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14 UNITED STATES DISTRICT COURT

15 CENTRAL DISTRICT OF CALIFORNIA - EASTERN DIVISION

16 VICKI HUFF, a California resident; SARAH
 MCDOWELL, a Texas resident, and LYNNE
 17 MILSOM, a Canada resident, on behalf of
 themselves and all others similarly situated,

18 Plaintiffs,

19 v.

20 LIBERTY LEAGUE INTERNATIONAL,
 LLC., an Arizona Corporation; BEYOND
 21 FREEDOM PUBLISHING, LLC, an Arizona
 Corporation; BRENT PAYNE and JULIE
 22 PAYNE, husband and wife; SHANE
 KRIDER AND MICHELLE KRIDER,
 23 husband and wife; LIBERTY LEAGUE
 HOLDINGS, LLC, an Arizona Corporation,
 24 formerly known as BIG ASS BRITCHES
 HOLDINGS, LLC, an Arizona Corporation;
 25 and Does 1-100, inclusive,

26 Defendants.

27 CLASS ACTION COMPLAINT

1. Violation of RICO Through Transporting and Receiving Stolen Money 18 U.S.C. §1962(c) - (d);
2. Violation of RICO Through Mail and Wire Fraud 18 U.S.C. §1962(c) - (d);
3. Violation of Consumer Protection Statutes;
4. Violation of State and Federal Anti-pyramid Statutes; and
5. Unjust Enrichment.

28 JURY TRIAL DEMANDED

CLASS ACTION COMPLAINT

ED CV 08 - 01010 VAP

SSX

1 Plaintiffs Vicki Huff, Sarah McDowell, and Lynne Milsom ("Plaintiffs"), on behalf of
2 themselves and all others similarly situated, file this Class Action Complaint:

3 INTRODUCTION

4
5 1. This class action challenges Defendants' unlawful and unethical scheme to
6 unlawfully and wrongfully solicit, market and sell "personal development" products and seminars to
7 investors in California, throughout the United States and in Canada.

8 2. Plaintiffs bring this action on behalf of themselves and other similarly situated United
9 States and Canadian consumers who purchased Defendants' personal development products and
10 seminars within the applicable statutory limitations period.

11 3. Defendants market and sell their personal development products and seminars on an
12 international basis primarily through website and print marketing and use of their Advisors and
13 Associates who are authorized to sell Defendants' personal development products and seminars.

14 4. Defendants profit from this scheme by collecting revenues from, *inter alia*, the sale
15 of products and seminars and monthly service and lead generation fees consumers are obligated to
16 pay in return for the opportunity to sell Defendants' products.

17 5. Defendants' sales practices alleged herein violate the federal Racketeer Influenced
18 and Corrupt Organizations Act, ("RICO"), 18 U.S.C. §1961 *et seq.* Defendants' practices also
19 constitute bad faith, violations of consumer protection statutes and unjust enrichment warranting a
20 constructive trust.
21

22 6. This action seeks to enjoin Defendants from further engaging in their unethical and
23 unconscionable sales practices. It also seeks to compensate consumers who invested in this scheme
24 and penalize Defendants for their knowingly wrongful practices.

25 7. Consequently, Plaintiffs and the Class, as defined below, seek all available damages,
26 including an award of attorneys' fees and costs, as well as appropriate declaratory and injunctive
27 relief.
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JURISDICTION & VENUE

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8. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1331 (federal question) because the claims asserted herein arise under the federal Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961, *et seq.* This Court also has diversity jurisdiction over this action pursuant to 28 U.S.C. §1332(a).

9. The amount in controversy exceeds \$75,000 for Plaintiffs, exclusive of interest and costs, and includes the combined loss of the payments for Defendants' products and required monthly charges and service fees and Plaintiffs' pro rata share of punitive damages, injunctive and equitable relief and attorney-fees, in which Plaintiffs and each Class member have an undivided interest. Plaintiffs further allege that the Court has proper jurisdiction over this matter pursuant to the Class Action Fairness Act of 2005 because, based upon information and belief, less than one-third of all Class Members reside in the State of California and the cumulative amount in controversy for the Class exceeds \$5 million.

10. This Court has supplemental jurisdiction over the state law consumer protection, anti-pyramid and unjust enrichment claims pursuant to 28 U.S.C. § 1367.

11. Venue lies within this District pursuant to 28 U.S.C. § 1391(b), (c) in that: Defendants conduct business within this District; certain acts giving rise to the claims asserted in this Complaint occurred within this District; and the illegal actions of Defendants, as alleged in this Complaint, caused damage to Plaintiff Huff and Class members within this District.

PARTIES

- 12. Plaintiff Vicki Huff is a resident of California.
- 13. Plaintiff Sarah McDowell is a resident of Texas.
- 14. Plaintiff Lynne Milsom is a resident of Canada.
- 15. Defendant Liberty League International ("Liberty League Int'l"), LLC is an Arizona corporation with its principal place of business located at 14300 N. Northsight Blvd., #210,

1 Scottsdale, Arizona 85260. At all relevant times, Liberty League Int'l was in the business of
2 marketing and selling personal development products and seminars.

3 16. Defendant Beyond Freedom Publishing, LLC, is an Arizona corporation. At all
4 relevant times, Beyond Freedom Publishing was in the business of publishing personal development
5 products for Liberty League Int'l. Defendants Payne and Krider are and were, at all relevant times,
6 co-founders and managers for Beyond Freedom Publishing.
7

8 17. Defendants Brent Payne ("Payne") and Shane Krider ("Krider") are and were, at all
9 relevant times, co-founders and managers of Defendant Liberty League International, LLC. As such,
10 they directed, managed and controlled the operations of Defendant Liberty League International,
11 LLC.

12 18. Defendants Julia Payne and Michelle Krider were named in this action for community
13 property purposes only.
14

15 19. Defendant Big Ass Britches Holdings, LLC, now known as Liberty League Holdings,
16 LLC, ("LL Holdings"), is a Arizona Corporation. At all relevant times, LL Holdings was a manager
17 of Liberty League International, LLC. As such, it directed, managed and controlled the operations of
18 defendant Liberty League International, LLC.

19 20. Defendants Liberty League Int'l, Beyond Freedom Publishing, Brent Payne, Shane
20 Krider and LL Holdings, shall be hereinafter referred to collectively as "Liberty League."
21

22 CLASS ACTION ALLEGATIONS

23 21. Plaintiffs bring this action on their own behalf and as a Class action pursuant to Rule
24 23 of the Federal Rules of Civil Procedure on behalf of a class consisting of all Liberty League
25 Advisors and Associates in the United States and Canada who during the applicable limitations
26 period purchased personal development products and seminars promoted, marketed and/or sold by
27 Liberty League. Excluded from the Class are Defendants, their parents, subsidiaries and affiliates,
28 their directors, officers, and employees, and members of their immediate families.

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22. The Class is so numerous and geographically dispersed that joinder of all Class members is impracticable. Upon information and belief, there are hundreds if not thousands of individuals throughout California, the United States and Canada.

23. This action presents questions of law and fact common to the members of the Class which predominate over questions affecting individual members of the Class, such questions of law or fact include, but are not limited to:

- (a) Whether Defendants improperly solicited, referred, marketed and sold personal development products and seminars to consumers, including Plaintiffs and the Class;
- (b) Whether Defendants engaged in mail and/or wire fraud;
- (c) Whether the Liberty League Enterprise is an "enterprise" within the meaning of 18 U.S.C. §1961(4);
- (d) Whether Defendants conducted or participated in the affairs of the Liberty League Enterprise through a pattern of racketeering activity in violation of 18 U.S.C. §1962(c);
- (e) Whether Defendants conspired to commit violations of the racketeering laws in violation of 18 U.S.C. §1962(d);
- (f) Whether Defendants engaged in a pattern of racketeering activity intended to transfer and receive money stolen in violation of 18 U.S.C. §2314 and 2315 (transporting and receiving stolen money);
- (g) Whether Defendants' pattern of racketeering activity intended to defraud Plaintiffs and Class members using the U.S. and international mails and interstate wire services in violation of 18 U.S.C. §1341 and 1343 (mail and wire fraud);

1 (h) Whether Defendants engaged in a pattern of racketeering activity that
2 proximately caused injury to the business or property of Plaintiffs and Class
3 members;

4 (i) Whether Defendants were unjustly enriched at the expense of the Class;

5 (j) Whether Plaintiffs and the Class are entitled to damages; and

6 (k) Whether Plaintiffs and the Class are entitled to declaratory and/or injunctive
7 relief as a result of Defendants' unlawful and improper conduct.
8

9 24. The claims of Plaintiffs are typical of the claims of the other members of the Class,
10 and Plaintiffs have no interests that are adverse or antagonistic to the interests of the other members
11 of the Class.

12 25. Plaintiffs will fairly and adequately protect the interests of the other members of the
13 Class. Plaintiffs are committed to prosecuting this Class Action and have retained competent
14 counsel experienced in litigation of this nature.
15

16 26. This action is brought under Rule 23(b)(2) because Defendants have acted on grounds
17 generally applicable to all members of the Class. Upon information and belief, Defendants are
18 continuing to improperly solicit, market and sell personal development products and seminars to
19 consumers, including Plaintiffs and the Class. Defendants' continuing failure to comply with federal
20 and state law with respect to future Class members makes final injunctive and/or declaratory relief
21 concerning the Class as a whole appropriate.
22

23 27. This action is also brought under Rule 23(b)(3) because common questions of law and
24 fact (identified above) predominate over questions of law and fact affecting individual Class
25 members. In addition, the expense of litigating each Class member's claim individually would be so
26 cost prohibitive as to deny Class members a viable remedy. Certification under Rule 23(b)(3) is
27 appropriate because a class action is superior to the other available methods for the fair and efficient
28

1 adjudication of this action. Plaintiffs envision no difficulty in the management of this case as a class
2 action.

3 FACTUAL ALLEGATIONS

4 *Defendants' Products*

5 28. Defendants market three "personal development" products: (1) the Beyond Freedom
6 Home Study Course, a 90-day personal development course; (2) the Liberty Conference, a three-day
7 personal development conference; and (3) the Summit Conference, a five-day personal finance and
8 development conference.
9

10 29. The Beyond Freedom Home Study Course, which retails for approximately
11 \$1,495.00, is described on Defendants' website (www.libertyleague.com) as a "multimedia personal
12 development program produced by Company founders, Brent Payne and Shane Krider." The
13 "Program" includes a DVD and a set of three CD's entitled, "The Conscious Mind," "The
14 Subconscious Mind," and "Purity of Purpose." The Course also includes a 90-page Personal
15 Development Workbook, the chapters of which correspond to the DVD and CD; a blank journal,
16 three laminated cards labeled, "Long-term goals," "Medium-term goals," and "Short-term goals"; a
17 4" x 4" pad of paper and two pens.
18

19 30. Defendants' Liberty Conference, which retails for approximately \$7,995.00 per
20 person, is a three-day conference which was held in Cancun, Mexico (2003, 2004 and 2005), Oahu,
21 Hawaii (2004) and Fajardo, Puerto Rico (2005). On their website, Defendants describe the Liberty
22 Conference as "continuing education in the innovative BEYOND FREEDOM program." The
23 website also states that "the Liberty Conference builds upon the foundation of the groundbreaking
24 BEYOND FREEDOM program with meaningful and life-enhancing conferences and networking
25 opportunities." Defendants represent that during the Liberty conference, participants may attend
26 seminars wherein they listen to motivational speakers, nutritional educators, and/or management
27 consultants.
28

1 31. Defendants' Summit Conference, which sells for \$12,995.00 per person, is a five-day
 2 conference that was held in various locations, including Athens, Greece in 2005 and the Fiji Islands
 3 in 2003. Defendants state on their website that "the elite Summit Conference focuses on the
 4 accumulation of personal wealth." Defendants also represent that the topics to be discussed at the
 5 Summit Conference include: (1) advanced business principles; (2) secrets to managing large
 6 incomes; (3) achievable high returns on investments; (4) asset protection; (5) tax reduction; and (6)
 7 multiple source income principles.
 8

9 ***Defendants' Commission Structure***

10 32. Defendants sell their products through "Associates" who are persons or entities that
 11 are authorized to sell Defendants' products and to bring others into the program. To become a
 12 Liberty League Associate, an applicant must complete and submit an online Associate Application
 13 and Agreement form and purchase a "New Associate Business Development Kit" at a cost of \$49.95.
 14

15 33. Associates purchase Defendants' products from their "Advisor," paying the "retail
 16 price." The retail price of each product is the sum of the "wholesale price" charged by Defendants
 17 for the product and the "profit," which is the amount retained by the Advisor who sold the product to
 18 the Associate. The breakdown of retail price, wholesale price and profit for each product is as
 19 follows:
 20

Product	Wholesale Price	Retail Price	"Profit" to Advisor
Beyond Freedom	\$495	\$1,495	\$1,000
Liberty Conference	\$2,995	\$7,995	\$5,000
Summit Conference	\$4,995	\$12,995	\$8,000

25 34. In order to earn an income through Defendants' commission structure, Associates
 26 must qualify as an Advisor with respect to each product. To qualify as an Advisor, the Associate
 27 must "participate" in making five (5) training sales. Once the sales are made, the Associate attains
 28 the level of Advisor and can earn commissions from the sale of product.

1 35. Although Defendants claim that no product purchases are required to earn
2 commissions, Associates who purchase the products themselves can increase the speed in which they
3 qualify and begin making money from sales. For example, Associates who do not purchase the
4 Beyond Freedom product themselves must make the initial five (5) training sales by themselves.
5 Commissions from those five (5) sales are paid directly to that Associates' Advisor. Associates who
6 purchase the Beyond Freedom product themselves, however, are able to participate in "Team
7 Qualification." Team Qualification allows an Associate to qualify as an Advisor through combining
8 their own sales with the sales of their Advisor. For example, an Associate who purchases the
9 product counts his/her own purchase as one (1) sale. Should the Associate make two (2) additional
10 sales and his/her Advisor makes two (2) sales, the Associate qualifies as having made five (5) sales
11 and becomes a qualified Beyond Freedom Advisor, qualified to earn commissions on future sales
12 made by him/her as well as sales made by the Associates that s/he brought into the program, *i.e.*,
13 his/her "register." Each Advisor who participated in Team Qualification earns commissions on
14 his/her own sales as well as sales of the individuals what s/he recruits into the program. Advisors
15 who do not purchase the product themselves earn commissions only on their individual sales.

18 36. Further, Team Qualification provides additional benefits to Associates, such as
19 assistance and guidance from Advisor, that is not otherwise available to Associates.

21 37. Beyond Freedom Advisors may attain the level of Liberty Advisor by either (1)
22 selling five (5) of the Liberty Conference products to Associates in his/her own register, or (2)
23 purchasing a ticket to a Liberty Conference and participating in Team Qualification as explained
24 above. After the initial five (5) training sales are made, a Liberty Advisor who participated in Team
25 Qualification earns \$5,000 on each conference ticket either sold by him/her or sold by an Associate
26 in his/her register. Liberty Advisors who do not purchase a conference ticket are not Team Qualified
27 and earn commissions only on their own sales.

1 38. Liberty Advisors may attain the level of Summit Advisor by (1) selling five (5) of the
 2 Summit Conference products to Associates in his/her own register, or (2) purchasing a ticket to a
 3 Summit Conference and participating in Team Qualification as explained above. After the initial
 4 five (5) training sales are made, a Summit Advisor who participates in Team Qualification earns
 5 \$8,000 on each conference ticket sold by him/her or sold by an Associate in his/her register. Summit
 6 Advisors who do not purchase a conference ticket are not Team Qualified and earn commissions
 7 only on their own sales.
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9 39. Thus, although Defendants represent the only required product purchase is the "New
 10 Associate Business Development Kit," in order to become qualified to sell and earn commissions on
 11 all sales, an Associate must spend a minimum of \$22,500 on Defendants' products and seminars.
 12

13 ***Defendants' Marketing Program***

14 40. Upon entering the program, each Associate purchases a "New Associate Business
 15 Development Kit" ("Kit") at a cost of \$49.95. According to Defendants, the Kit is the "only
 16 required purchase" to get started and become successful in the program. Defendants' Kit instructs
 17 new Associates to set up an 800 number, a business website, an account with Pro-link (Liberty
 18 League's conference call provider) and subscribe to lead generating services. Associates must pay a
 19 monthly charge for each of these services.
 20

21 41. Associates are responsible for training new Associates that become part of their
 22 "register." Defendants schedule pre-recorded training and marketing calls several times a week to
 23 assist Associates in the training of new Associates. Defendants also conduct live training calls
 24 during which new Associates may listen as trainers and coaches conduct actual live interviews of
 25 new prospects. Defendants refer to these calls as called "Live Prospecting."

26 42. Defendants recommend that Associates advertise in newspapers and on the internet to
 27 generate "Leads," or names of prospective new Associates. Defendants also recommend that
 28 Associates purchase lists of Leads from an Arizona corporation known as Extreme Leads, Inc.,

1 which Defendants refer to as their "featured on-line lead generation source." Extreme Leads, Inc., is
2 owned and managed by Defendants Krider and Payne.

3 43. Defendants' Start-Up Kit includes a script which Defendants instruct Associates and
4 Advisors to use when recruiting new Associates into the program. The script is known as the "Call
5 Back Script with Presentation Call."
6

7 44. The Call Back Script specifically instructs Associates to ask potential Leads: "What
8 would your goal income/ideal income be for the next twelve months if there were no limitations
9 placed on you?" The script then states, "Their answer should be \$100K or more per year. If it isn't
10 say, 'I'm sorry but that answer doesn't qualify for my time.'" Should a Lead respond with a certain
11 income figure, the scripts instructs the Associate to say, "I can definitely tell you that earning \$200k
12 in the next twelve months with this company is very attainable."
13

14 45. A Follow Up Script asks: "Let me ask you it this way just to make sure I am
15 spending my time with the right person, say from 1-10...where do you think you are? [Interest level
16 should [be] 8-9-10[.] If they are a 7 or below you say" with absolute disbelief[...7!!). 7 does not
17 quality for my time."
18

19 46. Associates invite interested Leads to participate in a three-way sales call involving the
20 Associate and his/her Advisor. During the call, the Advisor uses another sales script developed by
21 Defendants known as the "Three-Way Call." The "Three-Way Call" script also is contained in the
22 Start-Up Kit. This script contains pointers for persuading the Lead to purchase Defendants'
23 products, and for responding to common objections that the Lead may raise. For example, if the
24 Lead indicates that they cannot afford to purchase Defendants' products, the caller is advised to say,
25 "It's not the money, it's the decision. Are you ready to have the results I'm having? Then make it
26 happen. I'm penciling you in my register now. Can you get the money together in 48 hours?"
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28 47. Defendants make the following deceptive statements and/or misrepresentations on
their website and in the presentations:

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There are no required product purchases to participate in this program.

There is "no telling, no selling, or explaining."

"Anyone will have results, as long as they follow our system."

"Turn your annual income into a monthly income."

"If you are serious about making some real money, people are putting money in their pockets immediately, to the tune of \$1K-\$5K and more per week."

48. In attempting to recruit new Associates, Defendants' Associate/Advisors make claims about their own current earning, as well as claims about what new Associates will earn. These claims are prominent on websites sponsored by Defendants' Associate/Advisors.

49. Defendants include sample newspaper advertisements on their Online Business Center website for use by Associates/Advisors in recruiting new Associates. Those sample ads include the following:

A Real Opportunity to Earn a Massive Income.
No Personal Selling. Not MLM! Cal 1-800-xxxxxxx

Real profits, right now.
Incredible income potl.
Free 24hr msg. 1-800-xxxxxxx

Learn to make your annual income a monthly income.
Training, no exp. Nec. Call now, 2 min mess: 1-800-xxxxxxx

Learn to earn Executive Level Pay from home now.
We train: 888-888-8888

Get paid like a professional athlete while
Working from home in your pajamas. Call now: 800-000-0000

50. Liberty and Summit Advisors strongly encourage new Associates to purchase products, even though Liberty League claims no purchase is required to participate. Associates consistently are told by their Advisors, who receive the commissions from the sale, "If you don't buy the product, how can you convince others to buy it?"; "you won't succeed unless you are in a

1 position to profit from your sales by buying the high price conference tickets” and “purchasing a
2 conference ticket is a must for positioning a higher commission level.”

3 51. “Training calls” and “Business Plan Meetings” are high pressure sales events with
4 new Associates that encourage them to purchase the conference tickets. New Associates are told to
5 borrow from family or against their home, or they are not “serious about investing in their success.”
6

7 **PLAINTIFFS’ SPECIFIC FACTS REGARDING**
8 **DEFENDANTS’ WRONGFUL CONDUCT**

9 *Vicki Huff*

10 52. During the relevant period, Plaintiff Huff expressed interest in the Liberty League
11 Program by contacting a Liberty League Associate. The Associate and other Liberty League
12 representatives described the Program to Plaintiff Huff and represented that by working just 16-20
13 hours a week she would be successful in the Program.

14 53. Believing Liberty League’s representations, Plaintiff Mann decided to join Liberty
15 League. She was told that the only product she was required to purchase was the Starter Kit.
16 However, if she wanted to be successful in the program, she would also need to purchase the Beyond
17 Freedom Home Study Course. Plaintiff Huff decided to purchase the Liberty League Starter Kit and
18 the Beyond Freedom Home Study Course for \$1,520.
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20 54. Thereafter, Liberty League strongly encouraged Plaintiff Huff to purchase the Liberty
21 and Summit Conference tickets. Plaintiff Huff learned for the first time that if she did not purchase
22 the conference tickets she would not be qualified to earn the profitable commissions.

23 55. Plaintiff purchased the conference tickets for approximately \$21,000.

24 56. Despite following the Program, the advice offered by her Liberty League Advisors
25 and the Liberty League website and engaging in advertising, Plaintiff failed to succeed in the
26 Program and was unable to make even one sale.
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1 57. Had Plaintiff Huff known about Liberty League's misrepresentations, she would not
2 have purchased Liberty League's products or induced others to purchase the products.

3 58. Plaintiff was harmed by Liberty League's conduct because she spent approximately
4 \$30,000 on Liberty League products and conference tickets, advertising and business costs without
5 achieving any success in the program. The only benefits from these transactions accrued to Liberty
6 League in the form of the revenue resulting from the sale of Liberty League's products and seminars
7 to Plaintiff.

8
9 ***Sarah McDowell***

10 59. During the relevant period, Plaintiff McDowell responded to a Liberty League
11 advertisement. The Liberty League Associate that called her back, and the other Liberty League
12 representatives she was connected with, described the Program and represented that by working just
13 15-20 hours a week, Plaintiff McDowell would be successful in the Program and be earning a six
14 figure income in less than six months.

15
16 60. Believing Liberty League's representations, Plaintiff McDowell decided to join
17 Liberty League. She was told that the only product she was required to purchase was the Starter Kit.
18 However, if she wanted to be successful in the program, she would need to purchase the Beyond
19 Freedom Home Study Course. Plaintiff McDowell decided to purchase the Liberty League Starter
20 Kit and the Beyond Freedom Home Study Course for \$1,520. Plaintiff McDowell also signed up for
21 a \$99.95 conferencing subscription, a 1-800 number and a website.

22
23 61. After joining Liberty League, Plaintiff McDowell was encouraged to attend the Super
24 Saturday event in Dallas, Texas. Plaintiff was told that the event was a training conference and
25 would be helpful to business development and her success. Believing that attending Super Saturday
26 would further her success in the program, Plaintiff McDowell purchased tickets to the Super
27 Saturday event.

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1 62. In fact, the Super Saturday event was a high pressure sales conference wherein
2 Liberty League strongly encouraged Associates to purchase the Liberty and Summit Conference
3 tickets. Plaintiff McDowell also learned for the first time that if she did not purchase the conference
4 tickets she would not be qualified to earn the profitable commissions.

5 63. Upon returning home from Super Saturday, Plaintiff purchased the conference tickets
6 for approximately \$21,000.

7 64. Plaintiff McDowell was unable to attend the Liberty Conference. In order to use her
8 tickets at the next conference, Liberty League charged her a \$799 "deferral fee."

9 65. Despite following the Program, the advice offered by her Liberty League Advisors
10 and the Liberty League website and engaging in advertising, Plaintiff failed to succeed in the
11 Program and only made a few sales. Based on information and belief, none of the Associates
12 Plaintiff McDowell sold products to made any sales of their own.

13 66. Plaintiff McDowell eventually decided she was no longer going to participate in the
14 Program. Liberty League refused to refund any portion of the \$21,000 Plaintiff had paid for
15 conferences she was no longer going to attend.

16 67. Had Plaintiff McDowell known about Liberty League's misrepresentations, she
17 would not have purchased Liberty League's products or induced others to purchase the products.

18 68. Plaintiff was harmed by Liberty League's conduct because she spent over \$35,000 on
19 Liberty League products and conference tickets, advertising and business costs without achieving
20 any success in the program. The only benefits from these transactions accrued to Liberty League in
21 the form of revenue resulting from the sale of Liberty League's products and seminars to Plaintiff.

22 *Lynne Milsom*

23 69. During the relevant period, Plaintiff Milsom expressed interest in the Liberty League
24 Program. The Associate she spoke with and other Liberty League representatives called Plaintiff

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1 Milsom, described the Program, and represented that by following the Program she would be
2 successful.

3 70. Believing Liberty League's representations, Plaintiff Milsom decided to join Liberty
4 League. She was told that the only product she was required to purchase was the Starter Kit.
5 However, if she wanted to be successful in the program, she would need to purchase the Beyond
6 Freedom Home Study Course. Plaintiff Mann decided to purchase the Liberty League Starter Kit
7 and the Beyond Freedom Home Study Course for \$1,520.

9 71. After joining Liberty League, Plaintiff Mann was encouraged to attend the Super
10 Saturday event in Phoenix, Arizona. Plaintiff was told that at the event she would receive personal
11 development and business coaching that would be helpful to her success. Believing that attending
12 Super Saturday would further her success in the program, Plaintiff Milsom purchased Super
13 Saturday tickets.

15 72. In fact, the Super Saturday event was a high pressure sales conference wherein
16 Liberty League strongly encouraged Associates to purchase the Liberty and Summit Conference
17 tickets. Plaintiff Milsom also learned for the first time that if she did not purchase the conference
18 tickets she would not be qualified to earn the profitable commissions. Plaintiff purchased the
19 conference tickets at the Super Saturday event for the discounted price of approximately \$18,500.

21 73. In the Fall of 2005, Liberty League cancelled the Liberty Conference Plaintiff Milsom
22 had purchased tickets for and was scheduled to attend. Plaintiff Milsom was unable to attend the
23 conference on the rescheduled date. Liberty League refused to refund any of the ticket price.

24 74. Plaintiff Milsom attended the Summit Conference in Whistler, BC. The conference
25 did not provide any useful information for her success in the Program but rather was intended to sell
26 Liberty League's personal financial assessment package for \$1,000. However, even though the
27 conference was held in Canada, very little of the financial package addressed Canadian tax and legal
28 issues but rather was a United States product.

1 75. In addition to the Liberty League products and conference tickets, Plaintiff Milsom
2 was required to pay a monthly fee for access to the Liberty League website, a monthly \$30
3 subscription fee to a conference bridge provider, a monthly \$10 fee for a 1-800 number and a
4 monthly \$30 subscription to a lead generating company.

5
6 76. Despite following the Program, the advice offered by her Liberty League Advisors
7 and the Liberty League website and engaging in advertising, Plaintiff failed to succeed in the
8 Program.

9 77. Had Plaintiff Milsom known about Liberty League's misrepresentations, she would
10 not have purchased Liberty League's products or induced others to purchase the products.

11 78. Plaintiff was harmed by Liberty League's conduct because she spent over \$25,000 on
12 Liberty League products and conference tickets, advertising and business costs without achieving
13 any success in the program. The only benefits from these transactions accrued to Liberty League in
14 the form of revenue resulting from the sale of Liberty League's products and seminars to Plaintiff.
15

16 **EQUITABLE TOLLING**

17 79. Defendants have affirmatively and wrongfully concealed their unlawful scheme,
18 conspiracy and course of conduct from Plaintiffs. Plaintiffs and other Class members did not know
19 and could not reasonably have known of Defendants' wrongful scheme and could not reasonably
20 discovered the falsity of their representations, advertising and similar documents, nor could Plaintiffs
21 and the Class reasonably have known the concealed information until shortly before the filing of this
22 Complaint.
23

24 80. To this day, Defendants continue to conceal their practices from the Class and public
25 alike. Throughout this time period, Defendants have refused to release or provide information about
26 its practices in a way that Plaintiffs and/or the Class could have discovered Defendants' scheme and
27 practices. Although the initial decisions to engage in these practices were made years ago,
28 Defendants have repeatedly decided since to continue concealing their unlawful practices.

1 81. Defendants have uniformly trained their sales force and other representatives not to
2 disclose its wrongful practices described herein. Defendants did not disclose their practices in any of
3 their marketing materials to Plaintiffs and the Class.

4 82. As a result of the foregoing, Plaintiffs and the Class could not reasonably discover the
5 unlawful and unethical practices described herein and did not do so until just recently. The vast
6 majority of Class members still do not know that they have been injured by Defendants' conduct.

7 83. Defendants' conduct is continuing in nature. There is a substantial nexus between the
8 wrongful conduct that has occurred within the statute of limitations and the misconduct prior to that
9 time. The acts involve the same type of illicit practice and are recurring, continuous events.

10 84. The statute of limitations applicable to any claim brought by Plaintiffs or other class
11 member as a result of the conduct alleged herein has been tolled as a result of Defendants'
12 concealment.
13
14

15 **COUNT ONE**

16 **VIOLATION OF RICO THROUGH TRANSPORTING AND**
17 **RECEIVING STOLEN MONEY 18 U.S.C. §1962(c)-(d)**

18 85. Plaintiffs and the Class repeat and reallege all allegations contained in the Complaint
19 as if set forth separately in this Claim for Relief.

20 86. This claim for relief arises under 18 U.S.C. §§1962(c) and (d), which provides in
21 relevant part:

22 (c) It shall be unlawful for any person employed by or associated with any
23 enterprise engaged in, or the activities of which affect, interstate or foreign
24 commerce, to conduct or participate, directly or indirectly, in the conduct of such
25 enterprise's affairs through a pattern of racketeering activity...

(d) It shall be unlawful for any person to conspire to violate any of the provisions of
subsection . . . (c) of this section.

26 87. Pursuant to 18 U.S.C. § 1964(c), Plaintiffs and the other members of the Class have a
27 private right of action against Defendants for their pattern of racketeering activity in violation of
28 RICO.

1 88. At all relevant times, each and every Defendant has devised and engaged in a scheme
2 whereby Defendants formed a separate enterprise and/or association-in-fact enterprise in order to
3 wrongfully obtain monies from Plaintiffs and Class members to the direct and irreparable injury to
4 Plaintiffs and the other Class members and sustained damage to their business and property.

5 89. In violation of 18 U.S.C. § 1962(c)-(d), Defendants have, as set forth above,
6 conspired to violate 18 U.S.C. § 1962(c) by conducting or participating in the conduct of, the affairs
7 of the Liberty League Enterprise through a pattern of racketeering.

8 90. Plaintiffs and the other Class members are each “persons” with the meaning of 18
9 U.S.C. §1961(3).

10 91. At all relevant times, each and every Defendant was a “person” with the meaning of
11 18 U.S.C. §1961(3), because it was “capable of holding a legal or beneficial interest in property.”

12
13 ***Liberty League Enterprise***

14 92. The RICO “enterprise” is an association-in-fact consisting of Defendant Liberty
15 League Int’l, Defendant Beyond Freedom Publishing, Defendant Payne, Defendant Krider, and
16 Defendant LL Holdings, who devised and engaged in an unlawful and wrongful scheme, common
17 course of conduct and conspiracy, to increase or maintain revenues for Defendants from the
18 marketing and sale of personal development products and seminars (the “Liberty League
19 Enterprise”). To achieve the goals of the Liberty League Enterprise, Defendants comprised a
20 scheme wherein consumers became Liberty League Associates, persons or entities authorized to
21 promote, market and sell Defendants’ personal development products and seminars. As a direct
22 result of its conspiracy and unlawful and wrongful scheme, Defendants have been able to collect
23 monies from Plaintiffs and the Class, including payments for personal development product and
24 seminars, “start up” and monthly service fees, lead generation costs and marketing costs.

25 93. The Liberty League Enterprise is an ongoing and continuing organization consisting
26 of both corporations and individuals associated for the common or shared purpose of selling,
27
28

1 promoting and/or marketing personal development products and seminars to Plaintiffs and the Class
2 through deceptive and misleading sales tactics or materials, and deriving profits from those
3 activities.

4 94. At all relevant times, the association of entities that form the Liberty League
5 Enterprise also was associated for the lawful purpose of marketing and selling financial and personal
6 development products and seminars. These products and seminars themselves are for the most part
7 legitimate and non-fraudulent personal development, self-improvement and motivational products.
8

9 95. The Liberty League Enterprise engages in and affects interstate commerce because it
10 involves activities across state and international boundaries, such as the marketing, promotion,
11 advertisement and sale of Defendants' personal development products and seminars, soliciting
12 consumers to purchase these products through telephone conferences and high-pressure sales
13 conferences and the receipt of revenues from the sale of these products.
14

15 96. Within the Liberty League Enterprise, there is a common communication network by
16 which co-conspirators share information on a regular basis. The Liberty League Enterprise uses this
17 common communication network for the purpose of marketing, soliciting and selling personal
18 development products and seminars to consumers throughout the United States and Canada, and in
19 various other countries.

20 97. The Liberty League Enterprise has a systematic linkage because there are
21 relationships, financial ties and continuing coordination of activities. Through the Liberty League
22 Enterprise, Defendants engage in decision-making to implement their unlawful and wrongful scheme
23 and to function as a continuing unit for the common purpose of exacting payments from consumers
24 and furthering their wrongful scheme.
25

26 98. Defendants, commonly through their Liberty League and Summit Advisors,
27 consistently encourage new Associates to purchase products and seminars for the purpose of
28 increasing commissions for the Associates, Advisors and ultimately Defendants.

1 99. Defendants must conceal the inherent wrongful aspects of this scheme, mainly that
 2 consumers will only profit from this program if they continue to purchase Defendants' products
 3 themselves and pressure other consumers to become Liberty League and Summit Advisors. To limit
 4 the substantive information that prospective consumers receive, Defendants have to maintain control
 5 over information prospective Associates receive.
 6

7 100. Defendants exercise substantial control over the direction of the Liberty League
 8 Enterprise by:

- 9 (a) Developing uniform sales and marketing materials, including sample
 10 advertisements;
- 11 (b) Developing standard sales techniques;
- 12 (c) Developing Call-Back scripts with standard responses to prospective
 13 consumers' questions; and
- 14 (d) Rewarding Associates and Advisors for purchasing Defendants' products
 15 themselves.
 16

17 101. At all relevant times, each participant in the Liberty League Enterprise was aware of
 18 the scheme to induce consumers to continue to purchase, and to encourage others to purchase,
 19 Defendants' personal development products and seminars, was a knowing and willing participant in
 20 the scheme and reaped profits there from.
 21

22 102. The Liberty League Enterprise has an ascertainable structure separate and apart from
 23 the pattern of racketeering activity in which Defendants have engaged.

24 103. Defendants have directed and controlled the ongoing organization necessary to
 25 implement its scheme and illicit business practices at meetings and through communications of
 26 which Plaintiffs cannot now know because all such information lies in Defendants' hands.
 27

28 104. The revenues and profits generated by the unlawful activities of the Liberty League
 Enterprise have been transported in interstate commerce to Defendants.

1 ***RICO Conspiracy***

2 105. Defendants have not undertaken the practices described herein in isolation but as part
3 of a common scheme and conspiracy to increase sales of its personal development products and
4 seminars and thereby increase profits.

5 106. The objects of the conspiracy are: (a) to induce consumers to purchase Defendants'
6 personal development products and seminars; (b) to induce its Advisors and Associates to encourage
7 others to purchase Defendants' personal development products and seminars; and (c) to maximize its
8 revenues from such sales for Advisors and Associates and ultimately for Defendants.

9 107. To achieve these goals, Defendants have deceptively told consumers there is no
10 required product purchase necessary to obtain complete success in the program and that results will
11 come so long as they follow the system, and similar misrepresentations and omissions. Defendants
12 have induced Advisors and Associates to continue to sell Defendants' personal development
13 products and seminars by means of deceptive and unconscionable methods to secure such sales.

14 108. Each member of the conspiracy, with knowledge and intent, has agreed to the overall
15 objectives of the conspiracy and participated in the common course of conduct: to commit unlawful
16 and wrongful acts in inducing individuals to purchase personal development products and seminars
17 and to persuade consumers to continue to invest in higher level products in order to obtain higher
18 commissions.

19 109. Indeed for the conspiracy to succeed, Defendants and each co-conspirator had to
20 agree to implement and use the similar devices and unlawful and wrongful tactics against their
21 intended targets.

22 110. Many instances of common conduct, activity and similar facts evidence the presence
23 of a conspiracy and exist among Defendants and co-conspirators, including, but not limited to:

- 24 (a) Similar advertisements and marketing materials with vague, misleading
25 and incomplete language about the potential results of the products;

1 (b) Similar plans and methods for sales agents to solicit, market, refer and sell
2 the personal development products under the guise of providing financial and
3 personal development products and advice; and

4 (c) Similar tactics for Advisors to continue to encourage Associates to sell the
5 products.
6

7 111. As a result of the conspiracy, Plaintiffs and the Class made payments to Defendants
8 for the personal development products and seminars, including payments for monthly service fees,
9 generating leads and marketing costs.

10 ***The Defendants' Pattern of Racketeering Activity -***
11 ***Transfer and Receipt of Stolen Money***

12 112. At all relevant times, Liberty League knowingly, willfully and unlawfully conducted
13 or participated, directly or indirectly, in the conduct of the affairs of the Liberty League Enterprise,
14 through a pattern of racketeering activity, including multiple predicate acts under the National Stolen
15 Property Act, specifically under 18 U.S.C. §2314 (transporting stolen money) and 18 U.S.C. §2315
16 (receiving stolen money).
17

18 113. "Stolen" property refers to monies "acquired or possessed, as a result of some
19 wrongful or dishonest act or taking whereby a person willfully obtains or retains possession of
20 property which belongs to another without or beyond any permission given, and with the intent to
21 deprive the owner of the benefit of ownership."
22

23 114. Liberty League, through its RICO enterprise, willfully and knowingly engaged in,
24 and/or furthered, a systematic, ongoing course of conduct with the goal and intent to steal money
25 from Plaintiffs and the Class. It was the common and intended practice of Liberty League through
26 its RICO enterprise, to induce consumers into becoming Associates, purchasing Defendants'
27 personal development products and seminars and continuing to purchase higher level products.
28 Further, it was the common and intended practice of Liberty League to pressure Associates to induce

1 others to purchase Defendants' personal development products and seminars, thereby increasing the
2 Associates' (and Defendants') revenues. Defendants engaged in this schedule using high-pressure
3 sales tactics and material misrepresentations, such as consumers would not be required to purchase
4 any of the products to be successful.

5
6 115. As a foreseeable, willful and intentional result of the deceptive scheme perpetuated by
7 Defendants' Enterprise, Plaintiffs and Class members paid large amounts of money during the Class
8 period for Defendants' personal development products and seminars and for the opportunity to sell
9 and receive commissions on the sale of Defendants' products.

10 116. The monies (*i.e.*, the amounts paid for Defendants' personal development products
11 and seminars, and related service fees) sought and received by the Liberty League Enterprise were
12 unlawfully and wrongfully obtained. At no time were Defendants' entitled to the money from
13 Plaintiffs and Class members due to it having been obtained by false pretenses and
14 misrepresentations.
15

16 117. Defendants caused these payments to be transported, transmitted, or transferred from
17 Plaintiffs and Class members throughout the United States through interstate commerce, to itself
18 through mail, wire and/or delivery, and reported this money as revenue. Therefore, Liberty League's
19 pattern of racketeering activity, based upon information and belief, involved thousands of separate
20 instances of transporting, transmitting or transferring stolen or converted monies through interstate
21 commerce over the course of several years.
22

23 118. Defendants knew at all relevant times -- and continue to know- that this money was
24 "stolen" and, indeed, devised and implemented their scheme for the purpose of stealing money from
25 Plaintiffs and the Class.

26 119. Defendants willfully and knowingly caused these stolen monies to be transmitted or
27 transported to itself and willfully received this money after it traveled interstate with Defendants
28 knowing it was stolen.

1 120. The payments Defendants received were far in excess of what it was entitled to,
 2 thereby directly and proximately causing injury to Plaintiffs and Class members. Plaintiffs and Class
 3 members suffered injury because but for Defendants' improper and illegal acts they would not have
 4 purchased the personal development products and seminars and continued to purchase higher level
 5 products from Defendants, and induced others to purchase the products so that the Associates would
 6 be entitled to higher commissions.
 7

8 121. Therefore, Defendants' illegal acts were tainted with the deliberate intent to commit
 9 the predicate acts and cause the injury alleged in this Complaint.

10 122. The value of the stolen money that was transported, transmitted, or transferred and
 11 received by Liberty League far exceeds \$5,000, as required by 18 U.S.C. §§2314 and 2315.

12 123. Plaintiffs have been harmed by an amount far exceeding \$5,000.

13 124. Defendants' violations of 18 U.S.C. §§ 1962(c) and (d) are ongoing and continuous.
 14 The violations constitute a "pattern of racketeering activity," within the meaning of 18 U.S.C. §§
 15 1962(c).
 16

17 125. In accordance with 18 U.S.C. §1964, Defendants are liable to Plaintiffs and members
 18 of the Class for threefold the actual damages sustained by them, plus the costs of bringing this suit,
 19 including reasonable attorneys' fees.

20 ***Defendants' Motive***

21 126. Defendants' motive in controlling, conducting and/or participating, directly or
 22 indirectly, in the conduct of inducing Plaintiffs and Class members through misrepresentations and
 23 material omissions to purchase Defendants' personal development products and seminars was to
 24 steal or convert money from consumers who but for Defendants' misrepresentations and material
 25 omissions would not have purchased Defendants' products.
 26
 27
 28

1 **Damages Caused by the Liberty League Enterprise**

2 127. Defendants' violations of 18 U.S.C. §§ 1962(c) and (d) directly and proximately
3 caused Plaintiffs' and the other members of the Class to be injured in their business and property by
4 an aggregate amount in the millions of dollars.

5
6 **COUNT TWO**

7 **VIOLATION OF RICO THROUGH MAIL**
8 **AND WIRE FRAUD 18 U.S.C. §1962(c)-(d)**

9 128. Plaintiffs and the Class repeat and reallege all allegations contained in the Complaint
10 as if set forth separately in this Claim for Relief.

11 129. In the event the court fails to find in favor of Plaintiffs and the Class in the First
12 Claim for Relief, Plaintiffs and the Class hereby allege this Second Claim for Relief.

13 130. This claim for relief arises under 18 U.S.C. §§1962(c) and (d), which provides in
14 relevant part:

15 (c) It shall be unlawful for any person employed by or associated with any
16 enterprise engaged in, or the activities of which affect, interstate or foreign
17 commerce, to conduct or participate, directly or indirectly, in the conduct of such
18 enterprise's affairs through a pattern of racketeering activity...

19 (d) It shall be unlawful for any person to conspire to violate any of the provisions of
20 subsection . . . (c) of this section.

21 131. Pursuant to 18 U.S.C. § 1964(c), Plaintiffs and the other members of the Class have a
22 private right of action against Defendants for their pattern of racketeering activity in violation of
23 RICO.

24 132. At all relevant times, each and every Defendant has devised and engaged in a scheme
25 whereby Defendants formed a separate enterprise and/or association-in-fact enterprise in order to
26 wrongfully obtain monies from Plaintiffs and Class members to the direct and irreparable injury to
27 Plaintiffs and the other Class members and sustained damage to their business and property.
28

1 133. In violation of 18 U.S.C. § 1962(c), Defendants have, as set forth above, conspired to
2 violate 18 U.S.C. § 1962(c) by conducting or participating in the conduct of, the affairs of the
3 Liberty League Enterprise through a pattern of racketeering.

4 134. Plaintiffs and the other Class members are each "persons" with the meaning of 18
5 U.S.C. §1961(3).

6 135. At all relevant times, each and every Defendant was a "person" with the meaning of
7 18 U.S.C. §1961(3), because it was "capable of holding a legal or beneficial interest in property."

8 *Liberty League Enterprise*

9
10 136. The RICO "enterprise" is an association-in-fact consisting of Defendant Liberty
11 League Int'l, Defendant Beyond Freedom Publishing, Defendant Payne, Defendant Krider, and
12 Defendant LL Holdings, who devised and engaged in a unlawful and wrongful scheme, common
13 course of conduct and conspiracy, to increase or maintain revenues for Defendants from the
14 marketing and sale of personal development products and seminars (the "Liberty League
15 Enterprise"). To achieve the goals of the Liberty League Enterprise, Defendants comprised a
16 scheme wherein consumers became Liberty League Associates, persons or entities authorized to
17 promote, market and sell Defendants' personal development products and seminars. As a direct
18 result of its conspiracy and unlawful and wrongful scheme, Defendants have been able to collect
19 monies from Plaintiffs and the Class, including payments for personal development products, "start
20 up" and monthly service fees, lead generation costs and marketing costs.

21
22 137. The Liberty League Enterprise is an ongoing and continuing organization consisting
23 of both corporations and individuals associated for the common or shared purpose of selling,
24 promoting and/or marketing personal development products and seminars to Plaintiffs and the class
25 through deceptive and misleading sales tactics or materials, and deriving profits from those
26 activities.
27
28

1 138. At all relevant times, the association of entities that form the Liberty League
2 Enterprise also was associated for the lawful purpose of marketing and selling financial and personal
3 development products and seminars. These products and seminars themselves are for the most part
4 legitimate and non-fraudulent personal development, self-improvement and motivational products.

5 139. The Liberty League Enterprise engages in and affects interstate commerce because it
6 involves activities across state boundaries, such as the marketing, promotion, advertisement and sale
7 of Defendants' personal development products and seminars, soliciting consumers to purchase these
8 products through telephone conferences and high-pressure sales conferences and the receipt of
9 revenues from the sale of these products.
10

11 140. Within the Liberty League Enterprise, there is a common communication network by
12 which co-conspirators share information on a regular basis. The Liberty League Enterprise uses this
13 common communication network for the purpose of marketing, soliciting and selling personal
14 development products and seminars to consumers throughout the United States and Canada, and in
15 various other countries.
16

17 141. The Liberty League Enterprise has a systematic linkage because there are
18 relationships, financial ties and continuing coordination of activities. Through the Liberty League
19 Enterprise, Defendants engage in decision-making to implement their unlawful and wrongful scheme
20 and to function as a continuing unit for the common purpose of exacting payments from consumers
21 and furthering their wrongful scheme.
22

23 142. Defendants, commonly through their Liberty League and Summit Advisors,
24 consistently encourage new Associates to purchase products and seminars for the purpose of
25 increasing commissions for the Associates, Advisors and ultimately Defendants.

26 143. Defendants must conceal the inherent wrongful aspects of this scheme, mainly that
27 consumers will only profit from this program if they continue to purchase Defendants' products
28 themselves and pressure other consumers to become Liberty League and Summit Advisors. To limit

1 the substantive information that prospective consumers receive, Defendants have to maintain control
2 over information prospective Associates receive.

3 144. Defendants exercise substantial control over the direction of the Liberty League
4 Enterprise by:

5 (a) Developing uniform sales and marketing materials, including sample
6 advertisements;

7 (b) Developing standard sales techniques;

8 (c) Developing Call-Back scripts with standard responses to prospective
9 consumers' questions; and

10 (d) Rewarding Associates and Advisors for purchasing Defendants' products
11 themselves.
12

13 145. At all relevant times, each participant in the Liberty League Enterprise was aware of
14 the scheme to induce consumers to continue to purchase, and to encourage others to purchase,
15 Defendants' personal development products and seminars, was a knowing and willing participant in
16 the scheme and reaped profits there from.
17

18 146. The Liberty League Enterprise has an ascertainable structure separate and apart from
19 the pattern of racketeering activity in which Defendants have engaged.
20

21 147. Defendants have directed and controlled the ongoing organization necessary to
22 implement its scheme and illicit business practices at meetings and through communications of
23 which Plaintiffs cannot now know because all such information lies in Defendants' hands.

24 148. The revenues and profits generated by the unlawful activities of the Liberty League
25 Enterprise have been transported in interstate commerce to Defendants.
26
27
28

1 **RICO Conspiracy**

2 149. Defendants have not undertaken the practices described herein in isolation but as part
3 of a common scheme and conspiracy to increase sales of its personal development products and
4 seminars and thereby increase profits.

5 150. The objects of the conspiracy are: (a) to induce consumers to purchase Defendants'
6 personal development products and seminars; (b) to induce its Advisors and Associates to encourage
7 others to purchase Defendants' personal development products and seminars; and (c) to maximize its
8 revenues from such sales for Advisors and Associates and ultimately for Defendants.

9 151. To achieve these goals, Defendants have deceptively told consumers there is no
10 required product purchase necessary to obtain complete success in the program and that results will
11 come so long as they follow the system, and similar misrepresentations and omissions. Defendants
12 have induced Advisors and Associates to continue to sell Defendants' personal development
13 products and seminars by means of deceptive and unconscionable methods to secure such sales.

14 152. Each member of the conspiracy, with knowledge and intent, has agreed to the overall
15 objectives of the conspiracy and participated in the common course of conduct: to commit unlawful
16 and wrongful acts in inducing individuals to purchase personal development products and seminars
17 and to persuade consumers to continue to invest in higher level products in order to obtain higher
18 commissions.

19 153. Indeed for the conspiracy to succeed, Defendants and each co-conspirator had to
20 agree to implement and use the similar devices and wrongful tactics against their intended targets.

21 154. Many instances of common conduct, activity and similar facts evidence the presence
22 of a conspiracy and exist among Defendants and co-conspirators, including, but not limited to:

23 (a) Similar advertisements and marketing materials with vague, misleading
24 and incomplete language about the potential results of the products;

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1 (b) Similar plans and methods for sales agents to solicit, market, refer and sell
2 the personal development products under the guise of providing financial and
3 personal development products and advice; and

4 (c) Similar tactics for Advisors to continue to encourage Associates to sell the
5 products.
6

7 155. As a result of the conspiracy, Plaintiffs and the Class made payments to Defendants
8 for the personal development products and seminars, including payments for monthly service fees,
9 generating leads and marketing costs.

10 ***The Defendants' Pattern of Racketeering Activity -***
11 ***Use of the U.S. Mails and Interstate Wire Services***

12 156. Defendants and their Advisors and Associates used thousands of mail and interstate
13 wire communications to create and manage their unlawful and wrongful scheme through virtually
14 uniform misrepresentations and material omissions. Defendants' scheme includes, but is not limited
15 to: false and misleading marketing materials, mass mailings, phone calls, advertisements,
16 agreements, correspondence, and websites.
17

18 157. Defendants' unlawful and wrongful use of the mails and wires included the following
19 communications sent between Defendants, Advisors, Associates, Plaintiffs and third parties via U.S.
20 Mail and international mail, commercial carrier, wire or other interstate electronic media throughout
21 the relevant period:

22 (a) False and misleading representations that no product purchase was
23 necessary to achieve success in the program;

24 (b) Materials failing to disclose the need to purchase the products themselves;

25 and
26

27 (c) Misrepresentations and omissions aimed at inducing Plaintiffs and the
28 class to purchase additional higher level products themselves.

1 158. Defendants' corporate headquarters have communicated by U.S. and international
2 mail and online with Advisors and Associates throughout the United States and Canada - in
3 furtherance of their schemes.

4 159. Defendants' virtually uniform misrepresentations, acts of concealment and omissions
5 were knowing and intentional and made for the purpose of deceiving the Class, selling additional
6 and higher level products and entitling Advisors and Associates to increased communications.

7 160. Defendants either knew or recklessly disregarded that their misrepresentations and
8 omissions were material, and that they were relied upon by Plaintiffs and the Class, as shown by
9 their payment for personal development products and seminars, as well as payments for monthly
10 service fees, generating leads and marketing costs.

11
12 ***Defendants' Motive***

13 161. Defendants' motive in controlling, conducting and/or participating, directly or
14 indirectly, in the conduct of inducing Plaintiffs and Class members through misrepresentations and
15 material omissions to purchase Defendants' personal development products and seminars was to
16 steal or convert money from consumers who but for Defendants' misrepresentations and material
17 omissions would not have purchased Defendants' products.

18
19 ***Damages Caused by the Liberty League Enterprise***

20 162. Defendants' violations of 18 U.S.C. §§ 1962(c) and (d) directly and proximately
21 caused Plaintiffs' and the other members of the Class to be injured in their business and property by
22 an aggregate amount in the millions of dollars.

23
24 **COUNT THREE**

25 **VIOLATION OF CONSUMER PROTECTION STATUTES**

26 163. Plaintiffs and the Class repeat and reallege all allegations contained in the Complaint
27 as if set forth separately in this Claim for Relief.
28

1 164. Defendants have engaged in deception, deceptive acts and practices, false pretenses,
2 false promises and concealment, suppression and omission of material facts with intent that others
3 rely upon such concealment, in violation of Cal. Bus. & Prof. Code §17200, *et seq.*, and §17500, *et*
4 *seq.*, and similar statutory enactments of the other states, including consumer protection and unfair
5 and unlawful business practices statutes. Such misrepresentations include, but are not limited to the
6 following:
7

- 8 (a) That "anyone will have results, as long as they follow our system."
9 (b) That any Associate can turn their annual income into a monthly income.
10 (c) That Defendants do not require any purchase to participate in the program.
11 (d) The Defendants do not require Associates to purchase any of the products
12 in order to participate in the Program.
13 (e) That Associates will make six figure incomes.

14
15 165. Defendants knew, or should have known, that their Advisors and Associates were
16 making various false promises, deceptive statements and misrepresentations in violation of Cal. Bus.
17 & Prof. Code §17200, *et seq.*, and §17500, *et seq.*, and similar statutory enactments of the other
18 states, in the advertisements used to recruit new sales associates into the program.

19 166. Defendants instructed their Associates and Advisors to use various false promises,
20 deceptive statements and misrepresentations in the approved and recommended advertisements
21 found on Liberty League's Online Business Center website. These false promises, deceptive
22 statements and misrepresentations include, but are not limited to, "Earn a Massive Income,"
23 "Incredible income potl.," "Learn to make your annual income a monthly income," "Get paid like a
24 professional athlete while working from home in your pajamas."
25

26 167. Defendants instructed their Advisors and Associates to engage in high-pressure sales
27 conferences to encourage Advisors and Associates to purchase Defendants' products and to continue
28 to purchase higher level products.

1 168. Defendants failed to disclose that Extreme Leads, Inc., the recommended on-line lead
2 generation source, is solely owned by Defendants Shane Krider and Brent Payne is an omission of a
3 material fact in violation of Cal. Bus. & Prof. Code §17200, *et seq.*, and §17500, *et seq.*, and similar
4 statutory enactments of the other states.

5
6 169. Accordingly, Defendants have violated Cal. Bus. & Prof. Code §17200, *et seq.*, and
7 §17500, *et seq.*, proscription against engaging in unfair and unlawful business practices, and similar
8 statutory enactments in the other states, and the Plaintiffs and Class Members are entitled to
9 injunctive and equitable relief in the form of restitution and disgorgement of all earnings, profits,
10 compensation and benefits Defendants obtained as a result of such unfair and unlawful business
11 practices.

12
13 170. As a result of the conduct described above, Defendants have been and will be unjustly
14 enriched at the expense of the Plaintiffs and Class Members. Specifically, Defendants have been
15 unjustly enriched by receiving substantial monies and profits from the sale of their personal
16 development products and seminars which were promoted and sold through advertisements which
17 omitted, either directly or by implication, the true nature of such products and how to succeed in the
18 program. Further, both Plaintiffs and the Class have been deprived of money or property as a result
19 of Defendants' wrongful conduct and unlawful acts and practices and, therefore, have sustained
20 injury in fact.

21
22 171. Plaintiffs and members of the Class seek a court order requiring Defendants to
23 immediately cease such violations of consumer protection and unfair competition statutes and
24 enjoining them from continuing to deceptively advertise or conduct business via the unlawful or
25 unfair business acts and practices and deceptive and misleading advertising complained of herein.

26
27 172. Plaintiffs additionally request an order requiring Defendants to disgorge their ill-
28 gotten gains as described above and awarding Plaintiffs and Class Members full restitution of all
monies and property wrongfully acquired by Defendants by means of such unlawful business

1 practices, acts of unfair competition and false advertising, plus interest and attorney fees, so as to
2 restore any and all monies to Plaintiffs and Class Members which were acquired and obtained by
3 means of such deceptive, unfair or unlawful business practices. Plaintiffs further request an award of
4 monetary and exemplary damages as permitted under the consumer protection enactments in all
5 states where Defendants market and sell their personal development products.

6
7 **COUNT FOUR**

8 **VIOLATION OF STATE AND FEDERAL ANTI-PYRAMID STATUTES**

9 173. Plaintiffs and the Class repeat and reallege all allegations contained in the Complaint
10 as if set forth separately in this Claim for Relief.

11 174. Defendants' marketing plan constitutes an "endless chain scheme" (i.e., pyramid
12 promotional scheme), as defined by Cal. Penal Code §327, similar statutory enactments of the other
13 states in which Defendants do business and federal anti-pyramid law, as participants in the plan give
14 consideration for the opportunity to receive compensation which is derived primarily from the
15 introduction of another person into the program rather than the sale of products and/or services.

16 175. Defendants' pyramid promotional scheme constitutes an unlawful practice under Cal.
17 Bus. & Prof. Code §17200, *et seq.*, and §17500, *et seq.*, and similar statutory enactments of the other
18 states in which Defendants do business and federal anti-pyramid law.

19 176. Pursuant to Cal. Penal Code §327, similar statutory enactments of the other states in
20 which Defendants do business and federal anti-pyramid law, Plaintiffs and members of the Class
21 seek an award of monetary and exemplary damages as permitted, including the amount Plaintiffs and
22 Class members paid to fully participate in the pyramid scheme and their costs of suit, including
23 reasonable attorneys' fees.
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COUNT FIVE

(UNJUST ENRICHMENT)

177. Plaintiffs and the Class repeat and reallege all allegations contained in the Complaint as if set forth separately in this Claim for Relief.

178. By engaging in the deceptive scheme to increase its revenue by selling its personal development products, Defendants obtained monies from Plaintiffs and the Class Members in the form of payments for the products and seminars, "start up" costs, monthly service fees, and lead generation costs based upon misleading and unlawful uniform sales presentations and marketing materials, all as detailed more fully above.

179. As a result of the relationships between the parties and the facts stated above, Defendants will be unjustly enriched if they are permitted to retain such funds and therefore a constructive trust should be established over the monies Plaintiffs and the Class Members paid to Defendants, including the products and seminars, "start up" costs, monthly service fees, and lead generation costs. These monies are traceable to Defendants.

180. The victims of the deceptive scheme described above have no adequate remedy at law and have been damaged in an amount to be determined at the trial of this action.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on behalf of themselves and all others similarly situated, pray for judgment and relief against Defendants as follows:

A. Declaring this action to be a proper class action maintainable under Federal Rule of Civil Procedure 23, certifying an appropriate Class and certifying Plaintiffs as Class Representatives;

B. Enjoining Defendants from conducting their business through the unlawful acts and practices described in this Complaint;

C. Awarding Plaintiffs and the Class statutory damages, actual damages, and punitive damages, as appropriate;

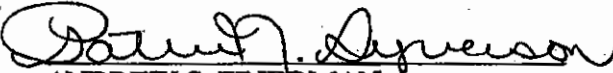
- 1 D. Awarding pre- and post-judgment interest;
- 2 E. Awarding Plaintiffs all costs and expenses, including attorneys' fees; and
- 3 F. Granting such other and further relief as this Court may deem necessary, proper,
- 4 and/or appropriate.

JURY DEMAND

Plaintiffs demand a trial by jury on all claims so triable.

Dated: July 25, 2008

BONNETT, FAIRBOURN, FRIEDMAN
& BALINT, P.C.

By: 

ANDREW S. FRIEDMAN
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New York, NY 10022
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Facsimile: (212) 501-0300
Attorneys for Plaintiff and the Class

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Virginia A. Phillips and the assigned discovery Magistrate Judge is Suzanne H. Segal.

The case number on all documents filed with the Court should read as follows:

EDCV08- 1010 VAP (SSx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

- | | | |
|---|---|---|
| <input type="checkbox"/> Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012 | <input type="checkbox"/> Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516 | <input checked="" type="checkbox"/> Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501 |
|---|---|---|

Failure to file at the proper location will result in your documents being returned to you.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Vicki Huff, a California resident,
(see attached)

CASE NUMBER

PLAINTIFF(S)

CV 08 - 01010

VAP

v.
Liberty League International,

SSx

(see attached)

DEFENDANT(S)

SUMMONS

TO: DEFENDANT(S): _____

A lawsuit has been filed against you.

Within 20 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Andrew S. Friedman, whose address is 2901 N. Central Avenue, Suite 1000, Phoenix, Arizona 85012. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

SHERRI R. CARTER

Clerk, U.S. District Court

Dated: Jul 25 2008

By: [Signature]

Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

Vicki Huff, Sarah McDowell and Lynne Milsom,

Plaintiffs,

v.

Liberty League International, LLC, Beyond Freedom
Publishing, LLC; Brent Payne and Julie Payne; Shane Krider and
Michelle Krider; Liberty League Holdings, LLC,

Defendants.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/> Vicki Huff, Sarah McDowell and Lynne Milsom	DEFENDANTS Liberty League Int'l, LLC; Beyond Freedom Publishing, LLC; Brent and Julie Payne; Shane and Michelle Krider; Liberty League Holdings, LLC
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Bonnett, Fairbourn, Friedman & Balint, P.C., 2901 N. Central Ave., Suite 1000, Phoenix, Arizona 85012 602-274-1100	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input type="checkbox"/> 1 U.S. Government Plaintiff <input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:33%;">Citizen of This State</td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:33%;">Incorporated or Principal Place of Business in this State</td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td></td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td style="text-align: center;"><input type="checkbox"/> 1</td> <td></td> <td style="text-align: center;"><input type="checkbox"/> 4</td> <td style="text-align: center;"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td style="text-align: center;"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> <td style="text-align: center;"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td style="text-align: center;"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> <td style="text-align: center;"><input type="checkbox"/> 6</td> </tr> </table>	Citizen of This State	PTF	DEF	Incorporated or Principal Place of Business in this State	PTF	DEF		<input type="checkbox"/> 1	<input type="checkbox"/> 1		<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
Citizen of This State	PTF	DEF	Incorporated or Principal Place of Business in this State	PTF	DEF																				
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. 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 Multi-District Litigation
 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: **JURY DEMAND:** Yes No (Check 'Yes' only if demanded in complaint)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 Violations of RICO (18 U.S.C. Sec. 1962(c)-(d)); violations of Consumer Protection Statutes; violations of State and Federal Anti-pyramid Statutes; unjust enrichment

VII. NATURE OF SUIT (Place an X in one box only.)

<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input checked="" type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(r)) <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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ED CV 08 - 01010 VAP SSx

FOR OFFICE USE ONLY: Case Number: _____
 AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Riverside	Texas Canada

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Arizona

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.
 Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Riverside	Texas Arizona Canada

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties
 Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): *Robert J. Simpson* Date 7-24-08

Notice to Counsel/Parties: The CV-71 (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. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FP(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))