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Attorneys for Plaintiff
Federal Trade Commission

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

APPLY KNOWLEDGE, LLC, also doing
business as APPLY KNOWLEDGE INSTITUTE
and COACHING DEPARTMENT, a Utah limited
liability company;

DAHM INTERNATIONAL, LLC, a Utah limited
liability company;

DOMINION OF VIRGO INVESTMENTS,
INC., a Utah corporation;

ECOMMERCE SUPPORT, LLC, an Idaho

Case No. _____

**Complaint for Permanent Injunction
and Other Equitable Relief**

[Filed Under Seal]

limited liability company;

ESSENT MEDIA, LLC, a Utah limited liability company;

EVERTEX SOLUTIONS, LLC, a Utah limited liability company;

EVI, LLC, also doing business as MEMBERS LEARNING CENTER, a Utah limited liability company;

NEMROW CONSULTING, LLC, a Utah limited liability company;

NOVUS NORTH, LLC, also doing business as MYMENTORING, YES INTERNATIONAL, LLC, and YOUR ECOMMERCE SUPPORT INTERNATIONAL, LLC, a Utah limited liability company;

PURPLE BUFFALO, LLC, a Utah limited liability company, also doing business as Netmarketing;

SUPPLIER SOURCE, LLC, a Utah limited liability company;

365DAILYFIT, LLC, a Utah limited liability company, also doing business as Net Training;

VENSURE INTERNATIONAL, LLC, a Utah limited liability company;

VI EDUCATION, LLC, a Nevada limited liability company;

DAVID GREGORY BEVAN, individually and as an officer, director, or owner of eCommerce Support, LLC;

JESSICA BJARNSON, individually and as an officer, director, or owner of NOVUS NORTH, LLC;

PHILLIP EDWARD GANNUSCIA, individually and as an officer, director, or owner of Dominion of Virgo Investments, Inc., Essent Media, LLC, Novus North, LLC, and Vensure International, LLC, and as a *de facto* principal of eCommerce Support, LLC, EVI, LLC, VI Education, LLC, and 365DailyFit, LLC;

CHAD HUNTSMAN, individually, and as an officer, director, or owner of VI Education, LLC;

RICHARD NEMROW, individually and as an officer, director, or owner of Nemrow Consulting, Essent Media LLC, Novus North, LLC, and Vensure International, LLC;

JEFFREY NICOL, individually and as an officer, director, or owner of 365DailyFit, LLC and Dahm International, LLC;

THOMAS J. RISKAS, III, individually and as an officer, director, or owner of EVI, LLC and Purple Buffalo, LLC;

BABATA SONNENBERG, individually and as an officer, director, or owner of eVertex Solutions, LLC and Supplier Source, LLC; and

KEN SONNENBERG, individually and as an officer, director, or owner of Apply Knowledge, LLC and eVertex Solutions, LLC,

Defendants.

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

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, to obtain temporary, preliminary, and 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), and the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).

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

SUMMARY OF THE CASE

4. Defendants operate, as a common enterprise, a multi-phase, multi-million dollar, Internet and telemarketing scheme that preys on consumers hoping to earn money via a home-based Internet business. Defendants, using a multitude of corporate names and oft-changing d/b/as, rely on deceptive tactics to induce consumers to pay thousands of dollars—most of it borrowed on their credit cards—for Defendants’ services and related goods. Consumers make these purchases based on Defendants’ representations that they will end up with an online business generating substantial revenue. Yet, despite Defendants’ assurances, most consumers who purchase Defendants’ services and related goods do not end up with a functional online business, earn little or no money, and end up heavily in debt.

5. Defendants' scheme consists of three interconnected phases, with different Defendants performing different functions. Each Defendant's role is integral to the overall success of the scheme.

6. In the first phase, Defendants use emails and websites to induce consumers to purchase relatively inexpensive work-at-home kits. In the second phase, Defendants use telemarketing to sell consumers a much more expensive program of business coaching services and related goods that Defendants say will provide consumers with a profitable online business. In the third phase, Defendants purport to provide consumers with the promised "coaching" services, while they or related telemarketers direct and urge consumers to purchase costly add-on business services, known as "upsells," such as business formation, website design, website development, accounting and tax filing services, and drop-shipping services.

7. In truth and in fact, consumers rarely, if ever, end up with a profitable online business, and Defendants' scheme continues either until consumers realize that they are victims of a scam or until they reach the limits on their credit cards.

8. In order to put an immediate stop to this scheme and hold Defendants liable for millions of dollars of consumer harm, the FTC seeks permanent injunctive relief and monetary redress.

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. The FTC also

enforces the Telemarketing Act. In accordance with the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

10. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR 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), 56(a)(2)(A)-(B), and 57b.

CORPORATE DEFENDANTS

11. Defendant Apply Knowledge, LLC, also doing business as Apply Knowledge Institute and Coaching Department, is a closely held, Utah limited liability company, incorporated on July 20, 2009, with its principal place of business at 1352 West 1980 North, Provo, Utah. At times material to this Complaint, acting alone or in concert with others, Apply Knowledge has advertised, marketed, distributed or sold the Defendants' business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. Apply Knowledge transacts or has transacted business in this district and throughout the United States.

12. Defendant Dahm International, LLC ("Dahm") is a closely held, single-member Utah limited liability company, incorporated on June 19, 2013, with its principal place of business at 77 West 200 South, 3rd Floor, Salt Lake City, Utah. At times material to this Complaint, acting alone or in concert with others, Dahm has advertised, marketed, distributed or sold the Defendants' business coaching programs throughout the United States through the use

of one or more telephones and through more than one interstate telephone call. Dahm transacts or has transacted business in this district and throughout the United States.

13. Defendant Dominion of Virgo Investments, Inc. (“Dominion”) is a closely held, Utah corporation, incorporated on March 10, 2003, with its principal place of business at 14848 South New Maple Drive, Herriman, Utah. Dominion is an owner of Defendants Essent Media, Novus North, and Vensure. At times material to this Complaint, acting alone or in concert with others, Dominion has received and served as a conduit for funds that can be traced directly to Defendants’ unlawful acts or practices alleged herein. Dominion transacts or has transacted business in this district and throughout the United States.

14. Defendant eCommerce Support, LLC (“eCommerce Support”) is a closely held, Idaho limited liability company, incorporated on April 27, 2011, with its principal place of business at 1167 Iron Eagle Drive, Eagle, Idaho. At times material to this Complaint, acting alone or in concert with others, eCommerce Support has advertised, marketed, distributed or sold Defendants’ business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. eCommerce Support transacts or has transacted business in this district and throughout the United States.

15. Defendant Essent Media, LLC (“Essent Media”) is a closely held, two-member Utah limited liability company, incorporated on May 10, 2010, with its principal place of business at 770 East Main Street, Suite 155, Lehi, Utah. At times material to this Complaint, acting alone or in concert with others, Essent Media has operated work-at-home-kit websites through which it generates consumer names (“leads”) for Defendants’ business coaching

programs and related upsells. Essent Media transacts or has transacted business in this district and throughout the United States.

16. Defendant eVertex Solutions, LLC (“eVertex”) is a closely held, two-member Utah limited liability company, incorporated on March 29, 2001, with its principal place of business at 1352 West 1980 North, Provo, Utah. At times material to this Complaint, acting alone or in concert with others, eVertex has advertised, marketed, distributed or sold Defendants’ business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. eVertex transacts or has transacted business in this district and throughout the United States.

17. Defendant EVI, LLC (“EVI”), doing business as Members Learning Center, is a closely held, Utah limited liability company, incorporated on August 10, 2009, with its principal place of business at 636 South 560 East, Orem, Utah. At times material to this Complaint, acting alone or in concert with others, EVI has operated Members Learning Center as a work-at-home-kit website through which it generates consumer names (“leads”) for Defendants’ business coaching programs and related upsells. Members Learning Center transacts or has transacted business in this district and throughout the United States.

18. Defendant Nemrow Consulting, LLC (“Nemrow Consulting”) is a closely held, single-member Utah limited liability company, incorporated on January 29, 2009, with its principal place of business at 35 E. Windsong Drive, Pleasant Grove, Utah. Nemrow Consulting is an owner of Defendants Essent Media, Novus North, and Vensure International. At times material to this Complaint, acting alone or in concert with others, Nemrow Consulting has received and served as a conduit for funds that can be traced directly to Defendants’ unlawful

acts or practices alleged herein. Nemrow Consulting transacts or has transacted business in this district and throughout the United States.

19. Defendant Novus North, LLC (“Novus North”), also doing business as MYMENTORING, Your eCommerce Support International, LLC, and YES International, LLC, is a closely held, two-member Utah limited liability company, incorporated on September 8, 2009, with its principal place of business at 770 East Main Street, Suite 155, Lehi, Utah. Novus North held an ownership interest in Defendant Essent Media from May 2010 through June 2012, when Defendants Dominion of Virgo and Nemrow Consulting became members in Essent Media and Novus North relinquished its interest in that company. On December 14, 2011, Novus North received a permit from the Utah Department of Commerce to telemarket on behalf of Defendant Apply Knowledge (d/b/a the Coaching Department). At times material to this Complaint, acting alone or in concert with others, Novus North has advertised, marketed, distributed or sold Defendants’ business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. Novus North transacts or has transacted business in this district and throughout the United States.

20. Defendant Purple Buffalo, LLC (“Purple Buffalo”), also doing business as Netmarketing, is a closely held, two-member Utah limited liability company, incorporated on June 4, 2012, with its principal place of business at 321 N. Mall Drive, Bldg. R-249, St. George, Utah. At times material to this Complaint, acting alone or in concert with others, Purple Buffalo has owned, operated, or otherwise controlled one or more merchant accounts through which the Defendants charge consumers for work-at-home kits. Purple Buffalo facilitates Defendants’

collection of payments from consumers who purchase Defendants' goods or services. Purple Buffalo transacts or has transacted business in this district and throughout the United States.

21. Defendant Supplier Source, LLC ("Supplier Source") is a closely held, single-member Utah limited liability company, incorporated on December 15, 2011, with its principal place of business at 1352 West 1980 North, Provo, Utah. Supplier Source is a purported division of Apply Knowledge, d/b/a the Coaching Department. At times material to this Complaint, acting alone or in concert with others, Supplier Source has advertised, marketed, distributed or sold Defendants' business coaching programs and upsell services throughout the United States through the use of one or more telephones and through more than one interstate telephone call. Supplier Source transacts or has transacted business in this district and throughout the United States.

22. Defendant 365DailyFit, LLC ("365DailyFit"), also doing business as Net Training, is a closely held, single-member Utah limited liability company, incorporated on September 15, 2011, with its principal place of business at 125 East Main Street, Suite 118, American Fork, Utah, with a previous address of 770 East Main Street, Suite 155, Lehi, Utah. On June 4, 2013, 365DailyFit submitted a telemarketing permit application to telemarket on behalf of Defendant Apply Knowledge (d/b/a Coaching Department). At times material to this Complaint, acting alone or in concert with others, 365DailyFit has advertised, marketed, distributed or sold Defendants' business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. 365DailyFit transacts or has transacted business in this district and throughout the United States.

23. Defendant Vensure International, LLC (“Vensure”) is a closely held, single-member Utah limited liability company, incorporated on May 7, 2010, with its principal place of business at 770 East Main Street, Suite 332, Lehi, Utah. At times material to this Complaint, acting alone or in concert with others, Vensure has advertised, marketed, distributed or sold Defendants’ coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. Vensure transacts or has transacted business in this district and throughout the United States.

24. Defendant VI Education, LLC (“VI Education”) is a Nevada limited liability company, incorporated on April 28, 2011, with its principal place of business at 770 East Main Street, Suite 155, Lehi, Utah. At times material to this Complaint, acting alone or in concert with others, VI Education has advertised, marketed, distributed or sold Defendants’ business coaching programs throughout the United States through the use of one or more telephones and through more than one interstate telephone call. VI Education transacts or has transacted business in this district and throughout the United States.

INDIVIDUAL DEFENDANTS

25. Defendant David Gregory Bevan resides in Eagle, Idaho. He is an owner and the chief executive officer of eCommerce Support. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Bevan, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

26. Defendant Jessica Bjarnson resides in South Jordan, Utah. Bjarnson is married to Defendant Phillip Edward Gannuscia. She was an owner of Novus North from September 2009 to November 2011, and she is currently Novus North's chief financial officer. Bjarnson is also the registered agent of Dominion, eCommerce Support, Essent Media, Novus North, Vensure, and VI Education. She is a former registered agent for EVI and 365DailyFit. At times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Bjarnson, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

27. Defendant Phillip Edward Gannuscia resides in South Jordan, Utah. Gannuscia is married to Defendant Bjarnson. Gannuscia is a director of Dominion, and through Dominion is an owner of Essent Media, Novus North, and Vensure. Before Dominion obtained ownership interests in Essent Media, Novus North, and Vensure, Gannuscia personally held direct or indirect (through Novus North) ownership interests in those entities. Gannuscia owns and/or operates eCommerce Support, EVI, VI Education, and 365DailyFit. 365DailyFit operates out of the same building as Essent Media, Novus North, Vensure, and VI Education. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Gannuscia, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

28. Defendant Chad Huntsman resides in South Jordan, Utah. Huntsman is a manager of VI Education. At times material to this Complaint, acting alone or in concert with

others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Huntsman, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

29. Defendant Scott Nemrow resides in Lehi, Utah. Nemrow is the sole owner of Nemrow Consulting. Through Nemrow Consulting, Nemrow is an owner of Essent Media, Novus North, and Vensure. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Nemrow, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

30. Defendant Jeffrey Nicol resides in Draper, Utah. Nicol is an owner of 365DailyFit, and the sole owner of Dahm. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Nicol, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

31. Defendant Thomas J. Riskas, III resides in Orem, Utah. Since 2009, he has been the sole manager of EVI. Riskas is an owner of Purple Buffalo. Riskas has opened several merchant and other bank accounts that received funds from the Defendants in this case. These accounts facilitate Defendants' collection of payments from injured consumers, who purchase Defendants' products and services. Riskas manages these merchant accounts to disperse consumer chargebacks and thereby to conceal Defendants' practices from issuing banks and law

enforcement. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts or practices set forth in this Complaint. Riskas, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

32. Defendant Babata Sonnenberg resides in Orem, Utah. She is an owner of eVertex, and she is the sole owner of Supplier Source. She is married to Defendant Ken Sonnenberg. At times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled had the authority to control, or participated in the acts or practices set forth in this Complaint. Babata Sonnenberg, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

33. Defendant Ken Sonnenberg resides in Orem, Utah. He is an owner/manager of Apply Knowledge and eVertex. He is married to Defendant Babata Sonnenberg. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled had the authority to control, or participated in the acts or practices set forth in this Complaint. Sonnenberg, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

DEFENDANTS ARE A COMMON ENTERPRISE

34. Defendants Apply Knowledge, Dahm, Dominion, eCommerce Support, Essent Media, eVertex, EVI, Nemrow Consulting, Novus North, Purple Buffalo, Supplier Source, 365DailyFit, Vensure, and VI Education (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in the deceptive acts or practices and other violations of law alleged herein. Corporate Defendants have conducted the business practices described

herein through an interrelated and interdependent network of companies that have a common business purpose, routinely share profits from the illegal and deceptive scheme described in this Complaint, and in many instances, have common ownership, officers, managers, business functions, employees and office locations. Because Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged herein. Individual Defendants Bevan, Bjarnson, Gannuscia, Huntsman, Nemrow, Nicol, Riskas, Babata Sonnenberg, and Ken Sonnenberg have formulated, directed, controlled, had the authority to control, or directly participated in the acts or practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

35. 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 ACTIVITIES

36. Since at least 2009, and continuing thereafter, Defendants have engaged in a coordinated scheme designed to sell various work-at-home programs, business coaching programs, and related services and goods.

37. Defendants have marketed their programs and related goods and services via email, Internet sites, and by use of one or more telephones involving more than one interstate call.

38. The Defendants' scheme has three interconnected phases: (1) the Work-At-Home Kit/Lead Generation phase; (2) the Business Coaching Program/Telemarketing phase; and (3) the Coaching Fulfillment/Add-On Services phase.

39. Each phase is an integral and interconnected part of Defendants' scheme.

40. In all three phases of Defendants' scheme, Defendants use a variety of misleading and deceptive tactics that violate the Federal Trade Commission Act, the Telemarketing Sales Rule, or both.

**Phase One: Luring in Consumers with Deceptive
Emails and Websites that Pitch Work-At-Home Kits**

41. In the first phase of their scheme, Defendants use deceptive emails and Internet sites to attract consumers interested in work-at-home opportunities.

42. In numerous instances, Defendants send consumers emails stating that there are positions available in their area and offering them the opportunity to generate an income from home.

43. Consumers who click on a link in Defendants' emails are not provided with information about positions in their area, instead they are taken to one of various websites (the "Work-At-Home-Kit Websites") owned by Defendants, including www.onlineprofitmasters.com (Online Profit Masters), www.incomemastersinstitute.com (Income Masters Institute), www.memberslearningcenter.com (Members Learning Center), www.profitwebsystem.com and www.profitwebsystem.net (Profit Web System), www.webfortunemaster.com (Web Fortune Master), and www.onlinelearninglibrary.com (Online Learning Library).

44. In numerous instances, consumers find Defendants' Work-At-Home-Kit Websites after searching the Internet for work-at-home opportunities.

45. On the Work-At-Home-Kit Websites, Defendants market and sell programs (the "Work-At-Home Kits") that claim to show consumers how to make money on the Internet while working from home.

46. In addition to profiting from the sale of the Work-At-Home Kits, Defendants use the Work-At-Home-Kit Websites to collect contact information from consumers and thus generate leads for telemarketing of Defendants' business coaching programs.

47. Defendants typically sell the Work-At-Home Kits at prices ranging from \$37 to \$99.

48. In numerous instances, Defendants' Work-At-Home-Kit Websites claim that one or more of the Work-At-Home Kits is guaranteed to earn consumers a substantial amount of money.

49. For example, Defendants make earnings claims about their Profit Web System program on one of their Work-At-Home-Kit Websites, profitwebsystem.com (the "Profit Web System Website").

50. Upon entering the Profit Web System Website, consumers see the following screen:

Profit Web System

<http://profitwebsystem.com/profitb97/congratulations>

Profit@websystem



Congratulations!

There is Currently 1 Position Left In your area.

Read The Job Report Below To See If You Qualify

Special Report from Sally Brown, the #1 home job consultant in America:

If You Can Spare 60 Minutes A Day, We Can Offer You A Certified, Proven And Guaranteed Home Job To Make \$379/Day From Home!

"Important: Read my full report now as only 15 people are accepted into this program per city at any given time... because of the personal support given to each new member to ensure everyone's quick financial success. Don't hesitate... this page is taken down (literally) when the limit is reached, so read on..."

51. Consumers also see a screen recounting what the site describes as the “real life rags to riches story” of Sally Brown:

My name is Sally Brown, and let me tell you, I used to work hard... Really hard... And like millions of other Americans... While hardly getting by, living from pay check to pay check.

I got divorced at a very young age and I was left with having to find a new place to live with my 6 year old daughter. I moved to New Jersey for a fresh start on life which was not easy. I had to work two jobs waitressing and some freelance work on the side just to pay bills.

No matter how hard I worked my bank balance was always at zero at the end of each month, and my credit cards kept accumulating more and more debt. I hated my jobs, my bosses and the debt.

The Chilling Day That Changed My Life...

I remember the exact day: It was June 17th, and I got laid off from my full time job, the one that was paying the majority of bills. It was a few days before my little girl's birthday and I was supposed to buy Shannon the birthday presents she had been hoping for. But all of a sudden, I could no longer afford gifts. I didn't even know how I could get enough money together to pay the rent, let alone the food for ...

52. Defendants' Profit Web System Website tells how Sally Brown went from being a struggling single mother to earning thousands of dollars a month working just a few hours a day from home by posting “affiliate links” online, and proclaims that Sally Brown is now sharing her knowledge with other consumers via the Profit Web System.

53. Defendants' Profit Web System Website claims that consumers who post links using the Profit Web System can work from home an hour and a half a day, five days a week, and earn \$97,500 a year.

54. These representations are false or unsubstantiated.

55. “Sally Brown” did not go from being a struggling single mother to earning thousands of dollars a month by posting affiliate links through Defendants' program.

56. Other Work-At-Home-Kit Websites used by Defendants make similar misrepresentations. Consumers who visit Defendants' site Webfortunemaster.com (the "Web Fortune Master Website"), for example, encounter a screen with the following familiar rags-to-riches story, except that Sally is now named Jessica:

How would you like an easy, proven, and guaranteed way to make extra money from home in your spare time? If you answered yes then this will be the most exciting message that you'll ever read!

And here's why: My name is Jessica Bradley and let me tell you, I used to work hard , really hard and, like millions of other Americans, while hardly getting by, living from pay check to pay check.

I got divorced at a very young age and I was left with having to find a new place to live with my 2 years old daughter.

I moved to Ohio for a fresh start on life which was not easy. I had to work two jobs waitressing and some office work on the side just to pay bills. No matter how hard I worked my bank balance was always at zero at the end of each month, and my credit cards kept accumulating more and more debt. I hated my jobs, my bosses and the debt.

THE CHILLING DAY THAT CHANGED MY LIFE...

I remember the exact day: It was May 19th, and I got laid off from my full time job, the one that was paying the majority of bills. It was a few days before my little girl's birthday and I was supposed to buy Eleena the birthday presents she had been hoping for.

But all of a sudden, I could no longer afford gifts. I didn't even know how I could get enough money together to pay the rent, let alone the food for us.



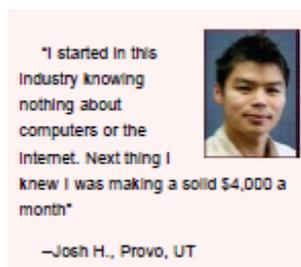
57. The Web Fortune Master Website claims that Jessica Bradley is earning thousands of dollars a month working just a few hours a day from home by posting "affiliate links" online.

58. According to a screen shown on Defendants' Web Fortune Master Website, a consumer who learns how to place affiliate links through Web Fortune Master can earn the following:

HERE'S A SIMPLE ILLUSTRATION OF HOW MUCH MONEY YOU CAN MAKE IN JUST A FEW DIFFERENT SCENARIOS:

# Links You Post Per Day	Money You Make Per Day	Money You Make Per Week	Money You Make Per Month	Money You Make Per Year
5 (\$15 Each)	\$75	\$375	\$1,500	\$19,500
10 (\$15 Each)	\$150	\$750	\$3,000	\$39,000
15 (\$15 Each)	\$225	\$1,125	\$4,500	\$50,500
20 (\$15 Each)	\$300	\$1,500	\$6,000	\$70,000
25 (\$15 Each)	\$375	\$1,875	\$7,500	\$97,500

59. The Web Fortune Master site also includes additional testimonials, such as the following:



60. These representations are false or unsubstantiated.

61. Even the pictures are misleading. The photo of Jessica Bradley from the Web Fortune Master Website is actually a photo titled “Woman Posing with Baby Girl” available from stock photo agency www.inmagine.com:

Parenting (unx188) > Woman Posing with Baby Girl (u15770019)



Woman Posing with Baby Girl

Login to view Non-Watermarked image
 Login to add to lightbox

Display print size in : cm inch (300dpi)	Pricing
Web - 0.5 MB 338 x 518px (1.13 x 1.73in) - JPG Compressed size on download approx : 70 KB	\$ 49.00 Add to Cart
Low - 3.0 MB 827 x 1268px (2.76 x 4.23in) - JPG Compressed size on download approx : 180 KB	\$ 99.00 Add to Cart
Med - 12.0 MB 1654 x 2536px (5.51 x 8.45in) - JPG Compressed size on download approx : 500 KB	\$ 199.00 Add to Cart
High - 30.0 MB 2615 x 4010px (8.72 x 13.37in) - JPG Compressed size on download approx : 1.0 MB	\$ 269.00 Add to Cart
Superhigh - 47.9 MB 3304 x 5067px (11.01 x 16.89in) - JPG Compressed size on download approx : 2.0 MB	\$ 349.00 Add to Cart
XL* - 100 MB 4662 x 7150px (15.54 x 23.83in) - TIFF Compressed size on download approx : 100 MB	\$ 449.00 Add to Cart
XXL* - 200 MB 6593 x 10111px (21.98 x 33.7in) - TIFF	\$ 549.00 Add to Cart

62. “Josh H” is photo #472639 from www.istockphoto.com:

Photos Illustrations Video Audio Editorial

Participate Help



Smile
 Stock Photo | File #472639 View Pay As You Go pricing

Size	Pixels	Inches	Price
XSmall	306 x 392 px @ 72 dpi	191.76 KB	5 Credits
Small	611 x 786 px @ 72 dpi	597.02 KB	7 Credits
Medium	1860 x 2392 px @ 300 dpi	3.35 MB	12 Credits

License Options Standard Extended

Total: 12 Credits

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63. Consumers who purchase one of Defendants’ Work-At-Home Kits, such as those pitched on the Profit Web System Website and the Web Fortune Master Website, enter their

contact information and credit card numbers, and gain access to one of Defendants' members-only training websites (the "Training Websites"), such as www.membersonlytraining.com.

64. The Training Websites contain videos and tutorials purportedly meant to instruct users how to earn money through "drop-shipping, auction listing, link hosting, affiliate marketing" and other means.

65. Consumers who try to use the Training Websites and learn the Defendants' system, however, quickly realize that the websites do not show them how to readily earn hundreds or thousands of dollars per week. Rather, many of the pages on the Training Websites are actually attempts by Defendants to sell consumers additional products or services.

66. For example, consumers attempting to use the Training Website www.membersonlytraining.com encounter the following screen, directing them to call their "startup specialist":



67. Consumers who call their “startup specialist” are routed to Defendants’ telemarketers, who try to sell them one of Defendants’ business coaching programs as part of the next phase of Defendants’ scheme.

68. Likewise, consumers who buy a Work-At-Home Kit but do not call their “startup specialist” are, instead, called by telemarketers who try to sell them one of Defendants’ business coaching programs as part of the next phase of Defendants’ scheme.

**Phase Two: Defendants Trick Consumers Into
Buying Costly Coaching Services**

69. After consumers purchase one of Defendants' Work-At-Home Kits, Defendants have access to consumers' contact information. Defendants use that information to make telemarketing sales calls to consumers pitching a separate product—Defendants' business coaching and related services and goods (the "Business Coaching Program").

70. Defendants offer the Business Coaching Program under a multitude of names, including the Coaching Department, Aspire Marketing Solutions, Apply Knowledge Institute, EBS Mentoring, eBusiness Solutions, Ecommerce Support, Global Education Inc., the Internet Coaching Program, Members Learning Center, VIP Success Team, Rocky Mountain eCommerce, and VIP Team Biz, among others.

71. During Business Coaching Program telemarketing sales calls, Defendants make a variety of misrepresentations, and rely on deceptive sales tactics, in order to sell the Business Coaching Program.

A. *Defendants Misrepresent their Role and the Reason for Their Call*

72. Defendants do not reveal that the purpose of their telemarketing call is to sell the Business Coaching Program. Instead, Defendants' telemarketers typically tell consumers that their division is responsible for developing "success stories"—stories that Defendants' company can use to promote itself in "seminars and infomercials"—and that the purpose of their call is to find and vet candidates with whom the company can work to develop a promotable "success story."

73. Defendants tell consumers that only a few qualified individuals are selected to work hand-in-hand with company coaches, and that by working with coaches, the selected consumers will achieve the type of result that can be promoted as a company “success story.”

74. Defendants typically tell consumers that unless a consumer ends up with a highly profitable online business, he or she will not be a “success story” that the “success team” group can promote.

75. During the telemarketing calls, Defendants proceed to “interview” consumers, purportedly in order to determine if the consumers are “qualified” to join the “success team” program. As part of this interview process, Defendants say they need to check the consumer’s “qualifications,” and proceed to ask consumers about their finances, savings, and credit limits.

76. Defendants give consumers the impression that they are not trying to sell them a product or service, but rather are interviewing them for an exclusive opportunity to work hand-in-hand with company coaches as part of the “success team” program, and that Defendants’ and consumers’ interests are aligned because Defendants succeed only if the consumer becomes a “success story.”

77. The true purpose of the call is to sell the Business Coaching Program.

78. Defendants ask questions about consumers’ finances in order to determine how much Defendants can charge consumers for the Business Coaching Program and add-on business services, known as “upsells,” such as business incorporation, website design, website development, accounting and tax filing services, and drop-shipping services.

B. Defendants Misrepresent How Much Money Consumers Can Expect to Earn Via the Business Coaching Program

79. Defendants make various representations as to how much consumers can earn via the Business Coaching Program.

80. Defendants' earning representations, which take many forms, leave consumers with the impression that they will earn several thousand dollars a month via the Business Coaching Program.

81. In numerous instances, Defendants tell consumers that they can expect their new online businesses will generate \$2,000-5,000 a month within three to six months of starting the Business Coaching Program.

82. Defendants typically encourage consumers to put the entire cost of the Business Coaching Program—generally between \$3,000 and \$12,000—on their credit card, and assure consumers that the proceeds of their new Internet businesses will enable them to pay off their card balance within a short period of time, typically three to six months.

83. Defendants typically state that since consumers' new businesses will generate enough income to quickly pay off their credit card, the Business Coaching Program will not cost consumers any "out-of-pocket" money. According to the Defendants, consumers can thus use "the banks' money"—also referred to by Defendants as "OPM," or "Other People's Money"—to start their businesses.

84. Defendants typically ask consumers about their financial goals and how much they want to earn from an Internet business. Consumers who say that they hope to earn a few

thousand dollars a month are assured by Defendants that these goals are readily attainable via their participation in the Business Coaching Program.

85. Defendants tell consumers about other participants who they claim have earned thousands of dollars a month through the Business Coaching Program.

86. Defendants tell consumers that other program participants have paid off debt on their houses, cars, and school loans within a year of starting the Business Coaching Program.

87. In numerous instances, Defendants urge consumers to view testimonials on Business Coaching Program websites from other people who purportedly participated in the program. The testimonials depict satisfied consumers who claim they are earning thousands of dollars a month by selling items on the Internet under the guidance of the Business Coaching Program. For example, the following testimonial, shown on numerous Business Coaching Program websites, states that “in May 2013, Dan did \$28,950 in sales and \$6,420 profit on eBay alone in one month!”:

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DAN FAZIO – EBAY DROP SHIPPING & GOLD POWERSELLER
\$6,500 Profit in One Month!

OVERVIEW

Dan Fazio began the coaching program in March 2012. At that time, Dan was working 50-60 hours per week as a lab scientist at a local hospital, not to mention being busy as a husband and father of 2 children. Balancing work, family, and finances became nearly impossible, especially because one of those kids was headed to college, and Dan had no way to pay for the tuition. It was at that time that he started to look for some financial help and found it in the form of the internet coaching program.

Now Dan is cutting back hours with his normal job, easily paying for his kid's education, and enjoying all the perks of being his own boss; in fact, in May 2013, Dan did \$28,950 in sales and \$6,420 in profit on ebay alone in one month!



THE COACHING PROGRAM

88. Defendants state or imply that it is typical for participants to earn thousands of dollars a month through the Business Coaching Program.

89. In some instances, Defendants' telemarketers tell consumers that they, themselves, are earning thousands of dollars a month selling items online using the techniques taught in the Business Coaching Program. On one call, for example, Defendants' telemarketer said that he earned \$4,368 in the previous month from just one aspect of his online business.

90. In some instances, Defendants tell consumers that 85% of Business Coaching Program participants "graduate" from the program and are now turning a profit with their online businesses.

C. Defendants Earnings Claims Are False or Unsubstantiated

91. Defendants' earnings representations regarding the Business Coaching Program are false or unsubstantiated, and leave consumers with a false impression as to how much money they can expect to earn.

92. In truth and in fact, consumers typically do not earn a substantial income through the Business Coaching Program, nor do they recoup their purchase price.

93. Typically, consumers earn nothing, or next to nothing, through their participation in the Business Coaching Program.

94. Typically, consumers do not end up with a profitable online business through the Business Coaching Program.

95. Even consumers who put in two and three times the amount of time and effort suggested by Defendants do not typically earn a substantial income from the “businesses” developed through the Business Coaching Program.

96. Many consumers have lost thousands, if not tens of thousands, of dollars by participating in the Business Coaching Program.

97. Many consumers are now in debt to credit card companies or financing companies following their participation in the Business Coaching Program.

D. Defendants Misrepresent the Goods and Services That the Business Coaching Program Will Provide

98. In numerous instances, Defendants tell consumers that by purchasing the Business Coaching Program, including individual coaching sessions, purportedly valuable video tutorials, and professional website design services or operational websites, they will end up with Internet businesses and websites generating substantial traffic and sales.

99. In numerous instances, Defendants tell consumers that their coaches will provide them with detailed expert advice, and will walk them hand-in-hand through the process of starting their own online businesses.

100. In numerous instances, Defendants tell consumers that their coaches will be readily available to answer all their questions, and will ensure that consumers’ businesses get up and running and operate smoothly.

101. In numerous instances, Defendants tell consumers that their purchase of the Business Coaching Program will be the last significant purchase they will have to make in order to end up with a successful online business.

102. In numerous instances, Defendants urge consumers to view “sample websites” (“Showcase Websites”) showcased on Business Coaching Program websites, such as those shown on the following screen from Defendants’ site www.ebsmentoring.com:



Website Showcase



103. Defendants typically tell consumers that these Showcase sites generate substantial consumer traffic and sales. Video testimonials on Business Coaching Program sites also make numerous claims as to the success of the Showcase Websites, including claims that the sites have high “Alexa rankings,” signifying that they are popular and are generating substantial consumer traffic.

104. Defendants lead consumers to believe, through the Showcase Websites, video testimonials, and representations in their telemarketing sales pitches, that if consumers participate in the Business Coaching Program, they too will end up with successful online businesses with websites generating substantial traffic and sales.

105. Defendants’ representations about the goods and services the Business Coaching Program will provide for consumers are false or unsubstantiated.

106. In truth and in fact, the vast majority of purchasers of the Business Coaching Program will not end up with websites generating substantial traffic and sales through use of the Business Coaching Program.

107. In truth and in fact, Defendants’ coaches do not walk consumers hand-in-hand through the process of starting their own online businesses.

108. In truth and in fact, many of the Business Coaching Program coaches give little or no substantive guidance to consumers in the program, and often provide consumers with little or no assistance when they encounter technical problems or other difficulties setting up their online businesses.

109. In truth and in fact, many of the “training” videos included in the Business Coaching Program contain commonplace information that can readily be found elsewhere

(usually for free), such as how to open an account on eBay or Paypal, or how to search Google to find out who sells a particular product.

110. In truth and in fact, the Business Coaching Program is not typically the last good or service that Defendants will pitch consumers or the last significant purchase that the Defendants will tell consumers they have to make to end up with websites generating substantial traffic and sales.

111. In truth and in fact, Business Coaching Program Showcase Websites do not have high Alexa rankings, and much of their Internet traffic comes from the Business Coaching Program websites.

112. In truth and in fact, most consumers who participate in the Business Coaching Program will not end up with successful online businesses with websites generating substantial traffic and sales because the Business Coaching Program is designed solely to earn revenue for Defendants, not to provide effective goods or services to consumers.

Phase Three: Defendants Misrepresent That Add-On Services are Part of or Connected to the Business Coaching Program and That Consumers Need Them to Succeed

113. In the third phase of Defendants' scheme, Defendants provide consumers with business coaching products, services and "advice," at the same time that they and third-party telemarketers try to convince consumers to purchase add-on business-related services.

A. *Defendants Misrepresent That the Add-On Services Are Part of or Connected to the Business Coaching Program*

114. Within a week or two of starting the coaching phase—and long before most consumers have any sort of web business up and running—consumers begin receiving calls from

telemarketers pitching additional business services, such as business formation, web-design and development, accounting and tax filing services, and drop-shipping services (collectively, “Add-On Services”).

115. These Add-On Services are telemarketed by the Defendants, and by third party telemarketers who obtain consumers’ names and contact information from the Defendants, either by purchasing or leasing the names, or in exchange for a share of the Add-On Services’ sales revenues.

116. Some of Defendants’ Add-On Services’ telemarketing calls are scheduled by Business Coaching Program coaches or representatives, and may even occur at times that consumers are told to expect a call for the purpose of a Business Coaching Program coaching session.

117. Even when the Add-On Services’ sales calls are not specifically arranged by Business Coaching Program coaches, Defendants’ coaches, portraying themselves as consumers’ business advisors, typically direct or urge consumers to purchase the Add-On Services.

118. In many instances, Defendants and third-party telemarketers selling the Add-On Services state or imply that they work with the consumer’s Business Coaching Program coach, are calling at the direction of the consumer’s coach, or are themselves part of the Business Coaching Program.

119. Defendants pitching the Add-On Services to consumers typically state or imply that the Add-On Services are part of or integral to the Business Coaching Program.

B. Defendants Tell Consumers, Falsely, That They Need to Buy the Add-On Services In Order to Make Money in the Business Coaching Program

120. In numerous instances, Defendants tell consumers that because of their participation in the Business Coaching Program they will end up with a successful online business, and that they will need various Add-On Services in order for these online businesses to operate legally and profitably.

121. In numerous instances, Defendants tell consumers that they will not earn any profit in the Business Coaching Program without the Add-On Services.

122. In many instances, Defendants reference consumers' previous financial "investment" in the Business Coaching Program, and state or imply that consumers can only recoup their investment by purchasing the Add-On Services.

123. In many instances, the Defendants sell consumers Add-On Services that consumers were previously told—by Defendants pitching their original Business Coaching Program—were already included in the Business Coaching Program.

C. The Net Impression From the Defendants' Misrepresentations Is That Consumers Must Purchase the Add-On Services In Order To Make a Profit

124. The net impression arising from Defendants' misrepresentations is that the Add-On Services are part of or integral to the Business Coaching Program, and that if consumers do not purchase the Add-On Services they will not succeed with their online businesses.

125. In truth and in fact, the Add-On Services are not part of or integral to the Business Coaching Program.

126. In truth and in fact, consumers who purchase or participate in the Business Coaching Program rarely end up with a functioning online business, and so it is not necessary for most consumers to purchase the Add-On Services.

127. In truth and in fact, purchasing the Add-On Services does not help consumers recoup their original investments, but instead puts them deeper in debt.

128. In truth and in fact, Defendants' marketing of Add-On Services is just one more avenue that Defendants use to mislead or deceive consumers into buying their questionable goods and services.

VIOLATIONS OF THE FTC ACT

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

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

Count I - Misrepresentations Regarding Earnings

131. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of Work-At-Home Kits, the Business Coaching Program, and Add-On Services, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase and use Defendants' Work-At-Home Kits, Business Coaching Program, and Add-On Services are likely to earn substantial amounts of money.

132. Defendants' representations set forth in Paragraph 131 are false or misleading or were not substantiated at the time the representations were made.

133. Therefore, the making of the representations, as set forth in Paragraph 131 of this Complaint, constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Count II – Misrepresentations Regarding
Characteristics of the Business Coaching Program and Add-On Services**

134. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of their Business Coaching Program and Add-On Services, Defendants have represented, directly or indirectly, expressly or by implication, that:

- A. the Business Coaching Program was the only good or service that consumers would need to buy in order to end up with a successful online business;
- B. consumers would end up with a fully operational website capable of generating substantial traffic and sales; and
- C. consumers' successful use of the Business Coaching Program depended on their purchase of Add-On Services.

135. Defendants' representations set forth in Paragraph 134 are false or misleading or were not substantiated at the time the representations were made.

136. Therefore, the making of the representations, as set forth in Paragraph 134 of this Complaint, constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE (TSR)

137. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101-6108 in 1994. The FTC adopted the original Telemarketing Sales Rule (“TSR”) in 1995, extensively amended it in 2003, and amended certain provisions thereafter. 16 C.F.R. Part 310.

138. Defendants are “sellers” and “telemarketers” engaged in “telemarketing” as defined by the TSR, 16 C.F.R. § 310.2(aa), (cc), and (dd).

139. Defendants’ goods and services, including Defendants’ Business Coaching Program and Add-On Services, are “Investment opportunit[ies]” as defined in the TSR, 16 C.F.R. § 310.2(q). The TSR defines an “Investment opportunity” as “anything, tangible or intangible, that is offered, offered for sale, sold, or traded based wholly or in part on representations, either express or implied, about past, present, or future income, profit, or appreciation.” 16 C.F.R. § 310.2(q).

140. The TSR prohibits sellers and telemarketers from “[m]isrepresenting, directly or by implication, in the sale of goods or services. . . [a]ny material aspect of an investment opportunity including, but not limited to, risk, liquidity, earnings potential, or profitability.” 16 C.F.R. § 310.3(a)(2)(vi).

141. The TSR prohibits sellers and telemarketers from “[m]isrepresenting, directly or by implication, in the sale of goods or services . . . [a]ny material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer.” 16 C.F.R. § 310.3(a)(2)(iii).

142. The TSR prohibits sellers and telemarketers from “[m]aking a false or misleading statement to induce any person to pay for goods or services. . . .” 16 C.F.R. § 310.3(a)(4).

143. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count III – Misrepresentations of Material Aspects of an Investment Opportunity in Connection with Telemarketing

144. In numerous instances, in connection with telemarketing, Defendants have misrepresented, directly or by implication, material aspects of investment opportunities, including, but not limited to, the risk, liquidity, earnings potential, or profitability of Defendants’ Business Coaching Program and Add-On Services.

145. Defendants’ acts and practices, as described in Paragraph 144 of this Complaint, violate the TSR, 16 C.F.R. § 310.3(a)(2)(vi).

146. Defendants’ acts and practices, as described in Paragraph 144 of this Complaint, also violate the TSR, 16 C.F.R. § 310.3(a)(4).

Count IV - Misrepresentations Regarding the Performance, Efficacy, Nature or Essential Characteristics of Goods and Services

147. In numerous instances, in connection with telemarketing, Defendants have misrepresented, directly or by implication, material aspects of the performance, efficacy, nature, or central characteristics of Defendants’ Business Coaching Program and Add-On Services, including that:

- A. the Business Coaching Program was the only good or service that consumers would need to buy in order to end up with a successful online business;
- B. consumers would end up with a fully operational website capable of generating substantial traffic and sales; and
- C. consumers' successful use of the Business Coaching Program depended on their purchase of Add-On Services.

148. Defendants' acts and practices, as alleged in Paragraph 147 of this Complaint, violate the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

CONSUMER INJURY

149. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the TSR. 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

150. 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 halt 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.

151. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the TSR, including the rescission or reformation of contracts, and the refund of money.

PRAYER FOR RELIEF

152. Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

- A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions, an order freezing assets, immediate access, and appointment of a receiver;
- B. Enter a permanent injunction to prevent future violations of the FTC Act and the TSR by Defendants;
- C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the TSR, including but not limited to, 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,

DAVID B. BARLOW
United States Attorney



Dated: February 10, 2014

JARED C. BENNETT
Assistant United States Attorney

Jonathan E. Nuechterlein
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CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Federal Trade Commission

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number) Jared C. Bennett, 185 South State St., #300, Salt Lake City, UT

DEFENDANTS

Apply Knowledge, LLC, et al.

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY) Utah County

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from another district (specify), 6 Multidistrict Litigation, 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 15 USC 45

Brief description of cause: Violation of the Federal Trade Commission Act

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23, DEMAND \$ TRO/Injunction, CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE February 10, 2014

Handwritten signature

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE