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FEDERAL TRADE COMMISSION

**UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

EFFEN ADS, LLC, also doing business as
ICLOUDWORX a Nevada limited liability
company,

JASON BRAILOW, individually and as a
principal and co-owner of EFFEN ADS, LLC,

BRANDON HARSHBARGER, individually and
as a principal and co-owner of EFFEN ADS, LLC,
and

JASON WALKER,

Defendants.

Case No. 2:19-cv-00945-RJS

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

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 Section 7(a) of the Controlling

the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM Act”), 15 U.S.C. § 7706(a), to obtain permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the CAN-SPAM Act, 15 U.S.C. §§ 7701-7713.

SUMMARY OF THE CASE

2. The FTC brings this enforcement action against: (i) one company and its two principals (referred to herein as the “Effen Ads Defendants”), who, along with a third individual (who is now deceased), ran a deceptive online work-at-home scheme; and (ii) the Chief Executive Officer of an affiliate marketing network, W4 LLC (“W4”), hired by the Effen Ads Defendants to generate sales for this work-at-home scheme.

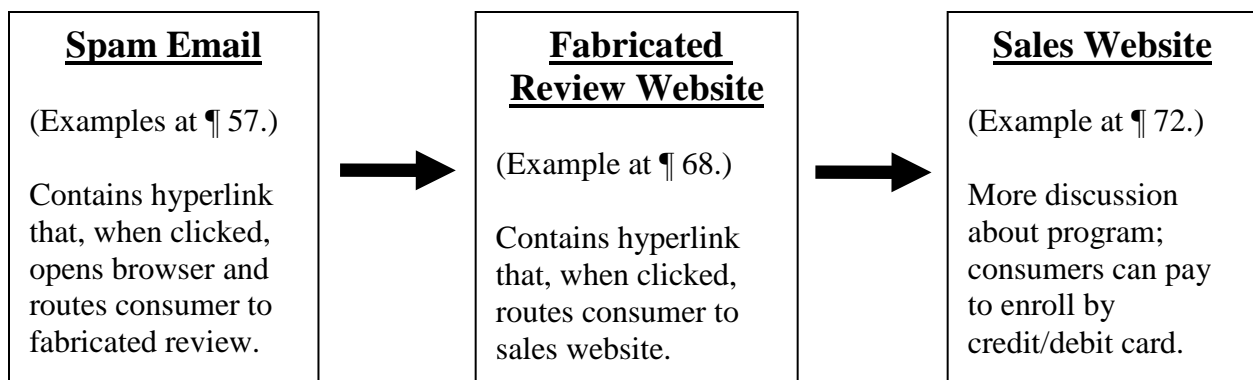
3. From June 2015 and continuing through August 2017, the Effen Ads Defendants marketed and sold a purported work-at-home program to consumers nationwide, claiming that consumers who paid an up-front fee, typically \$97, could make significant income with little effort working from home. Consumers joining the program were told they would be paid for posting advertising links onto websites. What they received was some online training videos but no advertising links to post or any other work to perform.

4. Over fifty thousand consumers were lured into buying the Effen Ads Defendants’ work-at-home program after receiving spam email from W4’s network that introduced and contained links to false online stories promoting the program. The bulk spam email and the online stories were designed to trick consumers into believing the Effen Ads Defendants’ work-at-home program had received favorable reviews from independent news sources and

endorsements from celebrities. Most of this spam email containing the fabricated reviews and false endorsements was sent by W4's offshore affiliate marketers.

5. W4 participated in creating the deceptive content used in their affiliate marketers' spam email and in the Effen Ads Defendants' marketing websites containing the false online stories.

6. The following illustrates the online marketing process presented to consumers, from a spam email to a fabricated online review to a sales website:



7. For many consumers, their financial loss was not limited to the \$97 they paid to join the Effen Ads Defendants' program. The Effen Ads Defendants were just the initial phase of a larger continuum that deceptively targeted consumers looking to make money working from home. The Effen Ads Defendants sold their customers' contact information to third-party telemarketing sales floors that then attempted to sell those same consumers bogus one-on-one business coaching and other purported business development services for thousands of dollars. In some cases, consumers who had initially enrolled in the Effen Ads Defendants' program ended up losing tens of thousands of dollars on purported services they purchased from various telemarketing floors that had obtained customer information from the Effen Ads Defendants.

8. The Effen Ads Defendants were able to keep this scheme going by using a

number of shell companies and nominee straw owners (or so-called “signers”) to obtain merchant-side credit card processing accounts (“merchant accounts”) needed to process and accept consumers’ credit and debit card payments. This practice of processing credit card transactions through other companies’ merchant accounts is known as credit card laundering, and it is an unlawful practice used by fraudulent merchants to circumvent credit card associations’ monitoring programs and avoid detection by consumers and law enforcement.

JURISDICTION AND VENUE

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

10. Venue is proper in this district under 28 U.S.C. § 1391(b)(2), (c)(1), (c)(2), and 15 U.S.C. § 53(b).

PLAINTIFF

11. 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 CAN-SPAM Act, 15 U.S.C. §§ 7701-7713, as if a statutory violation of the CAN-SPAM Act “were an unfair or deceptive act or practice proscribed under Section 18(a)(1)(B) of the [FTC Act] (15 U.S.C. 57a(a)(1)(B)).” 15 U.S.C. § 7706(a).

12. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the CAN-SPAM Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15

U.S.C. §§ 53(b), 57b, and 7706(a).

DEFENDANTS

13. Defendant Effen Ads, LLC (“Effen Ads”), also doing business as iCloudWorx, is a Nevada limited liability company with a business address at 1192 E Draper Parkway, #501, Draper, Utah 84020, which is a UPS Store, and its principal place of business at 193 East Fort Union Blvd., #201, Midvale, Utah 84047. Effen Ads transacts or has transacted business in this district and throughout the United States. At times material to this Complaint, acting alone or in concert with others, Effen Ads has advertised, marketed, distributed, or sold the work-at-home program at issue in this Complaint to consumers throughout the United States.

14. Defendant Jason Brailow (“Brailow”) is a principal and fifty percent co-owner of defendant Effen Ads. 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 and practices set forth in this Complaint. Defendant Brailow resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

15. Defendant Brandon Harshbarger (“Harshbarger” and together with Effen Ads and Brailow, the “Effen Ads Defendants”) is a principal and fifty percent co-owner of defendant Effen Ads. 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 and practices set forth in this Complaint. Defendant Harshbarger resides in this district and, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

16. Defendant Effen Ads and nonparties Catalyst Marketing Group LLC (“Catalyst Marketing Group”) and Happy to Weight LLC (“Happy to Weight”) have operated as a common enterprise while engaging in the deceptive, unfair, and unlawful acts and practices and other violations of law alleged below. The Effen Ads Defendants have conducted the business practices described below through an interrelated network of companies that have common management, coordinated business functions, shared employees, a joint office location, and that marketed and sold a common product, shared revenues, and comingled funds. Because Effen Ads, Happy to Weight, and Catalyst Marketing Group have operated as a common enterprise, Effen Ads is jointly and severally liable for the acts and practices alleged below. Defendants Brailow and Harshbarger each has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the common enterprise.

17. Defendant Jason Walker (“Walker” and together with the Effen Ads Defendants, “Defendants”) is the Chief Executive Officer and principal owner of nonparty W4 LLC (which is currently winding down). 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 and practices of W4 LLC set forth in this Complaint. In connection with the matters alleged herein, Walker transacts or has transacted business in this district and throughout the United States.

COMMERCE

18. 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

Organization of the Effen Ads Defendants

19. In early 2015, defendants Brailow and Harshbarger, as co-owners of Effen Ads, partnered with Dane Westmoreland (who died in March 2018) to sell an online work-at-home program (sometimes referred to as a business opportunity or “bizopp”). Westmoreland did business through Catalyst Marketing Group, which he formed in December 2014, and used a family residence in Cottonwood Heights, Utah as its business address. Catalyst Marketing Group also operated out of Effen Ads’ offices at 193 East Fort Union Blvd., #201, Midvale, Utah 84047.

20. Harshbarger initiated the partnership with Westmoreland on behalf of Effen Ads. Harshbarger had a prior business relationship with Westmoreland and introduced Brailow and Westmoreland. Harshbarger served as the main point of contact between Effen Ads and Catalyst Marketing Group.

21. Under their arrangement, Westmoreland through Catalyst Marketing Group would market and sell an online work-at-home program, and Brailow and Harshbarger provided funding and logistical support through Effen Ads. In return, Brailow and Harshbarger would receive a percentage of the sales revenues.

22. Happy to Weight had business addresses at 1192 E Draper Parkway, #501, Draper, Utah 84020 and at 63 East 11400 South, #252, Sandy, UT 84070, both of which are UPS Stores, and also operated out of Effen Ads’ offices at 193 East Fort Union Blvd., #201, Midvale, Utah 84047. It supplied one of the enterprise’s two main operating bank accounts, which is discussed further below.

23. Catalyst Marketing Group had no employees of its own. Effen Ads had a staff of approximately ten people (including principals Brailow and Harshbarger, who did not use formal officer titles) and ran the back office operations for the work-at-home program. For example, Effen Ads' staff operated a call center from within Effen Ads' offices that handled billing questions from customers who purchased the work-at-home program. Effen Ads' staff also set up and operated the customer relationship management ("CRM") database to track sales of the work-at-home program. Brailow and Harshbarger had access to this CRM. Effen Ads' staff also provided email and general technology support in connection with the work-at-home program.

24. Effen Ads' staff used email account addresses ending in "@catalystoffers.com" and "@icloudworx.com" when communicating with vendors concerning the work-at-home program. Westmoreland also used email addresses ending in "@catalystoffers.com" and "@icloudworx.com."

25. As detailed further below, Brailow and Harshbarger also were involved in securing merchant accounts used to process customer payments for the work-at-home program. For example, Brailow found people to serve as nominee signers for merchant accounts used to process consumer credit or debit card payments, and Brailow and Harshbarger (and Westmoreland) discussed and determined the amount of compensation they paid these nominee signers for supplying these merchant accounts.

26. Brailow monitored and was a signatory on bank accounts used by the Effen Ads Defendants to receive, manage, and transfer funds from consumers who purchased the work-at-home program, including the Effen Ads Defendants' main operating bank accounts in the name of Catalyst Marketing Group and Happy to Weight. Brailow and Westmoreland were the

signatories on the operating account in the name of Catalyst Marketing Group, and Brailow was the only signatory on the operating account in the name of Happy to Weight (Brailow was listed as a manager of Happy to Weight on the account opening documents for this account). Brailow wired money from these accounts to W4 for advertising services. He also wired money from these accounts to the nominee signers supplying merchant accounts used to process consumer payments in connection with the work-at-home program.

Organization of W4 LLC

27. In or around June 2015, the Effen Ads Defendants hired W4 to provide online marketing campaigns and generate sales for the Effen Ads Defendants' purported work-at-home program. (These marketing campaigns used deceptive ads and spam email, as detailed later in this Complaint.)

28. W4 operated an affiliate network. Affiliate networks are comprised of so-called "affiliate marketers" (also known as "publishers") who join the network in order to disseminate advertisements on behalf of the network's clients in return for payment.

29. W4 employed "account executives" (also called "sales executives") who were responsible for finding advertising clients for W4. Account executives found clients in a variety of ways including by cold-calling merchants, pursuing referrals from member affiliate marketers, conducting Internet searches, and signing up for products online and then monitoring other solicitations sent to the email address utilized during the purchase.

30. Account executives also were responsible for managing W4's relationship with the clients assigned to them. Account executives would monitor clients' advertising campaign sales trends and provide clients with feedback about performance. This feedback included

comparing the performance of different versions of a client's marketing websites. Account executives also identified and shared with their clients marketing materials (*e.g.*, websites or form emails) used by other merchants, including other W4 clients, that were effective at generating sales.

31. Account executives reported to a Sales Director. The Sales Director periodically would meet with the account executives to discuss the profitability of the account executive's assigned campaigns and to discuss strategies for improving performance.

32. W4 paid its account executives a salary plus a commission in the form of a percentage of W4's profits from each marketing campaign assigned to them.

33. W4 also employed "affiliate managers" to manage its relationships with the affiliate marketers. Affiliate managers' responsibilities included encouraging affiliate marketers to disseminate advertisements on behalf of W4's clients. For example, affiliate managers had discretion to adjust the amount W4 would pay to particular affiliate marketers for each sale they generated. Affiliate managers reported to an Affiliate Director.

34. W4 licensed a third-party affiliate marketing software platform called HitPath to manage the different marketing campaigns it was providing for its clients and to track the online traffic and sales generated by those campaigns.

35. W4's affiliate marketers received a username and password when they joined the W4 network. They could log into the HitPath platform and download marketing content including email text, images, "from" lines, and "subject" lines (which are collectively called "creatives") to use as advertisements for the various marketing campaigns.

36. W4 also provided its affiliate marketers with hyperlinks through the HitPath

platform. Affiliate marketers would include these hyperlinks in the spam email advertisements they circulated. When consumers clicked on one of those links within a spam email, they were routed to the W4 client's marketing website. When the W4 client maintained more than one marketing website, as was the case with the Effen Ads Defendants, W4 provided affiliate marketers with different hyperlinks for each website. W4 determined which of those links to set as the "default" and which to present as alternatives within the HitPath platform. The hyperlinks included unique identifiers allowing the HitPath platform to track the consumers referred by each individual affiliate marketer.

37. W4 employees also could log into the HitPath platform, where they could upload marketing content provided by W4's clients and view performance metrics, including metrics for individual campaigns, individual client websites, and particular affiliate marketers.

38. W4's clients and affiliate marketers also could license affiliate marketing software platforms themselves to track their traffic and sales independently of the HitPath platform licensed by W4. For example, the Effen Ads Defendants licensed a similar platform called Cake.

39. W4 had a Compliance Department that, among other things, was responsible for checking advertisements for compliance with provisions of the CAN-SPAM Act. For example, the Compliance Department handled matters involving incorrect sender information appearing on marketing emails. W4's standard contracts with its affiliate marketers and with its clients required compliance with the CAN-SPAM Act, which they specified by name. W4's standard contracts also required its affiliate marketers to enable W4 to monitor email messages at W4's request.

40. W4 also had a Production Department that was responsible for campaign logistics

such as uploading creative material into the HitPath platform (as it did for the Effen Ads Defendants' campaigns), configuring campaign names, and testing W4's processes for tracking the traffic and sales attributed to each affiliate marketer.

41. W4 would charge its clients a predetermined fee for each instance in which a consumer who was directed to a client's website by W4's network of affiliate marketers made a purchase. W4 would retain a portion of this revenue for itself, typically 10-20%, and then pay the rest as commission to the particular affiliate marketer that attracted the consumer to the W4 client's website. This payment arrangement in which payment is based on the occurrence of a sale is called a "cost per acquisition" (or "CPA") campaign.

42. The first W4 account executive assigned to the Effen Ads Defendants' marketing campaigns ("First Account Executive") left the company in approximately October 2015, at which point another employee assumed that role ("Second Account Executive"). The Second Account Executive managed the Effen Ads Defendants' campaigns through August 2017, when W4 discontinued those campaigns upon receipt of a Civil Investigative Demand ("CID") from the FTC seeking information about services provided to Catalyst Marketing Group. The Second Account Executive reported directly to Walker.

43. Walker was co-founder, CEO, and the largest shareholder of W4 and, together with a family member, owned most of the company. W4 did business until approximately June 2018, when it sold its assets, in particular, its affiliate marketing business, to a third-party buyer. Walker was hired by the new owner of these business assets.

44. The Effen Ads Defendants used different entity names, including Catalyst Marketing Group, Effen Ads, Happy to Weight, and iCloudWorx, over the course of their

business dealings. For example, billing invoices, which W4 issued generally on a weekly basis, listed Catalyst Marketing Group from June through October 2015 and Effen Ads thereafter. W4 understood that these four names were all part of the same business, which changed its name over time.

45. Westmoreland, who used aliases including Casey Wilson, Jeremy Karthaus, and Luke Gold, primarily communicated with W4 on behalf of the Effen Ads Defendants. Brailow knew that Westmoreland used these aliases. Brailow also communicated with W4 on behalf of the Effen Ads Defendants, particularly on issues regarding billing, sales figures reflected on invoices, and payment for W4's services. Brailow at times reviewed emails from W4 sent to the Luke Gold persona email address ending in "@catalystoffers.com" and responded using his Effen Ads email address ending in "@effenads.com." Other communications from the Effen Ads Defendants to W4 at times identified the sender as "Effen Corporate."

**The Effen Ads Defendants Paid W4 LLC More Than
\$7.1 Million for Generating Over 50,000 Sales**

46. The marketing campaigns that W4 provided for the Effen Ads Defendants advertised the Effen Ads Defendants' purported work-at-home program through bulk commercial email (spam) disseminated by W4's affiliate marketers.

47. Each time a consumer who received one of these spam emails clicked on the embedded hyperlink, visited one of the Effen Ads Defendants' marketing websites, and made a purchase, the Effen Ads Defendants paid W4 a set fee (or CPA) of, typically, \$140 to \$150. W4 kept 10-20% of this fee and then paid the rest to the particular affiliate marketer who sent the spam email that attracted the consumer and led to the sale.

48. The Effen Ads Defendants paid W4 over \$7.1 million for more than fifty

thousand sales generated by W4's network.

49. Three offshore affiliate marketers located in India, Cyprus, and the Philippines accounted for more than half of the total sales generated by W4's marketing campaigns for the Effen Ads Defendants' work-at-home program.

**The Email Marketing Campaigns Generated Sales Through
Fabricated News Reports and False Celebrity Endorsements**

50. Westmoreland aliases "Jeremy Karthaus" and "Casey Wilson" supplied deceptive email creatives to W4 for the Effen Ads Defendants' marketing campaigns. W4's Production Department also retrieved creatives from the Cake platform used by the Effen Ads Defendants. (W4 assisted in creating deceptive email creatives, as discussed later in this Complaint.)

51. W4 made the creatives available to its affiliate marketers. W4's affiliate marketers obtained the creatives by logging into the HitPath platform licensed by W4 and copying them. By contract, W4's affiliate marketers were only permitted to use the creatives, including the "from" and subject lines, made available to them by W4, and no advertisement or other content could be modified without W4's prior written consent.

52. In numerous instances, the emails sent by W4's affiliate marketers to market the Effen Ads Defendants' work-at-home program contained materially false and misleading "from" lines (the header line identifying or purporting to identify a person initiating the message). For example, in numerous instances, the "from" lines falsely indicated that the sender was a news organization such as CNN or Fox News.

53. In numerous instances, the emails sent by W4's affiliate marketers also included "subject" headings designed to mislead the recipient about the content or subject matter of the

email. For example, in numerous instances, the subject lines falsely suggested that: (i) the email concerned a program or opportunity that was endorsed by a prior participant or by a public figure, such as then-presidential candidate Donald J. Trump or financial personalities such as Warren Buffett, Marc Cuban, and Suzie Orman; or (ii) the email concerned an independent review or a news report from a news outlet such as Fox News or CNN.

54. Examples of the “from” lines that W4 made available to its affiliate marketers include, among others:

- a. Special Report
- b. Local Stories
- c. Editorial
- d. CNN Editorial
- e. CNN Special Report
- f. Fox News Reports
- g. Fox News Economy
- h. AndersonCooper360
- i. Forbes & Mark Cuban
- j. Forbes.com.

55. Examples of the subject lines that W4 made available to its affiliate marketers include, among others:

- a. Local mom making over \$8,471 per month (Details)
- b. Trump reveals groundbreaking secrets to triple your income
- c. Did Trump just WIN the election with his latest announcement?
- d. At it again: Trump Makes Shocking Announcement (Fox Exclusive)

- e. CNN Special Report: Do you need to make more money?
- f. Warren Buffett explains the only way to protect yourself from BREXIT crisis.

56. The email body text and images that W4 made available to its affiliate marketers conveyed endorsements by prior users or celebrities. In numerous instances, the images also included news logos, such as those of Fox News or CNN.

57. The following are examples of two spam emails advertising the Effen Ads Defendants' work-at-home program:

From: SpecialReport <specialreport@...>
To: [Redacted]
Date: 9/15/2015 11:00:30 AM
Subject: Local mommaking over 8,471/ month (Details)

From: [Redacted]
To: [Redacted]
Date: [Redacted]
Subject: [Redacted]

Warning: this deal could be awesome for you! If you cannot view it, go to the [online version](#).

Begin forwarded message:

> From: "Editorial" <Editorial@...>
 > Date: November 26, 2015 at 2:27:08 PM EST
 > To: [Redacted]
 >
 >

YOUR SOURCE TO SMARTER LIVING

"I went from a fixed salary at work to grossing an additional \$7,000-\$8,000 a month from my home computer"

Read Her Story!

WELLS FARGO BANK
 WELLS FARGO BANK
 WELLS FARGO BANK
 WELLS FARGO BANK

CHECK DATE: 25-JUN-15
 CHECK NUMBER: 49189
 CHECK AMOUNT: \$8,795.00

PAY TO THE ORDER OF: Theresa Andrews
 Eight Thousand Seven hundred Ninety five Dollars

WORK-AT-HOME JOBS are Crucial at this time

As seen on by:

CNN

Trending News

Donald Trump Reveals Simple Plan to Help Every American Earn More Money

Can Americans double or even triple their incomes this year?

Donald Trump Speaks to a packed New Hampshire audience detailing his [Income For Americans Plan](#).

Read Full Story Now

To Unsubscribe [Click Here](#)
 Or write us at:
 OnlineHomeCash.com
 63 East 11400 South #224 Sandy, UT 84070

58. The same images-based email creatives that comprised the body of these spam emails (excluding the unsubscribe information in the first example) were among the email creatives W4 made available to its affiliate marketers as part of the marketing campaigns for the Effen Ads Defendants. Examples of some of the other image-based email creatives that W4 made available to its affiliate marketers as part of the marketing campaigns for the Effen Ads Defendants are attached as Exhibit A.

59. In fact, the marketing emails sent by W4's affiliate marketers did not concern a program that was endorsed by the featured public figure or purported customer. In addition, the marketing emails were not, and did not concern, independent reviews or news reports from a news organization.

60. For example, the image depicted in the body of the first spam email set forth in Paragraph 57 above shows a paycheck dated June 25, 2010 with check no. 49169 payable to "Theresa Andrews" in the amount of \$8,795 from "Amazon Services LLC." The same image featuring this exact paycheck payable to the same purported customer also was used to market a competing work-at-home program sold by another client of W4. The FTC sued that other seller for engaging in deceptive marketing practices and entered into a stipulated consent order with the company and its principals in early 2019. Complaint for Permanent Injunction and Other Equitable Relief, *FTC v. Fat Giraffe Mktg. Group, LLC et al.*, No. 19-cv-00063 (CW) (D. Utah Jan. 29, 2019) [Dkt. 2]; Stipulated Order for Permanent Injunction and Monetary Judgment, *FTC v. Fat Giraffe Mktg. Group, LLC et al.*, No. 19-cv-00063 (CW) (D. Utah Feb. 12, 2019) [Dkt. 6].

The Destination Websites Marketed the Effen Ads Defendants' Work-At-Home Program Through Fabricated News Reports and False Celebrity Endorsements

61. Consumers who received spam emails advertising the Effen Ads Defendants'

work-at-home program and clicked on the embedded hyperlink were routed to marketing websites registered by the Westmoreland alias “Jeremy Karthausser.” These websites claimed that consumers who joined the Effen Ads Defendants’ work-at-home program could make significant income by posting advertising links onto websites from the comfort of their own homes.

62. The Effen Ads Defendants marketed their work-at-home program using a variety of different brand names including, among others, Secure Home Profits, Paydays At Home, Home Cashflow Club, Home Cash Code, Home Payday Center, Snap Web Profits, Complete Profit Code, Global Cashflow Center, Global Payday System, Your Income Gateway, Home Payday Club, Web Payday Center, and Home Payday Vault.

63. The Effen Ads Defendants utilized two categories of marketing websites to sell their work-at-home program, so-called “presale” or “advertorial” pages and so-called “direct” sales pages.

64. The Effen Ads Defendants’ presale pages purported to be independent reviews by genuine news organizations or endorsements by public figures.

65. In numerous instances, the domain name and design of the Effen Ads Defendants’ presale websites resembled that of an online news article reporting favorably about the Effen Ads Defendants’ program from the perspective of an independent reviewer. The Effen Ads Defendants utilized, among others, the following domain names resembling the names of genuine news outlets for their presale websites: usatoday.com-report.careers; foxnews.com-politics.us; and cnn.com-finance.news.

66. The Effen Ads Defendants’ presale webpages: (i) purported to tell the story of a

mother who purchased the Effen Ads Defendants’ work-at-home program and made thousands of dollars a month working part-time from her home; or (ii) included the likeness of a public figure and claimed or conveyed their endorsement of the Effen Ads Defendants’ work-at-home program.

67. In fact, the presale pages were not independent reviews or reports and were not associated with genuine news outlets. They were marketing websites for the Effen Ads Defendants’ work-at-home program. The reviews appearing on the presale websites were fabricated and the public figure endorsements were false.

68. The following are excerpts from one of the Effen Ads Defendants’ presale webpages, including topic tabs (“Home,” “Video,” “Politics,” “U.S.,” “Opinion,” and “Money”), a headline, a “by line” showing three authors and the words “Fox News,” and a date at the top:

The screenshot shows a Fox News article with a navigation bar at the top containing 'Home', 'Video', 'Politics', 'U.S.', 'Opinion', and 'Money'. The article headline is 'Donald Trump reveals simple plan to help every American earn more money'. Below the headline is a byline: 'By Michael Pearson, Faith Karimi and Joe Sutton, Fox News' and an update timestamp: 'Updated 8:11 AM ET, Sun May 6, 2018'. The main image is a photo of Donald Trump pointing upwards. To the right of the main image is a video player showing a woman and a child. Below the video player is a section titled 'The Simple Plan' with three steps: Step 1: 'Go to Home Cash Code and fill out the form to get instant online access to the program'; Step 2: 'Use Sara Taylor's Home Cash Code Course and follow the simple online instructions'; Step 3: 'Deposit your earnings by check or direct bank transfer. (Get paid weekly!) Enjoy Life!'. Below the steps is a 'Trending Now' section with a link to 'NEXT LITTLE THING 2018 Wireless electricity and a mind-reading headset'. To the right of the article is a social media post from Donald J. Trump (@realDonaldTrump) with the text: 'Thank you @sarahaylor for helping me show average Americans how to create huge income easily. You're FANTASTIC!'. Below the social media post is a caption: 'We investigated the claims made by Mr. Trump and Ms. Taylor, and what we found is nothing short of amazing.'

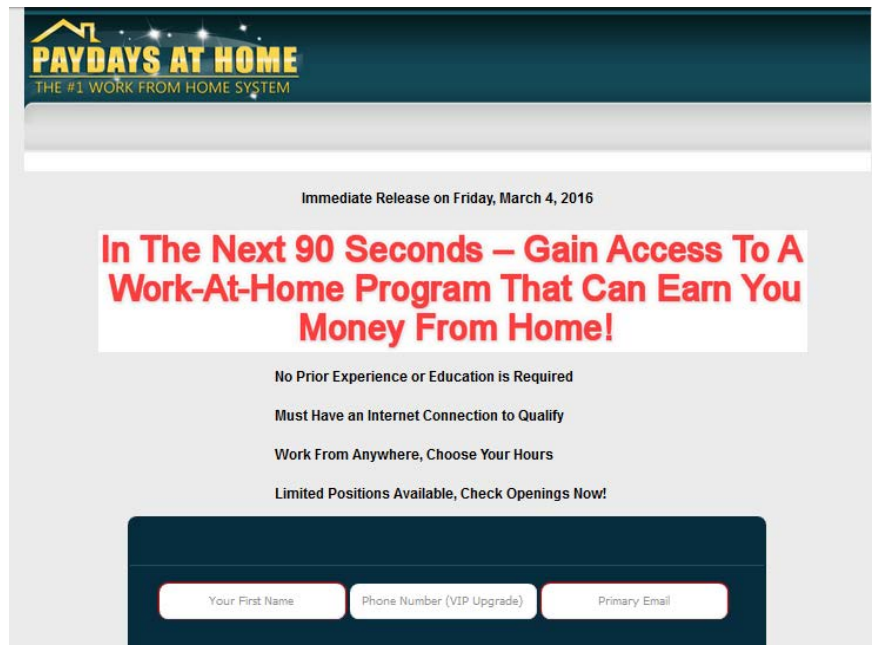
69. The presale websites contained hyperlinks. Customers who clicked those links

were taken to one of the Effen Ads Defendants’ “direct” sales websites.

70. The Effen Ads Defendants utilized a number of different domains for their “direct” sales websites to market and sell their work-at-home program including, among others: securecashathome.com; onlinehomecash.com; securehomeprofits.com; secureonlineincome.com; homeincomesecure.com; yourincomegateway.com; and paydayathome.com.

71. The Effen Ads Defendants’ direct sales websites were comprised of a sequence of webpages, beginning with a so-called “opt-in” page. The opt-in page invited consumers to enter their name and contact information in order to see whether there were any available openings in the program.

72. The following is an example of one of the Effen Ads Defendants’ opt-in pages:



73. Once consumers submitted their contact information they were taken to a so-called “long-form sales page.”

74. The long-form sales page began by claiming that there were only a limited

number of positions available in the consumer's area, and that consumers were guaranteed to make hundreds of dollars daily by working just one hour each day.

75. The following is an excerpt of the beginning of one of the Effen Ads Defendants' long-form sales pages:

Congratulations [REDACTED]
There are Currently 9 Positions Left In Your Area.
Read The Job Report Below To See If You Quality

Special Report from Sara Taylor:

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

76. The long form sales page then presented a purported success story by a single mother who had lost her job but then joined the Effen Ads Defendants' work-at-home program and became a millionaire.

77. The long form sales page described the Effen Ads Defendants' program by claiming the consumer's job would be to post advertising links onto websites.

78. After viewing the long-form sales page, consumers could join the Effen Ads Defendants' work-at-home program by entering their credit or debit card information on an online checkout page and paying the up-front fee. The typical fee was \$97.

79. Consumers who paid to join the Effen Ads Defendants' program did not end up with a link-posting job and did not receive links to post or other work to perform from the Effen Ads Defendants. Instead, they only gained access to a so-called "Member's Area" website that contained online videos and tutorials about link-posting. In order to perform any work,

consumers would have to form their own relationships with other companies to obtain links and create a website or find another online forum on which to post them.

80. The Effen Ads Defendants utilized a number of different domains for the Member's Area of their work-at-home program, including, among others: homepaydaycenter.com; globalcashflowcenter.com; homecashflowclub.com; webpaydaycenter.com; homepaydayvault.com; and snapwebprofits.com.

81. W4 knew that the Effen Ads Defendants' marketing websites, to which W4's network sent consumers, appeared to be: (a) independent reviews of the Effen Ads Defendants' work-at-home program, such as a single mother discussing her success with the program; (b) associated with a genuine news organization such as USA Today, Fox News or CNN; and/or (c) endorsements by a public figure such as President (then-candidate) Trump. W4's Second Account Executive referenced these aspects of the Effen Ads Defendants' websites in contemporaneous emails with other W4 staff.

W4 LLC Knowingly Participated in the Creation and Distribution of Deceptive Elements of the Online Advertisements

82. W4 and Walker knew their affiliate marketers were using bulk spam email featuring false celebrity endorsements and false news source associations.

83. For example, W4's internal names for the Effen Ads Defendants' marketing campaigns referred to the featured phony celebrity endorsement. W4's internal campaign names for the Effen Ads Defendants included "Donald Trump's Online Revelation," "Donald Trump's How to Be a Millionaire," "Suze Orman's Global Warming," "Buffett Brexit Bedlam," and "Mark Cuban's Election Chaos." The Effen Ads Defendants' campaign names and the deceptive email creatives were all available on W4's network and accessible to W4's officers, including

Walker. The campaign names also were listed on the billing invoices W4 issued to the Effen Ads Defendants.

84. The Second Account Executive at times emailed with other W4 staff about email creatives for the Effen Ads Defendants' campaigns, including "from" and subject lines referencing celebrities and news organizations.

85. W4 employees assisted in creating deceptive email creatives made available on W4's network. For example, in August 2015, W4's First Account Executive assigned to the Effen Ads Defendants' account sent Westmoreland (using the aliases Casey Wilson and Jeremy Karthaus) "text creatives" used by another client of W4 that was a competitor of the Effen Ads Defendants. That email also included the competitor's subject line headings advertising work-at-home positions that offered significant income. The First Account Executive asked Westmoreland to "make some tweaks to make it your own."

86. In response, Westmoreland sent W4 language that he "beefed [] up" with minor adjustments or even higher income amounts. For example, Westmoreland changed a subject line text W4 supplied from "Secret exposed: see how this mom makes \$50 an hour" to "Secret exposed: see how this mom makes \$479 a Day!"

87. Also in August 2015, the First Account Executive emailed Westmoreland (using the aliases Casey Wilson and Jeremy Karthaus) copies of the same competitor's image-based email creatives. The sample spam email at Paragraph 57 above (left) advertising the Effen Ads Defendants' work-at-home program includes one of those same images (above the unsubscribe information) depicting news logos, a woman holding a baby, and check no. 49169 payable to purported customer "Theresa Andrews."

88. In October 2015, the Second Account Executive and Westmoreland worked together to develop a marketing campaign comprised of news-style reports featuring a false endorsement from President (then-candidate) Trump to promote the Effen Ads Defendants' work-at-home program.

89. The Second Account Executive emailed Westmoreland (using the alias Casey Wilson) and proposed a "press release style" marketing website (sometimes called an "advertorial"). He then stated: "Gonna think on politics...." Westmoreland responded that "maybe there is a way to test the 'press release' concept. Let's connect as soon as you have some ideas."

90. That same day, the Second Account Executive emailed Westmoreland (using the alias Casey Wilson) links to advertorials for other business opportunity sellers featuring then-candidate Trump in their marketing. Westmoreland responded, "I like the idea but we can make it much better. Just off the top of my head I'm thinking we can do it on our USA Today page...or maybe we can do a CNN knockoff with the headline... **Trump reveals insider wealth secrets before election!!!** Looking forward to more feedback." (Emphasis in original.)

91. Days later, in November 2015, W4 began a new marketing campaign for the Effen Ads Defendants that featured false endorsements by then-candidate Trump and used email creatives that were designed to appear to be sent from news outlets like Fox News and CNN. Consumers lured through W4's network as part of this campaign were routed to marketing websites (advertorials) maintained by the Effen Ads Defendants likewise designed to resemble news reports from outlets like Fox News and CNN and featuring false endorsements by then-candidate Trump.

92. This campaign, which W4 internally named “Donald Trump’s Online Revelation,” was the largest campaign W4 ran for the Effen Ads Defendants and accounted for more than 27,000 sales from November 2015 through November 2016 (which was more than half of the total sales W4 generated for the Effen Ads Defendants).

93. W4 and the Effen Ads Defendants (through Westmoreland) agreed to a “mutual exclusivity” arrangement with respect to the “Donald Trump’s Online Revelation” campaign. Under this exclusivity agreement, W4 agreed not to advertise for other business opportunity merchants with advertisements featuring then-candidate Trump and the Effen Ads Defendants agreed not to hire other affiliate networks.

94. In December 2015, W4’s Sales Director asked the Second Account Executive about allowing another client “with a trump advertorial bizopp” to receive excess leads (potential customers) acquired for the Effen Ads Defendants’ campaign. The Second Account Executive refused to do so, noting “[by] doing mutual I got them to cease operations with every network. . . . Break mutual and every other network gets OUR trump offer.” The Second Account Executive also explained that the Effen Ads Defendants soon were going to lift their sales caps and accept unlimited referrals from W4’s network.

95. W4 was willing to break this exclusivity agreement with the Effen Ads Defendants when it suited W4’s interests. In February 2016, the Second Account Executive emailed Walker and other W4 officials, explained that his “understanding of the environment with respect to the available cap has changed,” and proposed that W4 should consider breaking the exclusivity agreement with the Effen Ads Defendants if W4 can get “the right payout on another advertiser’s Trump page.” The proposal was based on the concern that W4 was able to

attract more consumers and generate more sales (through false endorsements by then-candidate Trump) than the Effen Ads Defendants were willing to pay for at that time. As the Second Account Executive explained: “it seems as we can now get significantly more cap elsewhere, and we should take advantage of that.”

96. In response, to assess whether to break exclusivity, W4 officers discussed coordinating a “test,” in which certain affiliate marketers would send spam email containing hyperlinks to another advertiser’s “Trump page” in order to compare the sales performance (and profits for W4) against spam emails sent by a different affiliate marketer linking to the fabricated Trump webpage that was exclusive between W4 and the Effen Ads Defendants. Walker was copied on these emails.

97. W4 also monitored the effectiveness of different versions of presale webpages designed to appear as genuine news sources to generate sales for the Effen Ads Defendants. For example, in an April 2016 email to W4’s affiliate managers, the Second Account Executive reported: “Hey Team – CNN remains our main redirect, but looking at the past two days’ stats, it appears Fox is clearly outperforming CNN.” In another April 2016 email, the Second Account Executive later advised W4’s affiliate managers to have the affiliate marketers use the email creatives featuring Fox instead of CNN in order to match the fake Fox presale webpage: “Just a note – albeit the CNN creative performs fine when sent to the Fox page, when the Fox creative is sent to the Fox page, it performs even better. My recommendation would be to touch base with your mailers and have them use the Fox creative going forward.”

98. The Second Account Executive and W4 also monitored how many leads and sales each affiliate marketer generated for the Effen Ads Defendants. When sales slowed for certain

affiliate marketers, the Second Account Executive discussed with the responsible affiliate managers at W4 how to get the affiliate marketers to increase traffic and sales.

99. For example, in June 2016, when the Second Account Executive emailed one of W4's affiliate managers about a reduction in weekly sales for several "large volume" affiliate marketers, the affiliate manager asked whether there were "[a]ny more sub/from lines that the advertiser can send us?" The Second Account Executive told W4's affiliate manager to "[t]ell them they can use literally whatever they want."

100. When celebrities falsely referenced in the creatives used to market the Effen Ads Defendants' work-at-home program raised objections, W4 helped the Effen Ads Defendants' continue the scheme by switching to ads featuring other celebrities.

101. For example, in August 2016, W4 coordinated with the Effen Ads Defendants to end a campaign featuring Warren Buffett after the Second Account Executive learned that the Effen Ads Defendants received a cease and desist letter on Buffett's behalf, which the Second Account Executive discussed in an email to all W4 staff. W4 redirected the consumer traffic generated by its affiliate marketers for that campaign, which was internally named "Buffett BREXIT Bedlam," to a "Donald Trump's Online Revelation" marketing website. Six days later, W4 launched a new campaign featuring Suze Orman, internally named "Suze Orman's Global Warning," on behalf of the Effen Ads Defendants. In an email exchange sent to all W4 staff, the Second Account Executive stated that this Suze Orman campaign was the "Brexit replacement."

102. In September 2016, the Second Account Executive emailed all W4 staff a message that read "Oops" and contained a link to a posting on Suze Orman's blog titled "Consumer Warning: CNN/Suze Orman email Hoax." This posting contained a "Scam Alert"

and stated: “If you receive an email that talks about me on CNN quoting something like ‘Brexit is Destroying the American Economy’, please DELETE it. This is an internet scam from something they are calling Global Payday System. They are trying to steal your money. I Do NOT endorse this business. Please beware and report this as SPAM if you receive it.”

103. In response to this consumer “Scam Alert,” W4 coordinated with the Effen Ads Defendants to change that marketing campaign to feature a different celebrity. The featured celebrity switched back to Warren Buffett. W4 changed the internal title of the campaign from “Suze Orman’s Global Warning” to “Buffet’s BREXIT Bedlam” and copied the creatives from the prior campaign featuring Buffett.

The Effen Ads Defendants’ Credit Card Laundering Activities

Background on Merchant Accounts and Credit Card Laundering

104. In order to accept credit card payments from consumers, a merchant must establish a merchant account with a merchant acquiring bank (or “acquirer”). A merchant account is a type of account that allows businesses to process consumer purchases by credit or debit cards.

105. Acquirers enter into contracts with entities known as payment processors that manage the bank’s merchant processing program. Payment processors in turn frequently enter into contracts with multiple “independent sales organizations” (“ISOs”) to sign up merchants for merchant accounts with the acquirer.

106. The acquirer has access to the payment networks of the credit card associations (“card networks”), such as MasterCard and VISA. In an effort to deter fraud, increase transparency, comply with anti-money laundering statutes, and reduce risk to the payment

system, the card networks require all participants in their networks, including the acquirers and their registered ISOs, to comply with detailed rules governing the use of the networks. These rules include screening processes and underwriting standards for merchants, to ensure that they are legitimate, bona fide businesses, and to filter out merchants engaged in potentially fraudulent or illegal practices. The rules prohibit credit card laundering, which is the practice of processing credit card transactions through another company's merchant account.

107. One of the primary indicators of fraudulent conduct is a high chargeback rate. Chargebacks occur when customers contact their credit card issuing bank to dispute a charge appearing on their credit card account statement. The credit card networks have chargeback monitoring programs designed to flag merchants with excessive chargeback rates (*i.e.*, 100 or more chargebacks in one month, and a monthly chargeback-to-transaction ratio of 1% or greater).

108. When a consumer successfully disputes a charge, the consumer's issuing bank credits the consumer's credit card for the disputed amount, and then recovers the chargeback amount from the acquirer (the merchant's bank). The acquirer, in turn, collects the chargeback amount from the merchant.

109. In order to detect and prevent illegal, fraudulent, or unauthorized merchant activity, the card networks operate various chargeback monitoring and fraud monitoring programs. For example, if a merchant generates excessive levels of chargebacks that exceed the thresholds set under VISA's chargeback monitoring program, the merchant is subject to additional monitoring requirements and, in some cases, penalties and termination.

110. MasterCard maintains the Member Alert to Control High-Risk Merchants

(“MATCH”) list. This list includes merchants (and principals) whose accounts were terminated by acquirers for certain reasons. For example, an acquirer must place a merchant on the MATCH list when the bank terminates the merchant’s processing account for fraud, excessive chargebacks, or other violations of the credit card association’s operating rules.

111. Credit card laundering is commonly used by fraudulent merchants who cannot meet a bank’s underwriting criteria or who cannot obtain merchant accounts under their own names (whether because of excessive chargebacks, complaints, or other signs of illegal activity).

112. Even when fraudulent merchants can qualify for a merchant account, they may engage in laundering as a way to conceal their true identity from consumers, the card networks, acquirers, and law enforcement agencies.

113. Fraudulent merchants engage in credit card laundering by creating shell companies to act as fronts, and applying for merchant accounts under these shell companies. Once the merchant accounts are approved, the fraudulent merchant then launders its own transactions through the shell companies’ merchant accounts.

114. Fraudulent merchants often establish multiple merchant accounts in order to maintain continued access to the card networks; if any one merchant account is shut down, the merchant will still have others available.

The Effen Ads Defendants Caused the Laundering of Transactions through Shell Companies’ Merchant Accounts

115. Westmoreland was placed on the MATCH list in November 2016. Brailow had been placed on the MATCH list years earlier.

116. The Effen Ads Defendants engaged in a scheme to apply for a large number of merchant accounts in the name of shell companies through which they could launder charges to

consumers' credit or debit card accounts.

117. As part of this scheme, from at least May 2015 through March 2017, the Effen Ads Defendants, directly or through agents recruited by them and acting on their behalf and for their benefit, submitted deceptive merchant applications in the name of at least twelve shell companies to several ISOs for their underwriting approval.

118. The shell companies include: Bariatric Sciences, LLC; Lake Media Group, LLC; BMess Partners, LLC; Rejuvenation Laboratories, LLC; Nu U Laboratories, LLC; Sundome Enterprises, LLC; Rise to Excel, LLC; Exceller; LLC; Strive Group, LLC; Gypsum Group, LLC; Cedar Peak Development, LLC; and Full Speed Development, LLC. The applications listed nominee straw owners, or so-called "signers," as the purported principal owners of these shell companies. The nominees included Brailow's social friends and his fiancée's mother.

119. The Effen Ads Defendants, directly or through agents recruited by them and acting on their behalf and for their benefit, also submitted deceptive merchant account applications and documentation that misrepresented the applicant's business, claiming, for example, that the applicants provided website hosting or design services. These misrepresentations interfered with the underwriting review process and assessment of risk associated with the requested account.

120. The ISOs approved the merchant account applications, set up merchant accounts for each of the shell companies, and began processing payments through acquiring banks. When payments for the Effen Ads Defendants' work-at-home program were processed through the merchant accounts that were secured in the names of the shell companies, the sales revenues were deposited into the shell companies' bank accounts. From there, the shell companies

transferred consumers' money into the Effen Ads Defendants' operating bank accounts in the name of Catalyst Marketing Group and, later, Happy to Weight.

121. The Effen Ads Defendants processed most of their sales revenue through these laundered accounts.

122. In return for providing merchant accounts, the Effen Ads Defendants paid the straw owners a fee from the Catalyst Marketing Group and Happy to Weight operating bank accounts. Brailow and Harshbarger determined, along with Westmoreland, how much to pay the straw owners. Brailow issued payments to the straw owners.

123. The Effen Ads Defendants secured at least twelve merchant accounts based on these false merchant applications. Most of these accounts incurred excessive levels of chargebacks and were consequently shut down by the processing entities that issued them.

The Effen Ads Defendants Compounded Consumer Harm by Selling their Customers' Information to Telemarketers

124. Consumers' financial loss was not limited to what they paid the Effen Ads Defendants to join their bogus work-at-home program. The Effen Ads Defendants sold their customers' contact information to telemarketing sales floors. The Effen Ads Defendants' business depended on their ability to sell their customer information in this way, because their expenses exceeded what they took in from consumers alone.

125. The telemarketing floors that paid the Effen Ads Defendants for their customer information attempted to sell those same consumers purported one-on-one business coaching and related services that cost thousands of dollars. In numerous instances, the telemarketing floors induced consumers to pay by falsely promising, among other things, that their services would enable consumers to start successful and profitable ecommerce businesses. In fact, in numerous

instances, consumers who purchased those purported coaching and related services did not end up with a functioning business, made little or no money, and ended up heavily in debt.

126. For example, one of the telemarketing floors that paid the Effen Ads Defendants over \$660,000 for customer information was Vision Solution Marketing, LLC (“VSM”). The FTC sued VSM for engaging in deceptive marketing practices (including, among other things, false or unsubstantiated earnings claims and unfulfilled promises of personalized Internet marketing training and specialized assistance in tax preparation and business planning) and entered into stipulated consent orders with VSM and its principals in 2018. Complaint for Permanent Injunction and Other Equitable Relief, *FTC v. Vision Solution Mktg., LLC*, No. 18-cv-356 (TC) (D. Utah May 1, 2018) [Dkt. 2]; Stipulated Orders for Permanent Injunction and Monetary Judgment, *FTC v. Vision Solution Mktg., LLC*, No. 18-cv-356 (TC) (D. Utah Oct. 25, 2018) [Dkt. 59, 60].

127. The fee that the Effen Ads Defendants paid W4 for each sale was more than the purchase price that consumers paid to join the Effen Ads Defendants’ program. The Effen Ads Defendants generated additional revenue by selling their customers’ contact information to telemarketing sales floors that, in turn, would upsell those same consumers expensive business coaching and related services costing as much as \$13,995 or more.

128. The Effen Ads Defendants took in over \$11.3 million from their deceptive marketing scheme; over \$4.8 million came from consumers who paid to join the work-at-home program, and more than \$6.5 million came from telemarketing floors paying for referrals. The bulk of these funds was deposited into a primary operating bank account, first in the name of Catalyst Marketing Group and later in the name of Happy to Weight, and then dispersed from

there. After expenses, most of the net proceeds was transferred to an Effen Ads bank account.

129. From June 2015 through October 2017, Brailow and Harshbarger each received over \$1 million from Effen Ads through entities each controls, J6 Ventures, LLC and H&H Business Holdings, LLC, respectively.

The FTC Has Reason To Believe the Defendants Are About To Violate the Law

130. The FTC has reason to believe the Defendants are about to violate the law because: (i) the deceptive marketing practices described above continued for over two years, until W4 received a CID seeking information about the Effen Ads Defendants' work-at-home program; (ii) the Effen Ads Defendants tried to conceal their involvement; (iii) Brailow has been sued for deceptive conduct multiple times in the past; (iv) Brailow has known people at W4 for over a decade and has had "lots of conversations" with W4 in order to assess potential business opportunities; (v) Brailow runs a business that offers email marketing services; and (vi) Walker has continued to participate in the operation of an affiliate network that, among other things, provides media distribution through commercial email.

The Deceptive Marketing Stopped When the FTC Issued a CID to W4 LLC, and the Effen Ads Defendants Tried to Conceal Their Involvement

131. The FTC issued a CID to W4 for records relating to the Effen Ads Defendants' work-at-home program in July 2017. (The FTC also issued a follow-up CID to W4 in 2018.)

132. W4 discontinued the Effen Ads Defendants' marketing campaigns in August 2017, upon receipt of this CID.

133. That same month, on August 23, 2017, the Luke Gold persona emailed W4, from luke@icloudworx.com, to ask W4 to "retro-actively correct" all invoices from the preceding two years by removing Effen Ads and substituting "Icloud-Worx" as the company name, claiming:

“Not sure how Effen Ads got on the invoice, but they never have nor are currently in any involvement in these campaigns.” On August 29, 2017, “Luke Gold” again emailed W4 and reiterated his request to “supersede any and all previous documents relevant to these campaigns.”

134. The Second Account Executive responded to the August 29, 2017 email, stating “totally understand your objective here, Luke,” and attached a new contract, which then was purportedly signed by the persona “Casey Wilson” as “Mgr” of “iCloudWorx” and returned via email by “Luke Gold” the next day. The Second Account Executive, in turn, countersigned on behalf of W4.

135. At the same time, on August 11, 14 and September 13, 2017, Brailow transferred \$700,000 to his fiancé. When the FTC asked Brailow about these transfers, he could not provide a specific explanation, stating: “I don't know how to describe this. I really don't know how to answer my personal finances and the reason for me moving funds from my account to my fiancé's.”

136. The assertion in “Luke Gold's” August 23, 2017 email that Effen Ads had no involvement was false. For example, a member of Effen Ads' staff was copied on this email (using an email address ending in “@icloudworx.com”). In addition, the original contract from August 2015, signed by Westmoreland and listing Effen Ads as W4's counterparty, likewise was returned to W4 by a member of Effen Ads' staff. Contemporaneously, the Effen Ads Defendants submitted two credit applications to W4, one in the name of Catalyst Marketing Group and the other in the name of Effen Ads. Both credit applications, again, were submitted via email to W4 by a member of Effen Ads' staff.

137. The Effen Ads Defendants tried to obscure their involvement even earlier,

throughout the time they marketed the work-at-home program. As discussed earlier in this Complaint, Westmoreland (with Brailow's knowledge) used at least three aliases in his business dealings, the Effen Ads Defendants marketed the work-at-home program through more than a dozen different brand names, and the Effen Ads Defendants did business through several different companies.

Brailow Has Previously Been Sued for Deception

138. In July 2008, the FTC sued Brailow and his company, JAB Ventures, LLC, alleging that he deceptively sold dietary supplements through unsubstantiated weight loss claims and improper billing practices relating to "free trial" and continuity (subscription) programs. The parties settled that lawsuit in August 2008.

139. In August 2009, the Illinois Attorney General sued two companies that Brailow ran, Crush LLC ("Crush") and TMP Nevada LLC, alleging they deceptively sold dietary supplements through misleading and false endorsements by Oprah Winfrey and Dr. Mehmet Oz and through improper billing practices relating to "free trial" and continuity programs. Harpo Inc. and Dr. Oz also sued Crush that same month for trademark infringement, false endorsement, copyright infringement, and related claims.

140. In February 2011, Google, Inc. ("Google") sued Crush for trademark infringement. Google alleged that Crush marketed work-at-home kits by falsely suggesting that Google sponsored them and that it deceptively induced consumers into continuity programs.

Brailow Has Had "Lots of Conversations" with W4 LLC to Assess Potential Business Opportunities

141. As discussed earlier in this Complaint, in August 2008, Brailow settled FTC charges alleging that he deceptively sold dietary supplements through unsubstantiated weight

loss claims and improper billing practices relating to “free trial” and continuity programs. One of the main affiliate networks he used to advertise the dietary supplements was called Hydra Media. Employees of Hydra Media who Brailow knew from this prior business later formed or joined W4.

142. Based on that longstanding relationship, Brailow has had “lots of conversations” with W4 about what kinds of products were selling well in order for Brailow to assess whether he would be interested in marketing or selling such a product.

Ad Distribution Through Commercial Email

143. Brailow is the founder and CEO of a company called L7 Labs, LLC (“L7 Labs”), a New Mexico entity formed in May 2018. Through L7 Labs, Brailow offers to create and deliver marketing content for ecommerce clients and specifies email marketing as “one of the most effective branches in our digital arsenal.”

144. Walker has continued to participate in the operation of an affiliate network that provides ad distribution for online merchants through commercial email, first as a manager and, more recently, a consultant.

VIOLATIONS OF THE FTC ACT

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

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

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

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

Count One
Misrepresentations Concerning Fabricated Reviews and Endorsements
(Against all Defendants)

148. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the Effen Ads Defendants' work-at-home program, the Defendants, directly or through affiliates acting on their behalf and for their benefit, have represented, expressly or by implication, that:

- a. Emails and websites linking to the Effen Ads Defendants' sales websites were objective news reports;
- b. Favorable endorsements of the Effen Ads Defendants' work-at-home program reflected the independent opinions of impartial reviewers;
- c. News organizations identified in marketing emails and websites featured the Effen Ads Defendants' work-at-home program and its claimed effectiveness;
and/or
- d. Celebrities referenced and depicted in emails and websites marketing the Effen Ads Defendants' work-at-home program endorsed the program.

149. In truth and in fact, in numerous instances in which the Defendants have made the representations set forth in Paragraph 148 above:

- a. The emails and websites linking to the Effen Ads Defendants' sales websites were advertisements made to appear as objective news reports;

- b. Favorable endorsements of the Effen Ads Defendants' work-at-home program did not reflect the independent opinions of impartial reviewers;
- c. News organizations identified in marketing emails and websites have not featured the Effen Ads Defendants' work-at-home program and its claimed effectiveness; and/or
- d. Celebrities referenced and depicted in emails and websites marketing the Effen Ads Defendants' work-at-home program have not endorsed the program.

150. Therefore, Defendants' representations as set forth in Paragraph 148 of this Complaint are false and misleading and constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count Two
Unfairly Injuring Consumers Through Credit Card Laundering
(Against the Effen Ads Defendants)

151. In numerous instances, the Effen Ads Defendants directly or through agents acting on their behalf and for their benefit, have submitted false or misleading information to obtain and maintain merchant accounts through which the Effen Ads Defendants placed charges on consumers' credit and debit card accounts, including by:

- a. Falsely representing, directly or through agents acting on their behalf and for their benefit, that the shell companies listed as the applicants on the merchant applications were the true merchants who were applying for merchant accounts;
- b. Falsely representing, directly or through agents acting on their behalf and for their benefit, that the individual signers listed as the principal owners

on the merchant applications were the bona fide principal owners applying for merchant accounts; and/or

- c. Misrepresenting, directly or through agents acting on their behalf and for their benefit, the type of business in which the merchant account applicant was engaged.

152. The Effen Ads Defendants' actions caused or were likely to cause substantial injury to consumers that was not reasonably avoidable by consumers themselves and that is not outweighed by countervailing benefits to consumers or competition.

153. Therefore, the Effen Ads Defendants' acts or practices, as described in Paragraph 151 above, constitute unfair acts or practices in violation of Section 5 of the FTC Act §§ 45(a) and (n).

VIOLATIONS OF THE CAN-SPAM ACT

154. The CAN-SPAM Act became effective on January 1, 2004, and has since remained in full force and effect.

155. Section 5(a)(1) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(1), states: "It is unlawful for any person to initiate the transmission, to a protected computer, of a commercial electronic mail message . . . that contains, or is accompanied by, header information that is materially false or materially misleading."

156. The CAN-SPAM Act defines "header information" as "the source, destination, and routing information attached to an electronic mail message, including the originating domain name and originating electronic mail address, and any other information that appears in the line identifying, or purporting to identify, a person initiating the message." 15 U.S.C. § 7702(8).

157. Section 5(a)(2) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(2). states:

It is unlawful for any person to initiate the transmission to a protected computer of a commercial electronic mail message if such person has actual knowledge, or knowledge fairly implied on the basis of objective circumstances, that a subject heading of the message would be likely to mislead a recipient, acting reasonably under the circumstances, about a material fact regarding the content or subject matter of the message (consistent with the criteria used in enforcement of Section 5 of the Federal Trade Commission Act (15 U.S.C. § 45)).

158. Section 7(e) of the CAN-SPAM Act, 15 U.S.C. § 7706(e), states that in any action to enforce compliance through an injunction with Section 5(a)(2) and other specified sections of the CAN-SPAM Act, the FTC need not allege or prove the state of mind required by such sections.

159. Section 6(a) of the CAN-SPAM Act, 15 U.S.C. § 7705(a), states: “It is unlawful for a person to promote, or allow the promotion, of that person’s trade or business, or goods, products, property, or services sold, offered for sale . . . or otherwise made available through that trade or business, in a commercial electronic mail message the transmission of which is in violation of section 7704(a)(1) of this title if that person:

(1) knows, or should have known in the ordinary course of that person’s trade or business, that the goods, products, property, or services sold, offered for sale . . . or otherwise made available through that trade or business were being promoted in such a message;

(2) received or expected to receive an economic benefit from such promotion; and

(3) took no reasonable action:

(A) to prevent the transmission; or

(B) to detect the transmission and report it to the Commission.

160. The Defendants “initiated” the transmission of commercial electronic mail messages by “procuring” other persons to initiate such messages on their behalf. 15 U.S.C. §§ 7702(9), 7702(10).

161. Pursuant to Section 7(a) of the CAN-SPAM Act, 15 U.S.C. § 7706(a), a violation of the CAN-SPAM Act shall be enforced by the FTC “as if the violation ... were an unfair or deceptive act or practice proscribed under section 18(a)(1)(B) of the [FTC] Act, 15 U.S.C. § 57a(a)(1)(B).”

Count Three
Misleading Header Information
(Against all Defendants)

162. In numerous instances, the Defendants have initiated the transmission, to protected computers, of commercial electronic mail messages that contained or were accompanied by, header information that was materially false or materially misleading, such as “from” lines that did not accurately identify the person who initiated the message.

163. Defendants’ acts or practices, as described in Paragraph 162, violate Section 5(a)(1) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(1).

Count Four
Misleading Subject Heading
(Against all Defendants)

164. In numerous instances, the Defendants have initiated the transmission, to protected computers, of commercial electronic mail messages that contained subject headings that would be likely to mislead a recipient, acting reasonably under the circumstances, about a material fact regarding the content or subject matter of the message.

165. Defendants’ acts or practices, as described in Paragraph 164, violate Section

5(a)(2) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(2).

Count Five
Knowing Promotion Through Misleading Header Information
(Against the Effen Ads Defendants)

166. The Effen Ads Defendants knew, or should have known in the ordinary course of their trade or business, that commercial electronic mail messages promoting their work-at-home program contained materially false or materially misleading “from” lines that did not accurately identify the person who initiated the message and were transmitted to protected computers in violation of Section 5(a)(1) of the CAN-SPAM Act, 15 U.S.C. § 7704(a)(1).

167. The Effen Ads Defendants received or expected to receive an economic benefit from such promotion.

168. The Effen Ads Defendants took no reasonable action to prevent the transmission, or to detect the transmission and report it to the Commission.

169. The acts or practices of the Effen Ads Defendants, as described in Paragraphs 166 - 168, violate Section 6 of the CAN-SPAM Act, 15 U.S.C. § 7705(a).

CONSUMER INJURY

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

THIS COURT’S POWER TO GRANT RELIEF

171. Based on the facts alleged in this Complaint, the FTC has reason to believe that the Defendants are violating or are about to violate laws enforced by the Commission.

172. 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.

173. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 7(a) of the CAN-SPAM Act, 15 U.S.C. § 7706(a), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the CAN-SPAM Act, including the rescission or reformation of contracts and the refund of money.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 7(a) of the CAN-SPAM Act, 15 U.S.C. § 7706(a), and the Court's own equitable powers, requests that the Court:

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

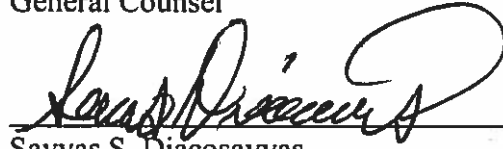
B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the CAN-SPAM Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies.

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

Respectfully submitted,

ALDEN F. ABBOTT
General Counsel

Dated: 11/26/2019



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FEDERAL TRADE COMMISSION

Exhibit A



CNN URGENT REPORT

Warren Buffett Warns "BREXIT Chaos Is Going To Cost Millions of American Jobs"

- And Reveals What Average Americans NEED To Do To Protect Themselves



[Anderson Cooper](#), CNN



Warren Buffett Warns Anderson and America about the global fallout from BREXIT - The only way to survive the chaos is something called [The Global Cash Code](#).

(CNN) -- Warren Buffett is the most successful and respected investor and economist of all time. Called the Oracle of Omaha, Mr. Buffett's knowledge and intuition have allowed him to turn \$2,000 into \$70,000,000,000 - and last Monday he warns about the effects

[READ THE FULL STORY](#)



Breaking News

Did Suze Orman Say the Unthinkable!? "Traditional Savings is DEAD - Americans Need CASH Now!"

- She reveals why your job and retirement can be WIPED OUT tomorrow, and how you need to protect yourself.



For nearly 3 decades, Suze's advice has been to **focus on stable employment**, saving at least 25% of your pre-tax income, and investing aggressively in low risk investments.

Last Sunday August 14th, **she shocked millions of people** when she admitted that her advice no longer works.

"Guys, I hate to say it, but we're in for rough waters ahead. **This global crisis is going to hit everyone hard**, and hit working class, regular people the hardest." She told viewers that "the crisis in Europe" is only growing, and that many people are going to get "wiped out".

Read the Full Article to Find Out What You NEED to Do Now!

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*My conversation with Dave Ramsey earlier this week talking
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In a few short months, no matter who the

FIND OUT HOW TO PROTECT YOURSELF

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