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14
 15 **UNITED STATES DISTRICT COURT**
DISTRICT OF NEVADA

16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

19 AWS, LLC, a Nevada limited liability company;

20 FBA DISTRIBUTORS, LLC, a Massachusetts
 21 limited liability company;

22 FBA STORES, LLC, a Nevada limited liability
 company;

23 INFO PROS, LLC, a Nevada limited liability
 company;

2:18-cv-00442-JCM-PAL

FILED UNDER SEAL

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

1 ONLINE AUCTION LEARNING CENTER,
2 INC., a Massachusetts corporation;

3 ONLINE AUCTION LEARNING CENTER,
4 INC., a Nevada corporation;

5 CHRISTOPHER F. BOWSER, individually and
6 as an officer of FBA DISTRIBUTORS, LLC,
7 FBA STORES, LLC, ONLINE AUCTION
8 LEARNING CENTER, INC. and ONLINE
9 AUCTION LEARNING CENTER, INC.;

10 ADAM S. BOWSER, individually and as an
11 officer of AWS, LLC, FBA DISTRIBUTORS,
12 LLC, FBA STORES, LLC, ONLINE AUCTION
13 LEARNING CENTER, INC. and ONLINE
14 AUCTION LEARNING CENTER, INC.; and

15 JODY MARSHALL, individually and as an
16 officer of INFO PROS, LLC,

17 Defendants.

18 Plaintiff, the Federal Trade Commission ("FTC"), for its Complaint in a civil action
19 brought under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15
20 U.S.C. §§ 53(b) and 57b, and the Business Opportunity Rule, 16 C.F.R. Part 437, to obtain
21 temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts,
22 restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable
23 relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
§ 45(a), and in violation of the Business Opportunity Rule, 16 C.F.R. Part 437, respectfully
alleges:

JURISDICTION AND VENUE

2. Venue is proper in this district under 28 U.S.C. § 1391 (b)(2), (b)(3), (c)(1), (c)(2), (c)(3), and (d), and 15 U.S.C. §§ 53(b), 56(a)(2)(B) and 57b.

3. Defendants lure consumers into purchasing expensive business opportunities with purported “secrets for making money on Amazon.” They represent that purchasers are likely to “create financial freedom” and earn thousands of dollars a month by implementing Defendants’ “systems for success on Amazon.” Contrary to Defendants’ promises, most, if not virtually all, purchasers do not earn the advertised income. Moreover, many elements of Defendants’ “system” violate Amazon.com Inc.’s policies. As a result, purchasers who deploy Defendants’ “system” often experience problems with their Amazon stores, including suspension and the loss of their ability to sell on Amazon.com.

PLAINTIFF

1 addresses common deceptive or unfair practices engaged in by fraudulent business opportunity
2 sellers such as inducing consumers to pay significant sums of money by means of false or
3 unsubstantiated earnings claims.

4 6. The FTC is authorized to initiate federal district court proceedings, by its own
5 attorneys, to enjoin violations of the FTC Act and the Business Opportunity Rule and to secure
6 such equitable relief as may be appropriate in each case, including rescission or reformation of
7 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies.
8 15 U.S.C. §§ 53(b) and 56(a)(2)(A), 56(a)(2)(B), 57b, and the Business Opportunity Rule, 16
9 C.F.R. Part 437.

10 **DEFENDANTS**

11 7. Defendant AWS, LLC ("AWS") is a Nevada limited liability company with its
12 principal place of business at 293 Libbey Industrial Parkway, Suite 150, Weymouth,
13 Massachusetts 02189. AWS transacts or has transacted business in this district and throughout
14 the United States. At times material to this Complaint, acting alone or in concert with others,
15 AWS has advertised, marketed, distributed, or sold business opportunities to consumers
16 throughout the United States.

17 8. Defendant FBA Distributors, LLC ("FBA Distributors") is a Massachusetts
18 limited liability company with its principal place of business at 293 Libbey Industrial Parkway,
19 Suite 250, Weymouth, Massachusetts 02189. FBA Distributors transacts or has transacted
20 business in this district and throughout the United States. At times material to this Complaint,
21 acting alone or in concert with others, FBA Distributors has advertised, marketed, distributed, or
22 sold business opportunities to consumers throughout the United States.

1 9. Defendant FBA Stores, LLC ("FBA Stores") is a Nevada limited liability
2 company with its principal place of business at 293 Libbey Industrial Parkway, Suite 250,
3 Weymouth, Massachusetts 02189. FBA Stores transacts or has transacted business in this
4 district and throughout the United States. At times material to this Complaint, acting alone or in
5 concert with others, FBA Stores has advertised, marketed, distributed, or sold business
6 opportunities to consumers throughout the United States.

7 10. Defendant Info Pros, LLC ("Info Pros") is a Nevada limited liability company
8 with its principal place of business at 2080 N. Moapa Valley Boulevard, Logandale, Nevada
9 89021. Info Pros transacts or has transacted business in this district and throughout the United
10 States. At times material to this Complaint, acting alone or in concert with others, Info Pros has
11 advertised, marketed, distributed, or sold business opportunities to consumers throughout the
12 United States.

13 11. Defendant Online Auction Learning Center, Inc. ("OALC MA") is a
14 Massachusetts corporation with its principal place of business at 293 Libbey Industrial Parkway,
15 Suite 250, Weymouth, Massachusetts 02189. OALC MA transacts or has transacted business in
16 this district and throughout the United States. At times material to this Complaint, acting alone
17 or in concert with others, OALC MA has advertised, marketed, distributed, or sold business
18 opportunities to consumers throughout the United States.

19 12. Defendant Online Auction Learning Center, Inc. ("OALC NV") is a Nevada
20 corporation with its principal place of business at 293 Libbey Industrial Parkway, Suite 250,
21 Weymouth, Massachusetts 02189. OALC NV transacts or has transacted business in this district
22 and throughout the United States. At times material to this Complaint, acting alone or in concert
23 with others, OALC NV has advertised, marketed, distributed, or sold business opportunities to

1 consumers throughout the United States.

2 13. Defendant Christopher F. Bowser is the vice president and a manager of FBA
3 Distributors, the vice president of FBA Stores, the president of OALC MA, and the president of
4 OALC NV. At all times material to this Complaint, acting alone or in concert with others, he
5 has formulated, directed, controlled, had the authority to control, or participated in the acts and
6 practices set forth in this Complaint. Defendant Christopher F. Bowser, in connection with the
7 matters alleged herein, transacts or has transacted business in this district and throughout the
8 United States.

9 14. Defendant Adam S. Bowser is the manager of AWS, a manager and president of
10 FBA Distributors, manager and president of FBA Stores, the secretary and treasurer of OALC
11 MA, and the secretary and treasurer of OALC NV. At all times material to this Complaint,
12 acting alone or in concert with others, he has formulated, directed, controlled, had the authority
13 to control, or participated in the acts and practices set forth in this Complaint. Defendant Adam
14 S. Bowser, in connection with the matters alleged herein, transacts or has transacted business in
15 this district and throughout the United States.

16 15. Defendant Jody Marshall is the manager of Info Pros and an owner of FBA
17 Distributors. At all times material to this Complaint, acting alone or in concert with others, he
18 has formulated, directed, controlled, had the authority to control, or participated in the acts and
19 practices set forth in this Complaint. Defendant Jody Marshall resides in this district and, in
20 connection with the matters alleged herein, transacts or has transacted business in this district
21 and throughout the United States.

22 16. Defendants AWS, FBA Distributors, FBA Stores, Info Pros, OALC MA and
23 OALC NV (collectively, "Corporate Defendants") have operated as a common enterprise while

1 engaging in the deceptive acts and practices and other violations of law alleged below.
2 Defendants have conducted the business practices described below through an interrelated
3 network of companies that have unified advertising, common ownership, officers, managers,
4 business functions, employees, warehouse locations, and office locations. Because these
5 Corporate Defendants have operated as a common enterprise, each of them is jointly and
6 severally liable for the acts and practices alleged below. Defendants Christopher F. Bowser,
7 Adam S. Bowser and Jody Marshall have formulated, directed, controlled, had the authority to
8 control, or participated in the acts and practices of the Corporate Defendants that constitute the
9 common enterprise.

10 COMMERCE

11 17. At all times material to this Complaint, Defendants have maintained a substantial
12 course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act,
13 15 U.S.C. § 44.

14 DEFENDANTS' BUSINESS ACTIVITIES

15 18. Since at least 2014, Defendants have advertised, marketed, distributed, promoted
16 and sold business opportunities to consumers throughout the United States.

17 19. Defendants have marketed their business opportunities under multiple brand
18 names including: AWS, Amazon Wealth Systems, Amazing Wealth Systems, FBA Stores,
19 Insider Online Secrets, Online Auction Learning Center, and Online Seller (collectively the
20 "Amazing Wealth System").

21 20. Defendants offer the Amazing Wealth System to consumers through a variety of
22 marketing mediums including direct mail, radio, Internet websites, videos disseminated online
23 through YouTube, social media such as Facebook, webinars, and live events.

1 21. Defendants widely disseminate their advertising for the Amazing Wealth System
2 throughout the United States.

3 22. Defendants promote the Amazing Wealth System in multiple languages including
4 English and Spanish.

5 23. Defendants make earnings claims in connection with the offer for sale, sale, and
6 promotion of the Amazing Wealth System.

7 24. In their advertising, Defendants represent that consumers who purchase and
8 deploy the Amazing Wealth System are likely to profit by selling products on Amazon.com.

9 25. Typical representations made in Defendants' advertising include the following:

10 A. My name is Adam Bowser, and over the past 18 years I have sold over
11 \$50 million online. I'm going to be hosting a few local workshops around
12 the Seattle area to share my secrets for making money on Amazon. This
13 will truly be a once-in-a-lifetime opportunity.

14 B. Get started selling on Amazon and Make \$5,000-\$10,000 in the next 30
15 days...Even if you have never sold anything online before.

16 C. I'll be Giving you Wholesalers You can call up and Get Great Deals for
17 Huge profits. Or just make some extra \$\$ to Pay Your Basic Bills.

18 D. For years we have been helping thousands of ordinary people take their
19 lives back and create financial freedom by implementing our systems for
20 success on Amazon.

21 E. Just last year we sold over \$12 Million on Amazon.com. Now we want to
22 help you become our next Amazon success story.
23

1 26. Defendants' earnings claims regarding the Amazing Wealth System are false or
2 unsubstantiated.

3 27. Few, if any, consumers who purchase Defendants' Amazing Wealth System earn
4 the income Defendants advertise. Most, if not all, purchasers do not earn any income whatsoever
5 with the Amazing Wealth System.

6 28. Defendants disseminate industry financial, earnings, or performance information
7 in connection with the offer for sale, sale, and promotion of the Amazing Wealth System while
8 lacking written substantiation demonstrating that the information reflects, or does not exceed, the
9 typical or ordinary financial earnings, or performance experience of purchasers of the Amazing
10 Wealth System.

11 29. For example, in late July 2017, during a live event promoting the Amazing
12 Wealth System held at the Carson Nuggets Casino Hotel in Carson City, Nevada, Defendants
13 presented consumers with an "Amazon Workshop Manual" containing industry performance
14 information showing, among other e-commerce industry statistics, millions of monthly U.S.
15 visitors across retail websites, increasing e-commerce sales of the largest U.S. internet retailers,
16 including Amazon, and a high average growth rate in e-commerce. This industry information
17 leaves consumers with the impression that they are likely to earn significant income if they
18 purchase and implement the Amazing Wealth System. The industry performance information
19 contained in the "Amazon Workshop Manual" exceeds, or does not reflect, the performance
20 experience of typical purchasers of the Amazing Wealth System.

Amazon's Third-Party Seller Program

30. Amazon.com is a popular website owned and operated by Amazon.com, Inc. ("Amazon"). Millions of consumers use Amazon.com every day to purchase a wide range of products, across dozens of product categories, from Amazon and its authorized third-party sellers.

31. Amazon's third-party seller program provides registered sellers access to Amazon's customer-base, Internet outlets, and other benefits.

32. To sell products on Amazon.com, third-party sellers must create a "Selling on Amazon" account ("Amazon Selling Account") using Amazon's Seller Central, the Web interface where third-party sellers open and manage their Internet outlet or "Amazon Store."

33. When they open their Amazon Selling Account, third-party sellers must agree to the Amazon Services Business Solutions Agreement ("Amazon BSA"), which governs access to and use of Amazon's services and sets forth Amazon's rules and restrictions for selling on Amazon.com.

34. After opening an Amazon Selling Account, selling on Amazon.com involves three main steps: (1) listing products; (2) selling the products; and (3) shipping the products to consumers.

35. The first step in selling a product on Amazon.com requires the third-party seller to create a listing accurately identifying the product for sale. Each product sold is assigned a unique Amazon Standard Identification Number ("ASIN"). Pursuant to the Amazon BSA, product listings must be "accurate and complete."

36. After a product is listed, it becomes available for purchase on Amazon.com.

37. Products listed for sale on Amazon.com appear on a product detail page, which customers typically reach after searching for a product or category of products. The product detail page includes a "Buy Box" where a listing is given prominence and where customers can quickly begin the purchasing process by adding items to their electronic shopping carts. A screenshot of an Amazon.com product detail page with the "Buy Box" labeled in red appears below:

https://www.amazon.com/Montblanc-StarWalker-Ballpoint-Midnight-M105657/dp/B005DSPO8W/ref=sr_1_3?i...

EN Hello, Sign in Account & Lists Orders Try Prime Cart

Printers, Ink & Toner Projectors

\$10 & Under with FREE shipping

MONTBLANC
Montblanc StarWalker Ballpoint Pen, Midnight Black (M105657)
 ☆☆☆☆ 174 customer reviews
 | 53 answered questions

Price: **\$204.48 & FREE Shipping.** Details

BUY BOX →

In Stock.
 Want it tomorrow, Feb. 14? Order within 5 hrs 46 mins and choose **One-Day Shipping** at checkout. Details
 Sold by MF & Co and Fulfilled by Amazon. Gift-wrap available.

- Floating Montblanc emblem in transparent cap-top
- Ruthenium-plated clip with embossed Montblanc brand name and individual serial number
- Black precious resin
- Ruthenium-plated fittings
- Made in Germany

Compare with similar items

New (16) from \$192.48 & FREE shipping.

Share 130+ Shares

Qty: 1

Yes, I want **FREE Two-Day Shipping** with Amazon Prime

Add to Cart

Turn on 1-Click ordering for this browser

Deliver to washington 20001

Add to List

Other Sellers on Amazon

\$204.49
 & **FREE Shipping** on eligible orders. Details
 Sold by: Flying Fashion

Add to Cart

1 38. Multiple sellers can offer the same product on Amazon.com. If more than one
2 eligible seller offers a product, they may compete for the Buy Box for that product. Third-party
3 sellers must meet certain performance-based requirements and metrics (e.g., order defect rate,
4 chargeback rate, speed of delivery, and experience with the Amazon selling service) to be
5 eligible to compete for Buy Box placement. For many third-party sellers, Buy Box placement
6 can lead to increased sales.

7 39. Amazon encourages its customers to review the products they purchase and
8 publishes customer reviews on product detail pages accessible from product listings on
9 Amazon.com. To review a product, an individual must be an Amazon.com customer and must
10 have an Amazon.com customer account.

11 40. Amazon expressly prohibits paid reviews and has developed technologies and
12 protocols designed to detect and remove false, misleading and inauthentic reviews from
13 Amazon.com. Amazon routinely suspends third-party sellers that post or purchase fake reviews
14 and has taken legal action against parties who offered to supply paid reviews on Amazon.com.

15 41. Once a customer places an order on Amazon.com, Amazon notifies the third-
16 party seller. Orders are then fulfilled in one of two ways: (1) by the third-party seller itself; or
17 (2) by Amazon, if the third-party seller is using Amazon's "Fulfillment by Amazon" ("FBA")
18 service.

19 42. Amazon offers third-party sellers the option of fulfilling orders through its FBA
20 service. With the FBA service, third-party sellers can ship their products to one of the Amazon
21 fulfillment centers located around the country and Amazon will pick, pack, and ship these
22 products to the end customer. Products offered through Amazon's FBA service are displayed
23 with Amazon's Prime logo, indicating to customers that Amazon itself handles the shipping and

1 customer service. Products shipped from Amazon's fulfillment centers are also eligible for
2 Amazon Prime free two-day shipping for Prime members and free shipping for all customers.
3 Amazon also provides customer service for these products, handling questions, complaints,
4 returns, and refunds.

5 43. Certain product categories are "gated" on Amazon.com (e.g., collectible coins,
6 fine art, sexual wellness, and wine), which means that third-party sellers must obtain approval
7 from Amazon before listing products in these restricted product categories. The process of
8 approving third-party sellers to sell gated products is commonly referred to as "ungating."
9 Amazon's ungating requirements vary by category and are generally designed to ensure that
10 third-party sellers and their products are reliable and genuine.

11 **Defendants' Amazing Wealth System**

12 44. Defendants are not affiliated with, or connected to, Amazon in any way.

13 45. Defendants solicit prospective purchasers to enter into a new business using the
14 Amazing Wealth System to sell products as third-party sellers on Amazon.com.

15 46. Defendants describe the Amazing Wealth System as an exclusive "plug-and-play
16 system" to assist purchasers in launching and growing a new online business selling products as
17 a third-party seller on Amazon.com.

18 47. Defendants require prospective purchasers to make a payment to purchase the
19 Amazing Wealth System.

20 48. Defendants represent that they or one or more designated persons, including
21 Amazon, will provide prospective purchasers of the Amazing Wealth System the following:

- 22 A. An Internet outlet in the form of one or more Amazon stores or accounts
23 where prospective purchasers will be able to sell products as third-party sellers on

1 Amazon.com;

2 B. Assistance to get up and running on Amazon.com;

3 C. Access to wholesalers and major suppliers;

4 D. Storage, handling, packing, labeling, shipping, and inventorying of
5 products to sell on Amazon.com;

6 E. Exclusive access to authentic products likely to sell at "healthy" profit
7 margins on Amazon.com;

8 F. "Tips, tricks, and techniques" to profit and out compete other third-party
9 sellers on Amazon.com; and

10 G. Login access to the AWS Members Area, which is described as an online
11 platform that includes step-by-step training videos, top tier wholesale suppliers
12 that can supply purchasers with products for their online business, and tools and
13 software to help purchasers automate, systematize, and grow their business.

14 49. The price of the Amazing Wealth System ranges from \$995 to more than \$35,000
15 depending on what level of "enrollment" or "package" prospective purchasers choose and what
16 "bonuses" they select.

17 50. For example, the base \$995 Amazing Wealth System package provides
18 Defendants' purported "tips, tricks, and techniques" through a three-day live workshop, videos,
19 and webinars. The higher level \$34,995 "Diamond Enrollment" offers prospective purchasers
20 "16 Personal 1 on 1 Coaching Sessions" and other purported "bonuses" such as ungating services
21 in addition to the workshop, videos and webinars offered with the base Amazing Wealth System
22 package.

23 51. During the personal coaching sessions, Defendants typically convey substantially

1 similar strategies and content as Defendants' three-day live workshops, videos and webinars.

2 **Defendants' Deceptive Campaigns to Recruit Consumers to Attend Live Events**

3 52. In an effort to lure consumers into purchasing the Amazing Wealth System,
4 Defendants conduct free two-hour live events or "workshops."

5 53. Defendants have conducted live events throughout the United States and Canada
6 including in: Austin, Texas; Baltimore, Maryland; Las Vegas, Nevada; Madison, Wisconsin;
7 Milwaukee, Wisconsin; San Antonio, Texas; San Juan, Puerto Rico; Seattle, Washington;
8 Louisville, Kentucky; Oakland, California; and Washington, DC.

9 54. Defendants promote their live events by targeting consumers that live near an
10 upcoming live event.

11 55. In October 2017, Defendants disseminated promotional materials, including direct
12 mailers, to consumers in Nevada for a live event in Las Vegas. A true and correct copy of an
13 invitation Defendants mailed to a consumer in Reno, Nevada is attached as **Exhibit A**.

14 56. In November 2017, Defendants disseminated promotional materials, including
15 direct mailers, to consumers in California's Bay Area. A true and correct copy of an invitation
16 Defendants mailed to a consumer in the Bay Area is attached as **Exhibit B**.

17 57. In September 2017, Defendants disseminated Spanish language promotional
18 materials, including direct mailers, to consumers in Puerto Rico. A true and correct copy of a
19 Spanish language invitation Defendants mailed to a consumer in Puerto Rico is attached as
20 **Exhibit C**.

21 58. Defendants' direct mail invitations typically urge consumers to call a toll-free
22 number immediately and register to attend a free two-hour "exclusive LIVE Amazon Workshop"
23 in their local area.

1 59. Defendants' direct mail invitations typically offer the free two-hour workshops
2 over 4-5 days at multiple hotels in the targeted area.

3 60. Defendants' direct mail invitations typically include earnings claims such as "Get
4 started selling on Amazon and Make \$5,000-\$10,000 in the next 30 days...Even if you have
5 never sold anything online before."

6 61. In addition to using direct mail, Defendants use email, social media and radio
7 advertisements to promote their free two-hour workshops.

8 **Defendants' Free Two-Hour Workshops**

9 62. During the free two-hour workshops, Defendants attempt to convince consumers
10 to purchase their "system" and enroll in their "3-Day Amazon Profits Workshop," which they
11 typically offer at a "special discount" of \$995.

12 63. Defendants make earnings claims throughout the free two-hour workshops and
13 share examples and testimonials of purportedly successful purchasers of the Amazing Wealth
14 System.

15 64. For example, on July 7, 2017, "Skylar," one of Defendants' presenters, made the
16 following oral representations during a free two-hour workshop held at the Renaissance Hotel in
17 Seattle, Washington:

18 A. "How many of you would love to be able to learn how you can make an
19 extra \$5,000 to \$10,000 a month by spending 30 minutes to an hour a day
20 learning and implementing a plug-and-play system I'm going to share with
21 you here in a moment."

22 B. "You're selling Amazon, you're now making more money. That means
23 that whatever you have invested into inventory, whatever you start with,

1 you've gotten that money back plus a what? ... Plus a profit, or what is
2 called an ROI, which stands for a return on investment...See, in our
3 system – again, write this down – the minimum ROI, minimum net return
4 on investment that our students are making right now, their target
5 minimum net ROI, is 20 percent. Write that down. Twenty percent.
6 Minimum net ROI of 20 percent.”

7 C. “All right, guys. So what did John Bean do? ... Took \$1,000, turned it
8 into ... \$65,000. Now, do you think that John Bean stopped there?
9 ...How many of you would not stop there by raise of hand. See, here's
10 what we know, folks. You go to the three-day workshop, you learn the
11 system, you start selling on Amazon, once you've made your first, second,
12 third sale, what are you proving to yourself? ... That you can do it, right,
13 that you can do it. ... So, again, like I said, John Bean started out with
14 what – with \$1,000, turned that into \$65,000. Now, by the way, we're
15 going to talk about the time frame that John Bean did that in. However, he
16 was working on a very compressed time frame because he said I don't
17 have five years, 10 years, to be able to build my retirement level up. He
18 says, I've got to do this now.”

19 65. In some instances, Defendants display an “earnings disclaimer” on a screen
20 shortly after beginning their free two-hour workshops. One such earnings disclaimer stated:

21 Any student examples showing profits or other earnings are NOT
22 interpreted as Average [sic], or normal. The typical, expected or
23 normal individual does not ever start a business. So, by having a

1 business at all, they are already above average. All profits shown
2 are potential returns. There is no assurance that your profits and
3 income will match what we present.

4 66. In some instances, Defendants will also make oral earnings disclaimers during the
5 course of the free two-hour workshops. For example, during a free two-hour workshop in
6 Seattle, the presenter stated as follows:

7 Just because I share with you a testimonial or an example of
8 someone that, let's say, is making \$10,000 a month, am I
9 guaranteeing that you're also going to make \$10,000 a month? ...
10 Absolutely not.

11 67. Despite the brief earnings disclaimers, Defendants' presentation during the free
12 two-hour workshops leaves consumers with the net impression that they are likely to profit
13 implementing the Amazing Wealth System to sell on Amazon.

14 68. Defendants also tell consumers who attend the free two-hour workshops that it's
15 not possible to teach them everything in two hours and that to fully understand Defendants'
16 system and receive the necessary software "tools" and access to a network of wholesalers,
17 consumers need to purchase the Amazing Wealth System and attend Defendants' "3-Day
18 Amazon Profits Workshop" ("3-Day Workshop").

19 69. Defendants typically offer the Amazing Wealth System base package, which
20 includes enrollment in a 3-Day Workshop, for \$995.

21 70. The base Amazing Wealth System package also includes, among other things, a
22 set of books and DVDs bearing the label "Amazon Riches Home Study System."

23 71. Defendants require consumers purchasing the Amazing Wealth System base

1 package to sign a purchase order. Attached as **Exhibit D** is a true and correct copy of a purchase
2 order enrolling a consumer in a 3-Day Workshop scheduled to take place in Oakland, California
3 on December 8-10, 2017.

4 **Defendants' 3-Day Workshops**

5 72. Defendants hold 3-Day Workshops throughout the United States and Canada.

6 73. Defendants typically hold their 3-Day Workshops within a month of, and in close
7 proximity to the location of, the free two-hour workshops.

8 74. During the 3-Day Workshops, Defendants attempt to convince consumers to
9 upgrade to more expensive enrollment levels of the Amazing Wealth System and buy additional
10 products and services. A true and correct copy of a brochure Defendants distributed during a 3-
11 Day Workshop is attached as **Exhibit E**.

12 75. Defendants typically offer "Diamond," "Platinum," and "Gold" enrollments for
13 \$34,995, \$19,995, and \$9,995 respectively. True and correct copies of package breakdown
14 handouts used by Defendants to describe and sell higher level enrollments of the Amazing
15 Wealth System are attached as **Exhibits F and G**.

16 76. Defendants require consumers enrolling in a higher level enrollment such as the
17 "Platinum Enrollment" to sign a written agreement. Attached as **Exhibit H** is a true and correct
18 copy of a written agreement for the "Platinum Enrollment."

19 77. Defendants' higher level enrollments for the Amazing Wealth System typically
20 feature "Personal 1-on-1 Coaching Sessions" and other "bonuses," such as ungating services and
21 access to the "Fulfillment By Adam" service. A true and correct copy of a handout Defendants
22 use to describe some of the "bonuses" they offer is attached as **Exhibit I**.

23 78. Defendants' Fulfillment By Adam service purportedly receives orders from

1 wholesalers exclusively on behalf of purchasers of the Amazing Wealth System and packs and
2 ships those products to Amazon's fulfillment centers. According to Defendants, "this service is
3 designed so that [purchasers] can focus on making more money..."

4 79. During the course of the 3-Day Workshops, Defendants repeat, reinforce, and
5 expand on the earnings claims made in their initial advertising campaign and in the free two-hour
6 workshop. They do so through additional testimonials and specific examples designed to give
7 prospective purchasers the impression that they will likely realize high profit margins using the
8 Amazing Wealth System.

9 80. For example, on December 8, 2017, Nathan Rossi, one of Defendants' presenters,
10 made the following oral representations during a 3-Day Workshop held at the Red Lion Hotel in
11 Oakland, California:

12 A. "I'm going to show you how to build a business to whatever size you want
13 it to be online, on Amazon. So whether you want an extra \$20- to \$30,000
14 a year or you want to create a million dollar a year business, I'm going to
15 show you how to do either of those."

16 B. "This is you starting a legitimate e-commerce business, right? I'm going
17 to show you some stuff this weekend that's going to blow your hair back a
18 little bit. I'm going to show you products that are going to give you ROI
19 50, 80, 100, 200, 500 percent return on your money."

20 C. "You see, I regularly beat Amazon because I know how to win the buy
21 box and I know their tricks. And so I deploy the same tricks and I can
22 actually win the buy box. So we'll get into that."

23 D. "Whether – you know, if you come to me and say, Nathan, I'm retired,

1 I've got \$250,000 to start this business, I've got great credit and all the
2 time in the world, well, great, we've got a plan for that. If you come and
3 you say, I work two jobs, I'm a single mother, my credit score starts with a
4 decimal point and I could scrape together 500 bucks to get started, well,
5 we've got a plan for that, too. It's a different plan and both plans will
6 make money, but it's just different ways. What types of products should
7 you start with, where do you begin, you know, what niches do you start
8 with, what categories, things like that."

9 81. During the 3-Day Workshops, defendants also provide consumers with "tips,
10 tricks, and techniques" to purportedly profit and outcompete other third-party sellers on
11 Amazon.com.

12 82. Much of the information Defendants convey to consumers during the 3-Day
13 Workshops, in their videos and webinars, and during coaching sessions is basic information
14 regarding Amazon.com and Amazon's FBA service that is available free of charge on the
15 "Resources and Tutorials" section of the Amazon services website.

16 83. Many of the strategies and techniques Defendants urge consumers to deploy are
17 deceptive and violate the Amazon BSA.

18 84. For example, Defendants instruct purchasers of the Amazing Wealth System to
19 obtain fraudulent or fake product reviews for the products purchasers list on Amazon.com. The
20 posting of fraudulent reviews by third-party sellers violates Amazon's Anti-Manipulation Policy
21 for Customer Reviews.

22 85. Defendants instruct purchasers of the Amazing Wealth System to obtain and
23 deploy multiple Amazon Selling Accounts through a variety of ruses in an effort to "win the Buy

1 Box” over other third-party sellers. Amazon strictly prohibits third-party sellers from using
2 multiple seller accounts without express permission from Amazon.

3 86. Amazon prohibits third-party sellers from listing counterfeit or inaccurately
4 described products on Amazon.com. Nevertheless, in many instances, Defendants or
5 wholesalers recommended by the Defendants sell counterfeit or inaccurately described products
6 to purchasers of the Amazing Wealth System. As a result, many purchasers, especially those
7 relying on the Fulfillment By Amazon service, list counterfeit or inaccurately described products
8 on Amazon.com, thus violating Amazon’s BSA.

9 87. According to an internal analysis conducted by Amazon, purchasers of the
10 Amazing Wealth System “are more likely than other third party sellers on Amazon to experience
11 problems with their Amazon seller accounts.” *See* Complaint, *Amazon.com, Inc. v. FBA Stores,*
12 *LLC et al.*, Case No. 2:17-cv-01830-JPD (W.D. Wash. filed Dec. 6, 2017) (ECF No. 1) at 36,
13 ¶ 131. More than a quarter of the Amazing Wealth System third-party seller accounts identified
14 by Amazon “have received warnings from Amazon or been suspended, including for possible
15 trademark infringement, suspicion of product review abuse, poor delivery performance, high
16 order defect rates, or other violations of Amazon’s BSA and incorporated Seller policies.” *Id.*
17 The Amazing Wealth System third-party seller accounts identified by Amazon “have also
18 performed worse than other Amazon sellers, as demonstrated by their higher-than-average rate of
19 customer returns and lower average sales volume and revenue.” *Id.*

20 88. Contrary to Defendants’ representations, consumers who purchase the Amazing
21 Wealth System and attempt to deploy the strategies conveyed during the 3-Day Workshops, in
22 Defendants’ videos and webinars, and during the personal coaching sessions are unlikely to earn
23 the income that Defendants advertise.

Defendants' Failure to Provide Disclosure and Earnings Claims Statements

89. Defendants fail to provide a written disclosure document to consumers prior to consumers' purchase of Defendants' business opportunities as required by the Business Opportunity Rule.

90. Although Defendants make claims to consumers about their likely earnings, they fail to provide consumers with an earnings claim statement as required by the Business Opportunity Rule.

VIOLATIONS OF THE FTC ACT

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

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

Count I — Misrepresentations Regarding Earnings

93. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of business opportunities, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase and use Defendants' business opportunities are likely to earn a specific level or range of actual or potential sales, or gross or net income or profits. Such representations include that consumers who purchase and use the Amazing Wealth System are likely to earn several thousand dollars a month.

94. The representations set forth in Paragraph 93 of this Complaint are false or misleading or were not substantiated at the time the representations were made.

95. Therefore, Defendants' representations as set forth in Paragraph 93 of this Complaint constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15

1 U.S.C. § 45(a).

2 **VIOLATIONS OF THE BUSINESS OPPORTUNITY RULE**

3 96. The FTC brings this action under the amended Business Opportunity Rule, 16
4 C.F.R. Part 437, which was extended in scope to cover certain work-at-home opportunities,
5 became effective on March 1, 2012, and has since that date remained in full force and effect.

6 97. Defendants are “sellers” who have sold or offered to sell “business opportunities”
7 as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(c) and (q). Under the Business
8 Opportunity Rule, a “seller” is a person who offers for sale or sells a business opportunity. 16
9 C.F.R. § 437.1(q). Under the Rule, a “business opportunity” means a “commercial arrangement”
10 in which a “seller solicits a prospective purchaser to enter into a new business;” the “prospective
11 purchaser makes a required payment;” and the “seller, expressly or by implication, orally or in
12 writing, represents that the seller or one or more designated persons will ... [p]rovide outlets,
13 accounts, or customers, including, but not limited to, Internet outlets, accounts, or customers, for
14 the purchaser’s goods or services.” 16 C.F.R. 437.1 (c).

15 98. Among other things, the Business Opportunity Rule requires sellers to provide
16 prospective purchasers with a disclosure document in the form and using the language set forth
17 in the Business Opportunity Rule and its Appendix A, and any required attachments. In the
18 disclosure document, the seller must disclose to prospective purchasers five categories of
19 information, including basic identifying information about the seller, any earnings claims the
20 seller makes, the seller’s litigation history, any cancellation and refund policy the seller offers,
21 and contact information of prior purchasers. 16 C.F.R. § 437.3(a)(1)-(5). Furthermore, this
22 information must be disclosed at least seven (7) days before the prospective purchaser signs a
23 contract or makes a payment. 16 C.F.R. § 437.2. The pre-sale disclosure of this information

1 enables a prospective purchaser to contact prior purchasers and take other steps to assess the
2 potential risks involved in the purchase of the business opportunity.

3 99. Defendants have made earnings claims in connection with the sale of their
4 business opportunities, as defined by the Business Opportunity Rule, 16 C.F.R. § 437.1(f).
5 Under the Business Opportunity Rule, an “earnings claim” means “any oral, written, or visual
6 representation to a prospective purchaser that conveys, expressly or by implication, a specific
7 level or range of actual or potential sales, or gross or net income or profits.” 16 C.F.R. §
8 437.1(f).

9 100. The Business Opportunity Rule prohibits sellers from making earnings claims
10 unless the seller: (1) has a reasonable basis for the claim at the time it is made; (2) has in its
11 possession written materials to substantiate the claim at the time it is made; (3) furnishes an
12 Earnings Claim statement to prospective purchasers in conjunction with the disclosure document,
13 containing, among other things, information regarding the time frame captured by the earnings
14 claim, the characteristics of the purchasers, and the number and percentage of all persons who
15 purchased the business opportunity within the time frame who achieved at least the stated level
16 of earnings; and (4) makes written substantiation of the earnings claim available to any
17 prospective purchaser who requests it. 16 C.F.R. § 437.4(a).

18 101. Defendants have also made earnings claims in connection with the sale of their
19 business opportunities in the general media, as defined by the Business Opportunity Rule, 16
20 C.F.R. § 437.1(h). Under the Business Opportunity Rule, “general media” means “any
21 instrumentality through which a person may communicate with the public, including, but not
22 limited to, television, radio, print, Internet, billboard, Web site, commercial bulk email, and
23 mobile communications.” 16 C.F.R. § 437.1(h).

1 102. The Business Opportunity Rule prohibits sellers from making earnings claims in
2 the general media unless the seller has a reasonable basis for and written substantiation of any
3 earnings claims and states in immediate conjunction with those claims the beginning and ending
4 dates when the represented earnings were achieved, and the number and percentage of all
5 persons who purchased Defendants' business opportunity prior to that ending date who achieved
6 at least the stated level of earnings. 16 C.F.R. § 437.4(b).

7 103. Defendants have disseminated industry financial, earnings, or performance
8 information in connection with the offering for sale, sale, or promotion of a business opportunity.

9 104. The Business Opportunity Rule prohibits sellers from disseminating industry
10 financial, earnings, or performance information unless the seller has written substantiation
11 demonstrating that the information reflects, or does not exceed, the typical or ordinary financial
12 earnings, or performance experience of purchasers of the business opportunity being offered for
13 sale. 16 C.F.R. § 437.4(c).

14 105. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of
15 the Business Opportunity Rule constitutes an unfair or deceptive act or practice in or affecting
16 commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

17 **Count II— Misrepresentations Regarding Income or Profits**

18 106. In numerous instances, Defendants have misrepresented the amount of sales, or
19 gross or net income or profits a prospective purchaser may earn or that prior purchasers have
20 earned in connection with the offering for sale, sale, or promotion of a business opportunity.

21 107. Defendants' acts and practices, as described in Paragraph 106 above, violate the
22 Business Opportunity Rule, 16 C.F.R. § 437.6(d) and Section 5(a) of the FTC Act, 15 U.S.C. §
23 45(a).

Counts III—Earnings Claims to Prospective Purchasers Violations

108. In numerous instances, Defendants have made earnings claims to prospective purchasers in connection with the offering for sale, sale, or promotion of a business opportunity while, among other things: (1) lacking a reasonable basis for the earnings claim at the time it was made; (2) lacking written substantiation for the earnings claim at the time it was made; or (3) failing to provide an earnings claim statement to the prospective purchaser, as required by the Business Opportunity Rule.

109. Defendants' acts and practices, as described in Paragraph 108 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(a) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count IV — General Media Earnings Claims Violations

110. In numerous instances, Defendants have made earnings claims in the general media in connection with the offering for sale, sale, or promotion of a business opportunity while, among other things: (1) lacking a reasonable basis for the earnings claim at the time it was made; (2) lacking written substantiation for the earnings claim at the time it was made; or (3) failing to state in immediate conjunction with those claims (i) the beginning and ending dates when the represented earnings were achieved, and (ii) the number and percentage of all persons who purchased Defendants' business opportunity prior to that ending date who achieved at least the stated level of earnings.

111. Defendants' acts and practices, as described in Paragraph 110 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(b) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count V — Industry Financial, Earnings, or Performance Information Violations

112. In numerous instances, Defendants have disseminated industry financial, earnings, or performance information in connection with the offering for sale, sale, or promotion of a business opportunity while lacking written substantiation demonstrating that the information reflects, or does not exceed, the typical or ordinary financial earnings, or performance experience of purchasers of the business opportunity being offered for sale.

113. Defendants' acts and practices, as described in Paragraph 112 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(c) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Count VI — Disclosure Document Violations

114. In numerous instances in connection with the offer for sale, sale, or promotion of business opportunities, Defendants have failed to furnish prospective purchasers with the disclosure document and attachments required by the Business Opportunity Rule, within the time period prescribed by the Rule.

115. Defendants' acts and practices, as described in Paragraph 114 above, violate the Business Opportunity Rule, 16 C.F.R. §§ 437.2 and 437.3(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

116. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the Business Opportunity Rule. 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.

1 **THE COURT'S POWER TO GRANT RELIEF**

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

8 118. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such
9 relief as the Court finds necessary to redress injury to consumers resulting from Defendants'
10 violations of the Business Opportunity Rule, including the rescission or reformation of contracts,
11 and the refund of money.

12 **PRAYER FOR RELIEF**

13 Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C.
14 §§ 53(b) and 57b, and the Business Opportunity Rule, and the Court's own equitable powers,
15 requests that the Court:

16 A. Award Plaintiff such preliminary injunctive and ancillary relief as may be
17 necessary to avert the likelihood of consumer injury during the pendency of this action and to
18 preserve the possibility of effective final relief, including but not limited to, temporary and
19 preliminary injunctions, an order freezing assets, immediate access, appointment of a receiver;

20 B. Enter a permanent injunction to prevent future violations of the FTC Act and the
21 Business Opportunity Rule by Defendants;

22 C. Award such relief as the Court finds necessary to redress injury to consumers
23 resulting from Defendants' violations of the FTC Act and the Business Opportunity Rule,

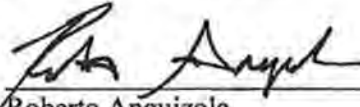
1 including but not limited to, rescission or reformation of contracts, restitution, the refund of
2 monies paid, and the disgorgement of ill-gotten monies; and

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

5 Respectfully submitted,

6 David C. Shonka
Acting General Counsel

7
8 Dated: March 12, 2018


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