Corporate Defendant** must deliver a copy
9 of this Order to (1) all of its principals, officers, directors, and managers; and (2) all
10 of its employees, agents, representatives (including but not limited to telemarketers
11 and telemarketing call centers) who engage in conduct related to the subject matter
12 of the Order. For current personnel, delivery shall be within five (5) days of entry of
13 this Order. For new personnel, delivery shall occur prior to them assuming their
14 responsibilities.

15 B. Individual Defendant as Control Person: For any business that an
16 **Individual Defendant** controls, directly or indirectly, or in which such **Defendant**
17 individually or jointly with any other **Defendant** has a majority ownership interest,
18 such **Defendant** must deliver a copy of this Order to (1) all principals, officers,
19 directors, and managers of that business; and (2) all employees, agents, and
20 representatives of that business who engage in conduct related to the subject matter
21 of the Order. For current personnel, delivery shall be within five (5) days of service
22 of this Order upon such **Defendant**. For new personnel, delivery shall occur prior to
23 them assuming their responsibilities.

24 C. Individual Defendant as Employee or Non-control Person: For any
25 business where an **Individual Defendant** is not a controlling person of a business
26 but otherwise engages in conduct related to the subject matter of this Order, such
27 **Defendant** must deliver a copy of this Order to all principals and managers of such
28 business before engaging in such conduct.

1 D. **Defendants** shall, within seven (7) business days from the date of entry
2 of this Order, provide counsel for the **Commission** with a sworn statement that the
3 **Defendants** have complied with this provision of the Order, which statement shall
4 include the names and addresses of each such **person** or entity who received a copy
5 of the Order.

6 **XIV.**

7 **Preservation of Records**

8 **IT IS FURTHER ORDERED** that **Defendants**, and their officers, agents,
9 servants, employees, and attorneys, all other **persons** or entities directly or indirectly
10 under their control or under common control with any of them, and all other **persons**
11 or entities in active concert or participation with any of them who receive actual
12 notice of this Order by personal service or otherwise, are hereby restrained and
13 enjoined from destroying, erasing, mutilating, concealing, altering, transferring or
14 otherwise disposing of, in any manner, directly or indirectly, any documents that
15 relate to the business practices, business finances, or personal finances of any
16 **Defendant**, including, but not limited to, any contracts, accounting data,
17 correspondence, advertisements, computer tapes, discs or other computerized
18 records, books, written or printed records, handwritten notes, telephone logs,
19 telephone scripts, recordings of **telemarketing** calls (except as provided for in
20 Section III (A)(3) and III (A)(4) of this Preliminary Injunction Order), organizational
21 charts, receipt books, ledgers, personal and business canceled checks and check
22 registers, bank statements, appointment books, and copies of federal, state, or local
23 business or personal income or property tax returns.

24 The **persons** subject to this Section specifically include but are not limited to
25 each telemarketing call center that has been used by any of the **Defendants**.

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1 **XV.**

2 **Correspondence**

3 **IT IS FURTHER ORDERED** that, for the purposes of this Order, all
4 correspondence and service of pleadings on **Plaintiff** shall be addressed to:

5 Jennifer M. Brennan
6 Stacy R. Procter
7 John D. Jacobs
8 Federal Trade Commission
9 10877 Wilshire Blvd., Ste. 700
10 Los Angeles, CA 90024

11 Documents served by fax shall be sent to Jennifer M. Brennan/Stacy R. Procter at
12 (310) 824-4380.

13 **XVI.**

14 **Service of this Order**

15 **IT IS FURTHER ORDERED** that copies of this Order may be served by any
16 means, including facsimile transmission, upon any financial institution or other
17 entity or **person** that may have possession, custody, or control of any documents or
18 assets of any **Defendant** or that may otherwise be subject to any provision of this
19 Order. Service upon any branch or office of any financial institution shall effect
20 service upon the entire financial institution.

21 **IT IS SO ORDERED.**

22 Dated: November 17, 2009



23 _____
24 Honorable Florence-Marie Cooper
25 United States District Court Judge
26
27
28