

<p>PLI LLC, an expired Utah limited liability company, formerly doing business as PROSPERITY LEARNING LLC,</p> <p>OPUS MANAGEMENT GROUP, LLC, a Utah limited liability company,</p> <p>MANTIS MANAGEMENT, INC, a Utah corporation,</p> <p>SELECTIVE MARKETING COMPANY, a Utah corporation,</p> <p>and</p> <p>BO-ROC MANAGEMENT INC., an Alaska corporation,</p> <p>Defendants.</p>	
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1. Plaintiff, the State of Utah Division of Consumer Protection (“the Division”) brings this action pursuant to the authority granted by Utah Code §§ 13-2-5(3), 13-11-17, 13-15-6, and 13-26-8. The Division seeks injunctive relief, rescission of contracts, restitution, the refund of monies paid, disgorgement, civil penalties, fines, and other equitable relief for Defendants’ acts, omissions, and practices that have violated the Utah Consumer Sales Practices Act (“CSPA”), Utah Code § 13-11-1 *et seq.*, the Business Opportunity Disclosure Act (“BODA”), Utah Code § 13-15-1 *et seq.*, and the Telephone Fraud Prevention Act (“TFPA”), Utah Code § 13-26-1 *et seq.*

SUMMARY OF THE CASE

2. The defendants are referred to collectively in this Complaint as Real Estate Workshop (“REW”). REW has engaged in deceptive business practices and telephone solicitations. REW has advertised and sold to consumers through telemarketing, advertisements made through radio, newspaper, and the internet, as well as through advertisements and promotional mailers sent

through the U.S. mail. REW's tax lien and real estate investment workshops have been held throughout the United States and cost hundreds, thousands, and often tens of thousands of dollars. REW has told consumers, who are often inexperienced in real estate matters, that they can make substantial profits investing in real estate if they purchase an expensive training system consisting of personal mentoring, software, and classes. In furtherance of its scheme, REW has urged consumers to borrow the maximum amount possible from credit cards or to liquidate retirement accounts to pay for the training and real estate investing. Between January 2014 and July 2018, REW received at least \$40,000,000 from thousands of consumers for various training services and packages.

3. At REW's workshops, REW employees and independent contractors, (paid a commission based on the number of seminars sold), have lured consumers into purchasing training by telling them they will make substantial money, receive in-person mentoring from experienced staff, have access to on-site financing for low interest rates, and receive a list of ready-to-flip properties. REW has even provided consumers with a certificate guaranteeing that they will make money from the training they buy. These, and other enticements, never materialize.

4. These representations were false. In reality, REW ran a sophisticated "bait-and-switch" operation. REW did not educate consumers about either tax liens or real estate flipping strategies. Consumers who purchased REW training found that they were not provided promised services, including mentoring programs. Consumers found that the "proprietary" database or software programs were out-of-date and useless.

5. Consumers paid large sums of money. REW left consumers with large unmanageable debt, damaged credit scores, and empty retirement accounts.

6. The Division has received 27 complaints from consumers who believe they were defrauded by REW. Some of those consumers were interviewed by the Division, and their supporting documents were collected and reviewed. Additionally, an investigator for the Division attended an REW free seminar, listened to hours of taped REW seminars, and reviewed documents provided by REW and third parties. The Division also reviewed approximately 30 online consumer complaints that were filed with the Better Business Bureau, some of which are duplicates of complaints filed with the Division.

7. The Division brings this action to enforce the CSPA, Utah Code § 13-11-1 *et seq.*; BODA, Utah Code § 13-15-1 *et seq.*; and the TFPA, Utah Code § 13-26-1 *et seq.*

8. The Division requests that this Court permanently enjoin Stevens, Bove, Wadsworth, and their companies from violating the CSPA, BODA, and the TFPA. In addition, the Division seeks an order of restitution and disgorgement, with prejudgment interest; and asks the Court to impose fines and civil penalties pursuant to Utah Code §§ 13-11-17(1)(d) (CSPA) and 13-26-8(2) (TFPA).

JURISDICTION & VENUE

9. This Court has subject matter jurisdiction over these claims pursuant to Utah Code § 13-2-1(2) (authorizing the Division to administer and enforce the CSPA, BODA, and the TFPA); Utah Code § 13-11-17 (authorizing the Division to bring a judicial action to enforce the provisions of the CSPA); Utah Code § 13-11-7(1)(a) (authorizing enforcing authority to enforce CSPA); Utah Code § 13-15-3 (authorizing the enforcing authority to bring a judicial action to enforce the provisions of BODA); Rule 65A of the Utah Rules of Civil Procedure (injunctions); and as provided by Utah Code § 78A-5-102(1).

10. Venue is proper pursuant to Utah Code § 78B-3-307.

11. This case falls into Discovery Tier 3.

FEDERAL COURT ACTION

12. On June 24, 2019, the Division filed suit against all of the defendants in this case except, PLI, LLC in the United States District Court for the District of Utah. Judge Howard C. Nielsen of that court issued a temporary restraining order. The Division filed a motion for preliminary injunction and a hearing was held. On August 19, 2019, Judge Nielsen dismissed the Division's complaint without prejudice for lack of standing in federal court.

PLAINTIFFS

13. The Division is a state agency within the Department of Commerce. Utah Code § 13-1-2(2)(e). The Division is charged with enforcing consumer protection laws in Utah, including the CSPA, BODA, and the TFPA, and rules promulgated thereunder.

DEFENDANTS

14. Defendant Troy Stevens ("Stevens") is a resident of Utah. Stevens registered Real Estate Workshop as a Utah DBA on December 7, 2016. REW has operated as a de-facto partnership between Stevens, Wadsworth, and Bove. REW's principal place of business has been 14513 S. 980 W., Suite 600, Bluffdale, Utah, 84065. REW claims it has now ceased operations. At least through July 2019, however, REW continued to offer seminars to consumers and received money for those services.

15. Defendant Prosperity International LLC ("Prosperity") is a Utah limited liability company and maintained its principal place of business at 14513 S. 980 W., Suite 600, Bluffdale, Utah, 84065. Opus Management Group, LLC ("Opus") is the sole member of Prosperity. Opus

was initially registered with the State of Utah Department of Corporations on December 10, 2008. Prosperity transacts or has transacted business in Utah and throughout the United States.

16. Defendant PLI LLC is an expired Utah limited liability company which maintained its principal place of business at 14513 S. 980 W., Suite 600, Bluffdale, Utah, 84065. The sole member of PLI LLC was Opus. PLI LLC transacts or has transacted business in Utah and throughout the United States.

17. Defendant Opus is an expired Utah limited liability company which maintained its principal place of business at 14513 S. 980 W., Suite 600, Bluffdale, Utah, 84065. Troy Stevens was the sole member of Opus. Opus was initially registered on December 10, 2008, and its registration expired on March 28, 2017. Opus transacts or has transacted business in Utah and throughout the United States.

18. Defendant Flip and Build Wealth is an expired Utah DBA of Prosperity International LLC. It was initially registered on December 24, 2013, and its registration expired on February 2, 2017. It transacted business in this district and throughout the United States.

19. Defendant Real Estate Workshop is an expired Utah DBA of Prosperity. It was initially registered on September 25, 2013, and its registration expired on December 27, 2016. Real Estate Workshop transacted business in Utah and throughout the United States.

20. Defendant Mantis is a Utah corporation with a principal place of business at 286 W. 2600 N., Lehi, Utah, 84043. Mantis transacts or has transacted business in Utah and throughout the United States.

21. Stevens is personally liable for the conduct of Real Estate Workshop, Prosperity International LLC, PLI LLC, Flip and Build Wealth, and Opus Management Group, LLC. At all

times relevant to the allegations asserted herein, Stevens was (and currently is) the owner and control person for his dba, Real Estate Workshop. At all times relevant, Stevens was the control person for Prosperity International LLC (and its dba Flip and Build Wealth, and its expired dba Real Estate Workshop) and Opus Management Group, LLC, which are both expired limited liability companies. Stevens is also personally liable for the actions of his corporation, Mantis Management, Inc. ("Mantis"), which he used as a conduit for transfers from REW and other companies. Mantis is Stevens' corporate alter ego.

22. Stevens and Opus Management Group are not strangers to the Division. Twice before, the Division has brought administrative actions against Stevens and companies he operated, and twice before he has entered into settlement agreements in which he agreed to cease and desist his violations of Utah law. Stevens has breached these settlement agreements.

23. Stevens individually, and through Real Estate Workshop or other entities, transacts or has transacted business in Utah and throughout the United States. REWp has hosted events in Utah. Stevens has utilized employees and independent contractors to market and sell real estate investment and tax lien training and to provide the training at workshops. Stevens has been selling this training to consumers since at least 2014.

24. Defendant Cory Wadsworth ("Wadsworth") is a resident of Utah. Wadsworth is a partner in Real Estate Workshop. Wadsworth transacts or has transacted business in Utah and throughout the United States.

25. Wadsworth is also personally liable for the conduct of REW. He is a partner in REW. He personally worked with REW's telemarketing staff. At all times relevant, Wadsworth was the control person for Selective Marketing Company, a Utah corporation. Selective Marketing is

Wadsworth's corporate alter ego, and he used it as a conduit for transfers of funds from REW and other companies.

26. Defendant Selective Marketing Company ("Selective") is a Utah corporation with a principal place of business at 178 E. Cottonwood Loop, Saratoga Springs, UT 84045. Selective transacts or has transacted business in Utah and throughout the United States. Wadsworth owns Selective.

27. Defendant M.J. Augie Bove ("Bove") is a resident of Utah. Bove is a partner in Real Estate Workshop. Bove transacts or has transacted business in Utah and throughout the United States. Bove is also personally liable for the conduct of REW. He is a partner in REW. At all times relevant, Bove was the control person for Bo-Roc Management Inc., an Alaska corporation. Bo-Roc is Bove's corporate alter ego, and he used it as a conduit for transfers of funds from REW and other companies.

28. Defendant Bo-Roc Management Inc. is an Alaska corporation with a principal place of business at 14513 S. 980 W., Suite 600, Bluffdale, Utah, and which purports to office at 310 K Street, Suite 200, Anchorage, AK 99501, which is a virtual office location. Bo-Roc transacts or has transacted business in Utah and throughout the United States. Bove owns 100% of Bo-Roc and is a resident of Utah.

29. Stevens, Wadsworth, and Bove are referred to in this complaint as the "Individual Defendants."

30. Defendants did not observe corporate formalities between their various entities, and Defendants purported to use various business entities after they expired. Consumers conducted business with REW but were at various times contracting with a dba of Prosperity, or Stevens

(and, by virtue of the de facto partnership, with Bove and Wadsworth) personally. Consumers attending a Chad Chiniquy, Chief Denny, Government Tax Lien Network, Flip and Build Wealth, or Real Estate and Tax Lien Network (“RTLN”) event were all in fact dealing with REW. These entities operated out of the same location utilizing the same staff and resources.

31. For the purposes of this complaint, the various entities and Individual Defendants are collectively referred to as “REW.”

FACTUAL ALLEGATIONS

Facts relating to statutory authority

32. REW and the Individual Defendants are “supplier[s]” as that term is defined in the CSPA because they have regularly solicited, engaged in, or enforced consumer transactions, either directly or indirectly. Utah Code §13-11-3(6).

33. Stevens oversaw the operations of REW and was a key player in the organization. Stevens made managerial decisions like authorizing or denying consumer refund requests. Stevens set prices for REW events, directed REW’s independent contractors to post positive reviews about the company online, provided and maintained credit card merchant accounts used to process REW transactions, and had access to a database containing consumer credit information. Stevens completed a declaration under penalty of perjury where he attempted to provide explanations for fraudulent proof of funds letters provided to consumers by REW, responded to consumer complains citing specific facts about each consumer, and provided a list of other names used by REW. Stevens knew about REW’s business model and REW’s deceptive and misleading conduct.

34. For example, Stevens knew that REW directed consumers to print proof of funds letters from an REW-related website. He says these letters allow a consumer to put a property under contract. The consumer would not disclose to the seller that the consumer did not actually have access to money. Instead, once the consumer had used the proof of funds letter, the consumer could then apply for funding through one of REW's associated hard money lenders. This conduct is deceptive, misleading, and unconscionable.

35. REW knew or should have known this conduct was improper. It advised consumers not to use the proof of funds letters in any transaction where the seller was a federal government-backed entity.

36. Stevens knew or should have known of the nature of this conduct, and had the ability to stop it, but did not do so.

37. Bove also oversaw the operations of REW. Bove discussed information that would be provided to the Division, such as a "clean" REW sales presentation. Bove helped provide information for REW advertising, such as explaining how consumers could expect to receive \$7,800 per month from tax liens. Bove was involved in supervisory tasks, such as assigning employees to create an organizational chart and emphasizing to employees the need to be on top of online complaints about the company. Bove made changes to REW radio advertisements when issues were raised by the Division.

38. Bove was sufficiently aware of REW's operations that he stated under penalty of perjury that the telemarketing solicitations made by REW were only made to individuals who had previously attended REW events, that REW helped consumers raise capital to pay for REW training, that REW fired a presenter for failing to follow protocol and for insubordination, that

REW provided “discounts” to consumers who purchased advanced training packages, that most of REW’s presenters have real estate and tax lien investment experience, and that REW called consumers to collect outstanding balances. Bove knew about REW’s business model and REW’s deceptive and misleading conduct.

39. For example, in a sworn declaration, Bove states that REW modified its radio advertisement scripts because the Division had raised issues about the advertisements. Bove said that REW ceased representing that consumers would make six figure annual incomes without risk and instead stated that consumers could earn as much as 25% annually on an investment secured by the government.

40. REW’s modification of the advertisements, at Bove’s direction, demonstrates that REW knew that its advertisements were problematic. It also shows that Bove had the ability to control REW’s advertising and is liable for its conduct.

41. Wadsworth also oversaw the operations of REW. He oversaw the radio ad scripts used by REW. Wadsworth communicated with Aaron Darby, REW’s customer service manager, about responding to BBB complaints against REW. In this role, Wadsworth knew of the deceptive and misleading conduct of REW. A former employee stated that Wadsworth worked with the telemarketing staff to set appointments for consumers to attend REW events and purchase REW training packages. Those telephone calls overseen by Wadsworth were telephone solicitations under the TFP.

42. Wadsworth also supervised REW employees on day-to-day issues that a manager would be expected to perform, such as REW event scheduling and maintenance of a call recording system, Wadsworth performed both these lower-level tasks and higher-level supervisory

functions. He was an owner of REW and had the authority and ability to stop its deceptive and misleading conduct but did not do so.

43. In or around October 2018, REW began to work with another company to provide fulfillment under the REW name. REW employees moved into the offices of the other company, though they continued to communicate with consumers from their REW email accounts. When this change took place, Wadsworth and Bove both entered into “Asset Transfer Agreements” with Stevens to terminate their involvement in REW. The Asset Transfer Agreements moved Bove and Wadsworth’s “rights and reserves” in REW and in Prosperity’s merchant accounts. Each of the Individual Defendants had ownership rights in REW and the proceeds of the business. They are responsible for their violative conduct.

44. REW and the Individual Defendants have sold products and services to consumers for \$500.00 or more for the purpose of enabling the consumers to start a real estate investing business. REW’s advertising materials included representations that purchasers would receive a “complete house flipping business broken down step-by-step” and could establish a business that could be run from anywhere in the world. The creation of business entities was included with some REW training packages. As part of the solicitation REW has represented that the products and services sold would enable a consumer to derive income that exceeds the price paid for the products and services purchased.

45. REW employees and independent contractors have counseled consumers about how they could obtain funds to purchase the goods and services offered by REW and to facilitate real estate investing. They have counseled consumers to increase their limits on personal credit cards, to obtain additional cards, and to liquidate their retirement accounts.

46. REW promised consumers prizes or gifts for attending their events. It did not provide these items as required by the CSPA Rules, Utah Admin. Code R152-11-6.

Initial Advertising to Induce Attendance at Free Seminars

47. REW has advertised its workshops primarily through radio advertising and direct mailers. REW has purchased radio advertising in metropolitan areas where it has hosted events. The advertisements invited consumers to register for a free seminar to be held in the area.

48. REW and the Individual Defendants have utilized telephone solicitations to sell goods and services. During these telephone solicitations, goods and services have been purchased by consumers, or a consumer has agreed to commit to payment prior to or upon receipt by the consumer of the goods and services. REW and the Individual Defendants also have used telephone solicitations to set appointments for consumers to attend REW events which have resulted in the sale of goods or services.

49. From 2015 to 2017, REW made at least 189 visits to various cities (each representing approximately four to eight free events and a three-day event) across 22 states, the District of Columbia, and Canada. Since 2017, REW has hosted many additional events.

50. The free seminars have been advertised as providing consumers an opportunity to learn about real estate or tax lien investing as an investment or business opportunity.

51. In its radio advertisements, REW has used various trade names for the workshops, including “Chad Chiniquy Find, Fund, Flip,” “Government Tax Lien Network,” (“GTLN”) and “Real Estate and Tax Lien Network.”

52. The radio advertisements begin with attention-getting statements such as, “Are you ready to make a six-figure income this year?”, and “Attention: This is an investor notice. Are you

interested in making some extra cash buying real estate tax liens in your local area?” One advertisement offered free tax lien kits that REW claims will “show you how to earn guaranteed returns between fifteen and thirty-five percent yearly, which is completely secured by the government.”

53. In the Chad Chiniquy radio advertisement script provided to the Division by Defendants, Chiniquy said that he is “a college dropout turned self-made millionaire” who has “personally flip[ped] over 50 million in real estate and fund[ed] over 1 billion in other’s [sic] people real estate deals.” The advertisement offered consumers a free copy of Chiniquy’s funding kit, which included his “five-step process for getting deals funded immediately and tapping into my funding sources to flip houses, with no credit or cash needed.”

54. REW paid for the Chad Chiniquy advertisement to be aired in various markets and consumers who responded to the Chad Chiniquy advertisement were signed up for seminars operated by REW.

55. Whether sold under the name Chad Chiniquy, Government Tax Lien Network, Chief Denny, Real Estate and Tax Lien Network, or Flip and Build Wealth, the seminars were all operated by REW, staffed by REW employees and independent contractors, and used REW materials. Consumers were not aware that the same materials were presented by the various names that REW used. The various names used by REW offered the appearance of providing new or unique training from a specialized organization when in reality the training was the same provided to all REW purchasers. REW, and the Individual Defendants, profited from these transactions regardless of the name attached to the advertisements.

56. The REW radio advertisements represented that consumers would learn to invest using their own retirement accounts, and that consumers would become real estate investors “without risk.” Consumers have been instructed to call to get a free tax lien kit that includes free tickets to a live training event, and to “get ready to start investing with tax liens, buying houses for pennies on the dollar with little or none of your own money, working only five to ten hours per week.”

57. Some consumers who have registered for the free seminar received a one-page notice in the mail confirming their “VIP reservation to the FREE ‘Tax Liens’ training event”. The notice told consumers that when they would attend the private tax lien event they would discover: “the secret of Real Estate Tax Lien Certificates providing 16-25% fixed and secured rates of return”; “how to start earning extra income of up to \$7,800 or more per month”; “how to get your hands on great properties at 25% discount”; and “how to earn enough money to secure a safe, early retirement.”

58. Each of these statements constitutes a separate earnings representation.

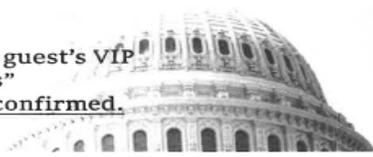
59. The notice told consumers that “you and a guest are [sic] will receive a Gift Package for attending.” The notice claims the gift package is valued at \$500.00 and includes a free meal, two instructional DVDs regarding buying government real estate tax liens, and an android smart watch.

60. Frequently, these gifts were not provided and were never valued at \$500.

61. The notice includes a picture of a check for \$7,800.00 made payable to “GTLN Associate” and asks the consumer to “Imagine getting checks like this 4 or 5 times a month.”



Congratulations! You and your guest's VIP reservation to the FREE "Tax Liens" training event has been Officially confirmed.



You've made a smart choice by deciding to attend the "Tax Liens" training event. We Promise it's going to be an amazing experience for you.

When you and your guest(s) attend the private "Tax Liens" live event you will discover:

- The secret of Real Estate Tax Lien Certificates providing 16-25% fixed and secured rates of return.
- How to start earning extra income of up to **\$7,800 or more** per month.
- How, with just **\$100 to get started**, you can begin building a fortune with confidence and safety.
- Specific strategies that work best in your city so you can start seeing **huge profits** with minimal risk.
- How to get your hands on great properties at **25% discount**.
- How to earn enough money to secure a safe, **early retirement**.

Free Meal for You and your Guests



Don't miss this opportunity to get the information that can open new doors to a more secure future for you and your family.

BONUS! You and your guest are will receive a Gift Package for attending

Receive These **FREE** Gifts a \$500 value, Just for Showing Up!

- ✓ **FREE Meal for you and your guests**
- ✓ **2 DVD's "How to buy Government Real Estate Tax Liens"**
- ✓ **Plus a FREE External Battery Power Pack**
- ✓ **BONUS Gift GPS Smart Watch**

P.S. We will be serving a free meal at this event so please contact us at 877.828.9419 if anything changes with your scheduled event.

VIP GIFT Package \$500 Value



Imagine getting checks like this 4 or 5 times a month



LEARN HOW TO HAVE ACCESS TO PROPERTIES LIKE THESE AT THE EVENT

INVESTOR PAID \$517.82	INVESTOR PAID \$2,866.00	INVESTOR PAID \$3,682.49	INVESTOR PAID \$4,614.13	INVESTOR PAID \$1,723.61	INVESTOR PAID \$10,009.69	INVESTOR PAID \$233.25

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62. REW's free seminars typically have been held two times per day for two to four days per area and are generally held in hotel ballrooms or conference rooms.

63. Consumers who wish to attend a free REW event have called the phone number provided in the advertising. Consumers have also been able to register on REW's website.

64. REW maintains a list of consumers around the country who have expressed interest in attending REW events. REW employees located in Utah have called these consumers and

invited them to attend upcoming events in their area. When consumers have agreed to attend, the REW employees in Utah made arrangements for the consumers to attend. Wadsworth oversaw this effort. .

65. REW's free events have been advertised as opportunities to learn about real estate and/or tax lien investing. Despite this representation, the actual purpose of the event was to entice consumers to purchase additional training from REW.

66. REW employees and contractors at these events have described themselves as experienced real estate and tax lien investors, but do not inform attendees that they were primarily salespeople who were compensated based on the number of purchases made by consumers at the event.

67. At the free event, consumers have been pitched a three-day seminar, typically for a price of \$597. REW's records indicate that it has sold more than 10,000 three-day seminars.

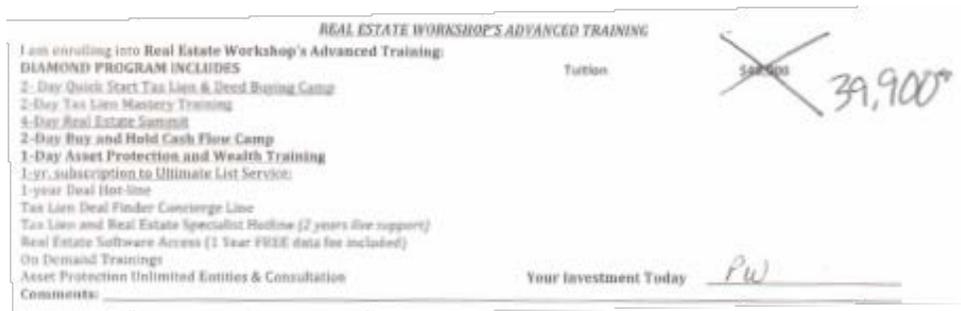
Consumers who do not purchase the three-day seminar receive follow-up phone calls from REW employees located in Utah, who continue to push the consumer to purchase the three-day seminar. REW employees located in Utah have received payment for the seminar over the phone and forwarded contracts to the consumer.

68. A few weeks after the free seminar, REW generally returned to the same area to conduct the three-day seminar.

The Three-Day Seminars

69. The primary focus of the three-day seminar was enticing consumers to purchase “Advanced Training” from REW. Consumers left the main seminar room to have one-on-one or small group meetings with REW “mentors” or “coaches” who encouraged consumers to

purchase REW Advanced Training packages. REW Advanced Trainings have been sold using various names, including the “Platinum” package which cost \$39,900, and the “Diamond” Package which cost \$49,900. Advanced Trainings sold as part of the Chad Chiniquy presentations were referred to as the Protégé package which cost \$40,000, and the Protégé Elite package which cost \$50,000. Consumers in attendance at the three-day seminar were informed that the price of the Advanced Training packages would be reduced by \$10,000 for a limited time, generally if purchased during the three-day seminar.



70. REW’s database lists the price of the various packages as the “discount” prices, not the full price as would be expected if the full price were actually charged to consumers. The Division believes this price advantage representation was false. REW routinely charged the discounted, not the stated price for its packages.

71. The Advanced Training is advertised to include training events in various cities, access to PropStream real estate software, coaching via telephone, in-person mentors, and business entity creation.

72. From 2015 through 2017, REW conducted the three-day seminars for thousands of people in dozens of cities around the United States. More than 9,000 consumers purchased the

three-day seminar from 2015 through 2018, and of those consumers, approximately 1,900 purchased an Advanced Training package.

The Advanced Training Packages

73. During the three-day seminar, REW has provided consumers a ten-page brochure for its Advanced Training packages that tells consumers to “Take [their] Real Estate Education to the Next Level.”

74. The brochure summarizes the following Advanced Training packages:

- a. 4-Day Real Estate Summit: Complete Guide to Flipping. (“This 4-Day Summit is a complete house flipping business broken down step-by-step.”);
- b. 2-Day Quick Start Tax Lien and Deed Buying (“We fly one of our top tax lien certificate and tax deed investing experts to your city for two days of hands-on research, training and tax lien investing.”);
- c. 2-Day Buy and Hold in Las Vegas (“The goal of this is to help you become ‘job optional’ [sic] that you start producing an income that replaces the income your job is currently producing”);
- d. 2-Day Advanced Tax Lien Mastery Training (“Using your Roth IRA”);
- e. Asset Protection Boot Camp (“taught by our team of attorneys”);
- f. Tax Lien Deal Finder Concierge Line (“Our experts are on hand to help you find the best Tax Liens in the best markets that fit your needs.”); and
- g. Money Lending Online Course: Creating Recurring Passive Income for Life! (“A business you can run from anywhere in the world! . . . Learn how to use your self-

directed IRA, ROTH, 401K, Profit Sharing Plan, etc. to grow your savings quickly and insure retirement.”).

75. REW has charged \$39,000 for the “Platinum Executive” Advanced Training packages, and \$49,000 for the “Diamond Executive” Advanced Training packages. REW also has offered a training package for \$29,000, but this package is generally not listed on the purchase contract forms. A discount of up to \$10,000 has been offered to those consumers who register for an Advanced Training during the event. However, this was a spurious discount; the amount charged was always the discounted amount. REW has offered financing to some consumers (one consumer borrowed \$15,000 from REW for three years at an interest rate of 9%, or \$477.00 per month).

76. Consumers who purchased an Advanced Training package signed a one-page contract which is also signed by an REW “Enrollment Director.” The contract contained a “Law and Arbitration” clause providing that any dispute would be resolved by arbitration in Utah, that the Enrollment Form was accepted in Utah, and that the contract would be governed by and construed under Utah law.

77. Consumers who registered for an Advanced Training package have received a welcome letter or email from REW’s “Educational Team” congratulating them on enrolling in the program and explaining what to expect. The letter included dates for upcoming “training summits,” provided a phone number for the corporate office and an email address for support, and told the consumer to expect a telephone call from a “Relationship Manager.” At least one welcome letter stated, “The Relationship Manager will verify all of your information, go over important dates and times, set you up with our **On Demand Training** video tutorials, and send your information

to our **Asset Protection Team** to call you for your entity setup and consultation.” (Emphasis original). These functions were generally performed by REW employees in Utah.

78. The welcome email told consumers that “[o]ur teams of Mentors are available **Monday** through **Friday 9-6pm MST** to work with you. All we ask is that you take responsibility to simply pick up the phone and give us a call. When you need help, this will be the main resource where you will be able to work with all of our highly qualified trainers.” (Emphasis original).

79. The trainers, who were located in Utah, were not highly qualified.

80. Consumers who declined to purchase the fly-out mentorship were frequently contacted by REW telemarketers in Utah, who again solicited consumers to purchase the service.

81. Consumers who have purchased training from REW were also contacted by REW telemarketers in Utah to solicit the purchase of additional services, such as mentoring via telephone.

82. Consumers also received telephone solicitations to upsell them on products and services (such as self-directed IRA accounts) from other companies as a result of their REW purchase(s).

83. The proceeds of REW’s transactions were paid out to the Individual Defendants, as well as their corporate alter egos. Stevens, Bove, and Wadsworth were paid consistent weekly salaries. Stevens and Bove took as much as \$3,000 per week as their base pay. In addition, each of the Individual Defendants received commissions on REW’s sales (including sales made at events and sales made through telemarketing) through their corporate alter egos. Weekly deposits to the corporate alter egos were as much as \$17,000. REW shifted payments between the individuals and their corporate alter egos according to profits and losses, and the individuals were paid before their alter egos.

84. Consumers were also encouraged to obtain financing through a Nevada company (the “Nevada Company”). The Nevada Company does not provide financing directly. Rather, it helps consumers obtain multiple credit cards. The Nevada Company’s services were offered for \$3,995 per consumer. REW received compensation from the Nevada company for REW consumers who paid the Nevada company.

REW’s Violative Conduct

False or Misleading Earnings Representations

85. During a free REW event attended by a Division investigator, REW presenter Jazey Drecksel made several claims that would lead consumers to think they could make money from REW’s training, including:

- a. He had worked as a real estate investor and speaker for over ten years, and that he spent only 30 to 40 minutes per day investing in tax liens
- b. REW students Christian and Ruth made \$90,000 by following REW’s training and flipping a house.
- c. “The tax lien certificate investing is quite simply the safest, most lucrative investing strategy we’ll find in America today [and] when done properly, we get our money back with large interest, or we walk away with properties free and clear with just pennies on the dollar.”
- d. He had paid off his mother’s mortgage, car loan, and credit cards, and that those expenditures “didn’t affect [him] financially” because he had been so successful as a real estate investor.

- e. He purchased several tax liens the morning of the seminar, and that he used REW's software to conduct those transactions.
- f. He used several illustrative examples of the goals that could be achieved using REW's training, which included "firing" your boss, doing philanthropic work, and making more money so you can spend more time with your family.

86. During a three-day seminar, REW representatives told consumers that purchasing an Advanced Training package would more than pay for itself before the payment on the credit card used to purchase the package became due. REW told consumers that if they purchased REW's services, they would make money that exceeded approximately \$29,000 and would make that money quickly enough to pay credit card balances.

87. In June 2016, REW representative and former "Apprentice" contestant Jessie Tieva told consumers during a three-day seminar in Mesa, Arizona that they would earn more than \$30,000 per month if they purchased an Advanced Training package. Plaintiff has seen no evidence to corroborate this representation. At least one consumer who attended this seminar, and who requested and eventually received a refund, discovered that the representation was false.

88. Consumer P.W. also attended this REW three-day seminar in Mesa, Arizona. Jessie Tieva told P.W. and other attendees that she had made a lot of money through real estate. She also told P.W. and other attendees that the training would more than pay for itself.

89. REW representative, Andria Finau, presented at some of the three-day seminars. She guaranteed consumers that if they purchased an Advanced Training package, they would make a large amount of money. After purchasing an Advanced Training package, those consumers found that they did not make a large amount of money, despite Finau's guarantee.

90. Consumer I.Z. attended an REW three-day seminar in July 2016, and Andria Finau was present at the event. Finau spoke with I.Z. in small group and one-on-one meetings where she told I.Z. that she would make a "large amount of money" if she purchased the Advanced Training package. I.Z. purchased the Advanced Training for \$39,900. I.Z. did not make any money using the training.

91. REW representatives Eric Blackwell and Brian Petersen, both of whom were Utah residents, presented at REW events for purchasers of Advanced Training packages in Las Vegas and San Diego. They also offered to fly to the consumer's local area to help arrange real estate investment deals.

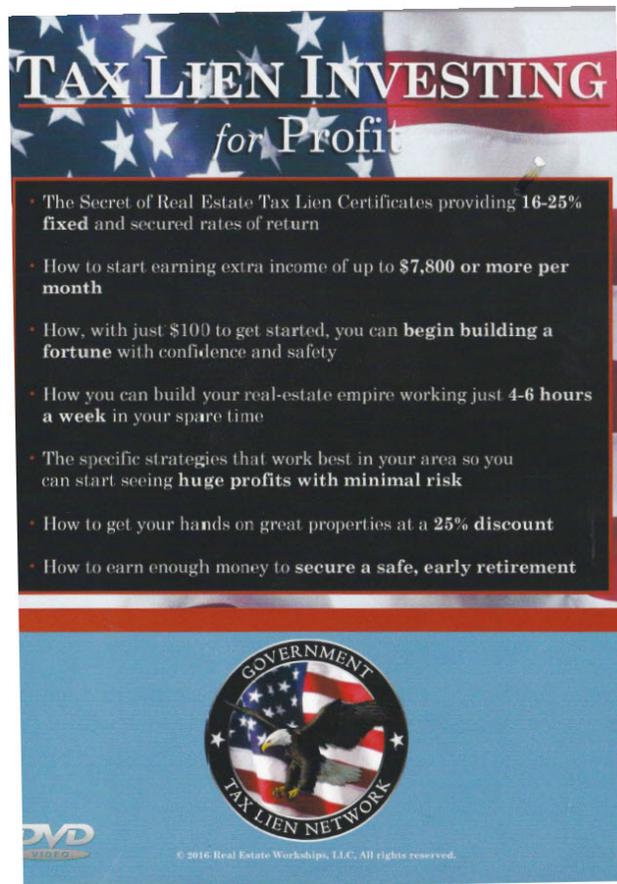
92. In December 2015, consumer T.N. purchased an Advanced Training package for \$39,900 during an REW event in Miami, Florida. After purchasing this training package, REW offered to send "coach" Eric Blackwell from Utah to Florida to help T.N. purchase investment properties. T.N. paid an additional \$25,000 to REW for the mentorship. The REW mentor promised that he would arrange one to two real estate deals for T.N., but he did not.

93. In October 2016, consumer A.K. attended a three-day REW event in Bloomington, Minnesota. The two presenters, a husband-and-wife team, identified themselves as Linda and Trevor. Linda told the class that there was no reason they could not all be millionaires within the next one or two years.

94. Consumer C.S. purchased a three-day seminar from REW in June 2018 in Texas. He purchased an advanced training package the same month and upgraded from his initial \$29,999 package to the \$39,999 package after REW salesperson Scott Kauffman stated that the success rate was very high. C.S. also purchased a fly-out mentorship. After spending over \$65,000 for

REW training, C.S. made an offer on a property. C.S. contacted REW but was unable to obtain the guidance he needed to complete the deal, and the deal fell through. C. S. did not make any money based on his REW training and transactions.

95. Written advertisements for REW’s free tax lien training have told consumers they will discover “[t]he secret of Real Estate Tax Lien Certificates providing **16-25% fixed** and secured rates of return,” and “[h]ow to start earning extra income of up to **\$7,800 or more per month.**”



96. REW mail and radio advertisements have invited consumers to “make a six-figure income.”

Triple Your Investment Guarantee

97. REW even provided consumers with a “Triple Your Investment Guarantee Certificate.”



98. Consumer L.W. attended a three-day REW event in Colorado during 2015. She was provided with a "Triple Your Investment Guarantee Certificate" which featured Chad Chiniquy logos and branding.

99. In May 2016, consumer A.B. was provided with a "Triple Your Investment Guarantee Certificate" during a three-day REW seminar held in Illinois.

100. On July 6, 2016, consumer W.P. attended a free Government Tax Lien Network event in Hartford, Connecticut. During that event, he was provided with a "Triple Your Investment Guarantee Certificate" from REW.

101. On November 20, 2016, consumer A.J. was provided with an REW "Triple Your Investment Guarantee Certificate" during a three-day REW workshop held in the Dallas metro area, Texas.

102. In February 2018, consumer Z.M. was provided with a "Triple Your Investment Guarantee Certificate" during a free GTLN seminar held in Carlsbad, California.

Radio Advertisements

103. REW made changes to its radio advertisement scripts in July 2018 in response to subpoenas issued by the Division. The revised script still contained representations that consumers could make money from REW training, including "making some extra cash" (emphasis in original), and earning "secured returns potentially up to 25%". The script goes on to state that REW's method is "so simple; you can do this in your pajamas from the comfort of your own home" and that the tax liens are "completely secured by the government". The revised radio advertisements contain earnings representations and misrepresentations about the nature of tax liens.

104. Bove knew of the subpoena and was instrumental in changing the language of the radio advertisements. Bove had control and authority over changes to radio advertisement scripts.

105. Stevens was also instrumental in changing the language of the radio advertisements.

Testimonials

106. Consumer V.M. purchased REW training beginning in October 2018, which consisted of a three-day seminar, an advanced training package, and a "fly-out" mentorship with an REW mentor. V.M. purchased several properties following REW's methods. V.M. had provided a video testimonial to REW in February 2019 where she described projected income over

\$100,000 as a result of applying REW's methods. V.M. contacted REW in June 2019 and asked that her video testimonial not be used because she did not want anyone to go through what she was going through. To date, V.M. has been unable to flip any of the three properties she purchased following REW's methods. V.M. incurs costs of approximately \$1,000 per day with respect to these properties.

107. REW used consumer testimonials like V.M.'s in an effort to convince potential purchasers that they could make substantial profits if they applied REW's methods.

108. Most, if not all, of the video testimonials were recorded during or immediately after the training event, when consumers were excited by REW's promises of wealth that could supposedly be realized if the methods were applied, but before they were able to actually apply REW's methods.

109. In recordings of an REW three-day event provided to the Division by REW, REW presenter Jeremy Black made numerous earnings representations to consumers, including:

- a. "If you want to make a million bucks, I'll show you a path to get there."
- b. He makes over \$250,000 per year, and has a net worth over \$1,000,000.
- c. "You can get in and out of this thing quickly and make \$40 grand or \$50 grand."
- d. "The goal is to make you a couple hundred grand."
- e. "You have a 10% [chance] of owning a property [through tax liens], and that could be your chance to go on to start making millions of dollars."
- f. "What if you got this house at \$7 grand, whatever the three-year tax delinquencies were, and you own a house in Decatur, Illinois that's now worth \$250[,000] and you're renting it for \$1,000 [per month]."

- g. "I will teach you a way that will make you a lot of money if you implement it. I'll go as far as guarantee it."
- h. "Here are the facts about REW. The facts are simple. We have an extremely successful real estate business. And you can mimic, model, and follow it. Every one of the coaches has a successful business."
- i. "You only need about 3 or 4 wholesale buyers who truly trust that you evaluate properties for them, that you understand the rehab and leave them margins, for you to change your tax bracket significantly. You've done almost 20 wholesale deals, and let's just say you only make 10 grand, that's \$200 grand next year. That's not bad is it, right? It's doable. Many students have immediate success because they follow this path. Follow the path that has worked for others, it will work for you."
- j. "What can you do in two years? Can you create a few hundred - how many of you can see yourselves making \$200 grand, maybe \$150 grand, a quarter million dollars over the next 24 months? If you can, say 'oh yeah.'"
- k. The Diamond advanced training package is described as "everything you need to be successful in this industry, and everything you need as you grow to that million dollar level."
- l. "Let's look at this: \$35,000 in your business, you do one deal. One deal and you bring in \$35 grand, the business is paid off. If you can do one deal and bring in a profit of \$35,000 you got a business that is paid off."
- m. "Use it like a Visa scholarship, 35 grand, six months, that's \$6000 interest if you have standard APR. \$6 grand interest. If you have 0% interest dollars, if you have the

ability to borrow money at 0% for 12 months, you've paid nothing. With the standard APR it's 6 grand, that's it. That's just \$32.95 a day, \$32.95 a day to have all the tools and resources to put yourself in a position to do a deal or two and many more in the course of 12 months. Who likes that? If you do, say "oh yeah.""

- n. "You could invest in your business, pay nothing monthly, and have three deals done in the first year. And let's just say you only make 20 grand a deal. That's 60 thousand dollars in your back pocket, and the deal paid for the cost of the business, and it keeps on giving, true or false?"

110. The earnings representations REW has made to consumers are implausible, unsubstantiated, and are intended to bait consumers into purchasing successively more expensive training.

111. Many consumers who purchased REW's training have not made as much money as REW represented they would, and many have made no money at all. Most REW consumers are in a worse financial position than before they transacted business with the company.

False Representations Regarding the Success of REW

112. REW provided recordings of a three-day seminar to the Division, wherein an REW representative told consumers "here are the facts about REW. The facts are simple. We have an extremely successful real estate business. And you can mimic, model, and follow it. Every one of the coaches has successful businesses."

113. REW has no evidence to show that REW operates an extremely successful real estate business, or that every REW coach has a successful business.

114. Very few REW consumers have successfully mimicked, modeled, or followed an REW real estate business. Indeed, most REW consumers are in a worse financial position than before they transacted with REW.

False Representations Suggesting REW is Affiliated with the U.S. Government

115. To appear legitimate and safe to consumers, REW’s advertisements have alluded to a partnership with or endorsement by the United States federal government.

116. Advertisements for the free tax lien training included an official-looking seal with a picture of a bald eagle, an American flag, and the words “Government Tax Lien Network.” The training DVDs provided to consumers have a picture of the United States Capitol Building, and state “2015 Government Tax Liens LLC” in small print.



117. REW mailers falsely state that investments in tax liens are “backed by the government” or “secured by the government.”

118. On May 19, 2016, consumer A.P. attended a free GTLN event in Arizona. She learned about the event by receiving a GTLN mailer. Based on that mailer, she believed the free event was being provided by individuals from the government.

119. Consumer N.N. saw advertisements for a GTLN event on the internet. Based on those advertisements, she thought that the event was operated by the government, not a private business. When she attended the free event on December 17, 2015, she found that the presenters were actually from a private company.

Advertised Services and Products Not Provided

120. During the free seminars REW representatives offered three-day tax lien workshops for \$597.00. But when consumers paid for and attended the workshops there was little instruction regarding tax liens, and the focus of the workshop was how to “flip” real estate.

121. In recordings provided by REW to the Division, one of REW’s sales staff questions another staff member why the three-day event is sold as a tax lien event when the topic of the three-day event is actually on house flipping. Neither REW representative had an explanation for this discrepancy.

122. In October 2015, consumers J.M. and M.M. together attended a three-day REW event in the Washington D.C. metro area. At this event, the topic quickly changed from tax lien investing to flipping real estate.

123. On May 19, 2016, consumer P.W. attended a free REW seminar held in Arizona. At the free seminar, REW described the upcoming three-day workshop as providing more information on tax lien investing. When P.W. later attended the three-day workshop in Mesa, Arizona, she

found that the workshop was not focused on tax lien investing but instead centered on flipping real estate.

124. During other three-day tax-lien workshops, Jessie Tieva promised consumers numerous valuable services if they purchased an Advanced Training package. Tieva promised consumers one-on-one mentoring, readily available financing, lists of available commercial property inventory, a Las Vegas event where vetted properties would be available for purchase, Tieva's contact information, and contact information for Tieva's "Boots on the Ground" teams. Tieva promised some consumers that she would personally mentor those who enrolled in the Diamond Advanced Training package.

125. Consumer I.Z. purchased a Diamond Advanced Training Package because she had been told that Jessie Tieva would be her mentor, and I.Z. wanted to be mentored by Tieva. After paying \$39,900 for the Advanced Training Package, I.Z. attempted to contact Jessie Tieva multiple times. Tieva never responded. No mentoring was ever provided by Jessie Tieva.

126. Jessie Tieva told a three-day workshop group in Mesa, Arizona, that she would act as their personal mentor if they purchased a Diamond Advanced Training Package. Consumer P.W. paid \$39,900 for a Diamond Advanced Training package because she thought Jessie Tieva would be a good mentor. After purchasing the training, P.W. tried to contact Jessie Tieva by phone and email, but Tieva did not respond. P.W. did not receive any mentoring from Jessie Tieva.

127. Consumer V.M. was told in October 2018 that she would gain access to REW's team in the Dallas area, but she later discovered that REW did not have a team in the Dallas area.

128. V.M. was also told that the advanced training package she purchased included unlimited creation of business entities through Prime Corporate Services so that each property could be

placed in a separate business entity. V.M. purchased multiple properties and contacted Prime to set up entities for each property, but was told that she would have to pay separately for each business entity.

129. Consumer P.A. purchased a \$25,000 fly-out mentorship at an REW San Diego event after she was told that she would gain access to REW's team of realtors, contractors, and appraisers in Dallas. When REW mentor Brian Petersen, a Utah resident and REW representative, arrived in Dallas, P.A. found out that there was no team in place in Dallas.

130. Other REW representatives told consumers that if they purchased an Advanced Training package, they would receive a three-day one-on-one training session with a mentor, which would take place in the consumer's home market.

131. Consumer P.K., who attended a three-day REW event in April 2016, in the Washington D.C. area, was promised a personal mentorship from an REW mentor, who would come to the Washington D.C. area to help P.K. purchase investment properties. P.K. wanted to purchase this service, and agreed to pay \$40,000 for the training package (\$25,000 deposit with \$15,000 financed through REW). No personal mentorship was ever provided.

132. Many consumers discovered after purchasing an Advanced Training package that no mentoring was provided, let alone one-on-one mentoring within the consumer's home market. Consumers were similarly unsuccessful in receiving mentorship from Tieva, who would not return calls or emails. In some instances, REW denied that mentoring was included in the Advanced Training package. In other instances, mentoring services were offered for an additional \$25,000 to baffled consumers who believed they had already paid for mentoring services.

133. After purchasing an Advanced Training package from REW, consumers J.M. and M.M. attended an REW event in San Diego, California in August 2016. REW offered additional, personalized fly-out mentorship during that event. J.M. and M.M. paid \$25,000 for this mentorship. Despite repeated efforts to find a time that was suitable for REW and J.M. and M.M., no mentorship or refund was ever provided.

134. Consumers discovered after purchasing an Advanced Training package that the promised financing was not provided.

135. One consumer, E.M., was told during a free event (held on August 16, 2017, in the Detroit, Michigan area) that if he purchased a three-day seminar, he would gain access to \$500,000 in private money loans at 1% annual interest. After E.M. paid \$797 for the three-day seminar, REW failed to provide him access to the promised financing.

136. Some consumers were told by REW representatives that if they purchased an Advanced Training package, they would gain access to distressed properties that were for sale and could be purchased by the consumers. After purchasing a package, consumers were not given access to the promised properties.

137. Consumer P.W. purchased Advanced Training and attended REW events in Las Vegas, Nevada and San Diego, California. Despite promises from REW staff that REW would provide lists of properties that were good opportunities for investment, no lists were ever provided.

138. In October 2016, consumers A.K. and M.K. together purchased and attended a three-day seminar held in Bloomington, Minnesota. Despite having purchased the three-day seminar, they were told by REW representatives that to attend the third day of training, they needed to purchase an Advanced Training package. They agreed to purchase the Platinum package but

were charged for the Diamond package, which cost \$10,000 more. To date, REW has not refunded the consumers for its error.

139. REW has made representations about the quality of computer resources provided to consumers with REW training materials. REW has claimed the websites and software access were very valuable, and contained up-to-date information. In reality, the websites contained information that was several months or years out of date, and other functions did not operate as advertised.

140. Consumer V.H., a realtor who purchased a Diamond Advanced Training package on December 17, 2017, compared information from the REW software to property information provided by the Multiple Listing Service (“MLS”). V.H. found that the information provided by REW was inaccurate and outdated.

141. When V.H. contacted REW staff about the low quality of the software, REW staff told her to just use the Multiple Listing Service.

142. Despite the outdated and often non-functioning nature of the REW computer resources, one presenter told consumers during a free seminar that he personally used the computer resources the same morning to purchase several tax liens.

143. REW misrepresents the true purpose of its seminars. REW has advertised that the free seminar will be a valuable opportunity to learn about tax lien investing. REW has represented that the purpose of the three-day seminar is to provide additional training on tax lien and real estate investing. REW has represented that the training events included in the Advanced Training packages will focus on helping attendees learn more investing techniques.

144. REW's "Triple Your Investment Guarantee Certificate" has been provided to some consumers during the initial free event. This certificate states that REW "understands that you may not be able to fully utilize the materials, services and training you have purchased today until after your 3-day Real Estate Workshop."

145. REW's business model is a bait and switch operation.

146. In reality, the purpose of all REW events is selling additional goods, training, and/or services to consumers. The initial free seminar is primarily a sales pitch for additional training packages, with the information about tax lien investing included to excite consumers about the possibility of passive income through tax liens, which induces them to purchase additional training. The three-day seminar explains the basics of real estate flips, but uses them as a method to show consumers that they need more training to understand the details, which REW offers to teach at a substantial additional cost.

147. Events included in the Advanced Training packages were advertised to include training on advanced real estate investing, but actually focused on selling additional services to consumers. For example, a San Diego event featured a heavy focus on hiring mentors for "fly out" coaching visits, and a Las Vegas event featured a pitch for a package of legal services.

Coaching Consumers to Take on Burdensome Debt

148. REW representatives have told consumers, "Never close a credit card, ever. Every one of you will have a better credit score by opening up accounts where you now have 50 or 60 grand available." Representatives have encouraged consumers to repeat and chant out-loud the answers to the following questions: "How much do we borrow? As much as we can. How fast? As fast as we can."

149. During the Advanced Training seminars and some three-day seminars, consumers have been coached by REW representatives about how to increase their credit card limits, or how to get approved for new credit cards with higher limits. Consumers have been told that the additional money to which they gain access can be used to pay for REW Advanced Training, to purchase real estate, or to lend funds to other real estate investors. REW helped at least one consumer obtain a loan in the amount of \$3,368.75, which was used to fund a portion of the cost of an Advanced Training package. That loan was financed at an annual percentage rate of 29.95%, which is significantly higher than the current national average credit card rate of 17.71%.

150. At a three-day event held in June 2016 in Mesa, Arizona, an REW employee using the name "Michelle" told consumer P.W. to state on a credit card application a level of income much higher than her actual income. P.W., on REW's recommendation, also allowed REW staff to fill out credit card applications on her behalf.

151. REW has provided consumers a script to use when contacting credit card companies and requesting increased credit limits. It also has provided consumers with written instructions regarding applying for a specific Capital One credit card. The instructions misrepresent how much consumers can expect to make by investing in real estate while encouraging consumers to include that projected real estate income when applying for a credit card:

You'll need to have a projected income, since most students haven't created an income through real estate; we have found that **a conservative number for a projected income is \$130,000 for 'total annual income'**.

(Emphasis original).

152. In June 2016, during a three-day event in Mesa, Arizona, REW told consumer P.W. to open new credit cards, and to call her existing credit card companies to ask for increased credit limits.

153. Consumer S.W. attended the same REW three-day event in Mesa, Arizona in June 2016. REW gave S.W. a script to use when calling credit card companies to ask for increased credit limits. S.W. used that script when she called her credit card companies to ask for higher limits. S.W. ultimately used those credit cards to purchase advanced training from REW.

154. During an REW event in Georgia in August 2016, at least one consumer, M.F., was directed by an REW representative to apply for a specific business credit card that would provide a high credit limit. Consumer M.F. was directed to state that her income was much higher than it actually was to qualify for a higher limit.

155. REW representatives have encouraged consumers to use the Nevada Company, which applies for credit cards on behalf of consumers for a fee of \$3,995.00. One consumer, who started with an excellent FICO score above 800, signed up with the Nevada Company and obtained a few new credit cards. This consumer used those cards to pay for a \$30,000 Advanced Training package. As a result, the consumer's credit score fell to an unacceptable level, he has been charged several thousand dollars in fees and interest, and he is now required to provide personal guarantees on his credit card accounts.

156. REW has made representations to consumers about the nature and quality of the credit that is provided by the Nevada Company to consumers. REW has stated that the credit is a loan, that it charges 0% interest, and that the consumers who receive credit through the Nevada Company are made wealthier by having access to "other people's money."

157. In reality, the Nevada Company opens numerous credit cards on behalf of the consumers who purchase their services. Consumers who purchase the Nevada Company's services report a rapid drop in their credit rating after obtaining new credit cards through the Nevada Company.

158. In December 2015, consumers N.N. and T.N. together attended a three-day REW training, held in Miami, Florida. During the event, they were approached about purchasing services from the Nevada Company. N.N. and T.N. were told that they were each approved for \$80,000-100,000 in funding. N.N. paid \$7,495 to the Nevada Company to gain access to this funding. the Nevada Company opened numerous credit cards in N.N.'s name, which resulted in his credit score falling substantially.

159. Consumer A.B. signed a contract with the Nevada Company on May 17, 2016, during a three-day REW seminar, and paid the Nevada Company \$3,495. A.B. did not have sufficient credit to qualify for the Nevada Company's standard \$50,000 funding level. Instead, A.B. was provided with a guarantee that he would receive access to \$25,000 of credit, which was provided through various credit cards.

160. Contrary to representations made by REW presenter Jeremy Black in recordings provided to the Division by REW, consumers who purchase the Nevada Company's services are not made wealthy through their transaction with the Nevada Company. Rather, they have paid approximately \$3,500 to obtain credit cards, and any charges on those cards must be repaid if they are used.

161. Consumer C.S. was directed by REW to use the Nevada Company to open additional credit cards. He was instructed in an email that when he contacted the credit card companies for verification, he should tell the banks that he had filled out the credit card applications and to

represent that his household income was \$100,00 per year. Both of those statements were untrue.

C.S. used credit cards opened by the Nevada Company to pay for REW training.

162. Consumer V.M. purchased training from REW, beginning in October 2018. V.M. followed REW's advice and raised the limits on her existing credit cards. V.M. then used the credit cards to pay for REW training.

163. V.M. applied the methods taught by REW and REW mentors, and became involved in five separate property transactions, three purchases of her own and two other deals where she acted as a gap lender. V.M. incurred substantial debt to hard money lenders because she was encouraged to do so by REW mentors. V.M. found that she was unable to make money from REW's methods due to the extreme levels of debt that REW encouraged her to take on. V.M. has been unable to flip any of the three houses she purchased.

Consumers Required to Waive Rights to Receive Even Partial Refunds

164. Utah Code § 13-11-4(2)(q) provides that it is a violation of the CSPA to include in any contract any waiver of any rights to which a consumer is entitled under the CSPA. Under the CSPA, REW was required to provide a notice to consumers stating that REW would grant any refund request made before midnight of the third business day after a transaction took place, or until receipt of the product, whichever was later. See Utah Code § 13-11-3(a)(ii).

165. Instead of granting consumers' cancellation requests and cancelling the existing contracts, REW has required consumers to sign an additional contract prior to refunding the purchase price.

166. The additional contract includes several provisions that were not contained in the initial purchase agreement between REW and the consumer.

167. In addition to requiring an additional contract for cancellation under the three-day right to cancel, REW has required consumers to disclaim their right to seek governmental redress before refunds are issued.

168. REW settlement documents state that consumers must withdraw complaints filed with regulatory agencies, and notify enforcement agencies that the consumer does not wish to proceed with any action against REW before REW will issue a refund.

169. In April 2016, consumer F.P. attended an REW three-day event at a hotel in Arlington, Virginia. During the event she paid a \$9,900 deposit to REW for an Advanced Training package. The total price of the Advanced Training package was \$39,900. F.P. decided to cancel her purchase, and she contacted REW within the statutory three-day rescission period.

170. REW sent F.P. an additional contract, which stated that REW would release the refund payment to F.P. "once Real Estate Workshop [was] able to verify signed receipt" of the contract.

The contract stated, in part, that:

[F.P.] on agrees to retract, and or, not commit any disparaging remarks or statements, both written and verbal. Non-compliance to do so by [F.P.] will result in continued dispute, will be considered a breach of this agreement and will result in legal action against [F.P.] for damages, attorneys fees and the repayment of the original funds received by Real Estate Workshop, and subsequently refunded in accordance with this agreement.

(Errors original).

171. The contract also stated that REW was "making an exception to its policies" by providing the refund to F.P., despite the inclusion of a three-day right to cancel in the original purchase contract.

172. On July 21, 2017, consumers N.N. and T.N. were provided a refund contract by REW after they had spent approximately \$65,000 for REW's training, and had lost approximately

\$40,000 on a bad real estate deal arranged by REW presenter Eric Blackwell. REW offered to refund the amounts spent on training, but not the \$40,000 lost in the real estate deal, if N.N. and T.N. agreed to a contract that contained the following language:

I agree that I have been fully compensated and agree to withdraw any complaint filed with any regulatory agency relating to the program or product for which the above outlined refund has been issued. I agree to notify any enforcement agency that I am satisfied with the results of this refund and do not wish to proceed with any action against [T]he Real Estate Workshops in relation to [the] program or product for which the above outlined refund has been issued. I also agree to remove any and all negative reviews and/or complaints posted online or elsewhere.

I agree to keep confidential all terms of this Agreement, including but not limited to, the amount of the refund issued to me. I am entitled to disclos[e] the terms of the refund to my financial and legal advisors, or to other third parties as required by law. If I breach this promise of confidentiality, I understand that The Real Estate Workshops has the right to cancel the refund and/or collect the amount of the refund I receive back from me as damages for my breach.

(Emphasis added).

REW Encouraged Use of Consumer Retirement Funds

173. REW has encouraged consumers to use whatever funds are at their disposal to purchase training packages and invest in real estate, including retirement funds.

174. One of REW's radio advertisements states:

ATTENTION: THIS IS AN INVESTOR NOTICE. ARE YOU INTERESTED IN MAKING SOME EXTRA CASH BUYING REAL ESTATE TAX LIENS IN YOUR LOCAL AREA? THEN LISTEN TO THIS. THE GOVERNMENT TAX LIEN NETWORK IS OFFERING A FREE TAX LIEN KIT WHICH CONTAINS TWO DVD'S AND A STEP-BY-STEP REPORT THAT WILL WALK YOU THROUGH HOW YOU COULD EARN SIGNIFICANT RETURNS ON YOUR INVESTMENT BUYING DELINQUENT TAX LIENS, WHICH ARE SECURED TO THE PROPERTY. THEY'LL EVEN SHOW YOU HOW TO DO THIS INSIDE YOUR OWN RETIREMENT ACCOUNTS! SO IF YOU'RE LOOKING TO BECOME A REAL ESTATE INVESTOR WITH LITTLE

RISK THEN CALL 800-613-8830 NOW TO GET YOUR OWN FREE TAX LIEN KIT. THEN GET READY TO START INVESTING WITH TAX LIENS, BUYING HOUSES FOR PENNIES ON THE DOLLAR, WITH LITTLE OR NONE OF YOUR OWN MONEY, WORKING ONLY FIVE TO TEN HOURS PER WEEK. CALL 800-613-8830 RIGHT NOW TO GET YOUR FREE TAX LIEN KIT - PLUS TWO FREE TICKETS TO A LIVE TRAINING EVENT COMING SOON TO THE [CITY NAME] AREA. THIS IS A LIMITED TIME OFFER, SO CALL 800-613-8830, THAT'S 800-613-8830 FOR YOUR FREE TAX LIEN KIT NOW! PAID FOR BY REAL ESTATE WORKSHOPS LLC. INVESTMENT RESULTS VARY.

(Emphasis added).

175. An REW training book for a course called “Buy & Hold Cash Flow” encourages consumers to “be the Bank” when investing in real estate because you get a “[b]etter return than most of the market”, “[y]ou’re in control!”, and your investment is “[l]iquid, [you] can sell the mortgage”.

176. The same training book purports to compare the different returns a consumer might receive over a ten-year period if they were to invest \$350,000 in real estate instead of the stock market, an annuity, U.S. bonds, or certificates of deposit. The projected returns from real estate investing are shown to provide the greatest annual return, approximately 10.8%, compared to approximately 6.5% for the stock market, 4% for an annuity, 3.9% for U.S. bonds, and 1.5% for certificates of deposit.

177. In another section of the training book, REW lists six different sources of funds that a consumer could use to purchase a single-family home. “Retirement Accounts” is number three on the list, behind “CASH!” and “Profits from Flips.”

178. At training events, presenters have told consumers that they understand the training is expensive, but promise it will be worth the cost because the additional training will generate

more profit than the cost of the training. Presenters have encouraged consumers to use credit cards or retirement funds to purchase the Advanced Training.

179. REW mentor Eric Blackwell encouraged consumer P.A. to use her 401k retirement funds for real estate investing. P.A. began transferring the money to Specialized IRA Services, a company suggested by REW, but then decided to place a hold on the transfer. Specialized IRA Services then resubmitted the application and received money from P.A.'s 401k. P.A. was eventually able to have her 401k funds returned to her original account.

180. Aaron Darby contacted consumer V.M. in March 2019 and encouraged her to contact a company called Sprout in order to schedule a consultation about self-directed IRA or Solo 401k accounts.

181. Consumers who used retirement funds to purchase REW training did not generate a profit, let alone a profit in excess of the cost of the training.

Fraudulent Proof of Funds Letters

182. REW has provided consumers with access to a website known as Advanced Funding Network. The website allows consumers to print out documents appearing to be a proof of funds letter. These documents gave the impression that consumers had access to hundreds of thousands of dollars in the depicted accounts to use in real estate investing, but this was not the case.

183. Stevens acknowledged in a signed declaration that consumers were not allowed to draw on the funds identified in the proof of funds letters. Stevens stated that the "proof of funds letters were meant only as a way to assist a customer to put a given property under contract." Though Stevens knew consumers bearing the letter could not access the funds, the seller of a property who received such a letter from one of REW's consumers would not.

184. REW told V.M. that access to their proof of funds documents was very valuable and would help V.M. secure properties. However, REW staff told V.M. not to use the proof of funds letter when dealing with government-backed lenders.

185. V.M. was unable to use the proof of funds documents to secure any properties, though she was able to secure three properties through other means.

186. V.M. was able to generate a fraudulent proof of funds letter as recently as July 2019 using REW's Advanced Funding Network site.

187. In May 2017, consumer D.W. was offered unlimited access to the fraudulent proof of funds letters through an REW telemarketing solicitation. D.W. agreed to purchase access to the proof of funds letters for \$5,000, and paid \$1,000 via credit card with the remaining \$4,000 financed through REW. REW led consumers to believe that these fraudulent proof of funds letters were useful and valuable.

Telephone Sales

188. Telephone soliciting businesses must be registered with the Division as described in the TFFPA. Neither REW nor the Individual Defendants were registered with the Division in connection with their REW activities.

189. REW staff has conducted telemarketing sales, and asked consumers to purchase additional training and mentoring through interstate telephone solicitations.

190. REW also used telephone calls to set appointments for consumers to attend seminars where REW goods and services were sold.

191. REW made or caused to be made telephone solicitations from its location in Bluffdale, Utah.

192. Telephone records show that REW conducted approximately 90,000 telephone calls from February 2018 to November 2018.

193. Stevens, Bove, and Wadsworth had previously been listed as officers of PLI LLC on a Telemarketing Permit Application Form for that entity, which was withdrawn in 2014. All three had previously complied with registration requirements in other ventures but failed to do so in connection with REW.

194. After attending a three-day REW seminar in 2016, consumers J.M. and M.M., both Virginia residents, were called by an REW "mentor" who said his name was Brian. Brian offered to provide personal mentoring. He stated that the mentorship would cost \$10,000 and would help J.M. and M.M. find properties for sale. J.M. and M.M. did not purchase this mentorship.

195. After attending a four-day REW event in San Diego, California, Consumer M.K., a Minnesota resident, received a telephone call from Scott Kauffman of REW. Mr. Kauffman, who was located in Utah, offered to sell a personal mentorship package to M.K. for \$8,300. Mr. Kauffman stated that a mentor would help M.K. to become a successful real estate investor.

196. An investigator employed by the Division, who had attended a free RTLN seminar in Texas in 2019, was called by an REW employee who identified himself as "Wyatt." Wyatt called the investigator's Google Voice number from a phone number with a (385) area code, which is a Utah area code. He asked the investigator why he had not purchased the three-day seminar during the free event. Wyatt sent a copy of the purchase agreement for the three-day seminar to the investigator via email. Wyatt stated that he could take by phone payment of \$597 for the three-day seminar. Wyatt also stated that he was in Utah.

197. REW made telemarketing calls to consumers who had already purchased services from REW. Consumers were offered additional telephone mentoring, costing as much as \$15,000. These sales were tracked in REW's internal database, and the funds received from these sales were deposited into a bank account which REW referred to as the "Telesales Account." The Telesales Account took in \$1.4 million from consumers in 2017.

198. The contract used by REW for telemarketing sales states

The State of Utah is the place of the origin of this Contract and is where the Company accepted the offer of the Client to become a Client and where the Client entered into the Contract with the Company. The Contract is therefore to be construed in accordance with the laws of the State of Utah (without giving effect to any conflict of law provision or rule) as to contracts made and to be wholly performed within the State.

199. Neither REW nor the Individual Defendants were registered with the Division as a telephone soliciting business or as telephone solicitors at the time telephone solicitations were made, or when they caused telephone solicitations to be made.

Required BODA Protections Not Provided to Consumers

200. BODA requires sellers of business opportunities to provide certain disclosures to consumers who purchase the business opportunity. Those disclosures must be included in a prospectus.

201. The prospectus must include information about the experience and criminal records of the principals of the company, information about the earnings representations that are made in connection with the sale of business opportunities, and information about the number of business opportunities that were returned by consumers over the prior year.

202. The prospectus must be provided to potential purchasers at least ten days before the purchase of the business opportunity. The prospectus must include the following statement when earnings representations are made:

CAUTION

No guarantee of earnings or ranges of earnings can be made. The number of purchasers who have earned through this business an amount in excess of the amount of their initial payment is at least _____ which represents _____% of the total number of purchasers of this business opportunity.

203. The prospectus must include information filed with the Division, as well as a cover sheet including the following notice:

INFORMATION FOR PURCHASE OF A MARKETING PLAN:

To protect you, the State Division of Consumer Protection has required your seller to give you this information. The State Division of Consumer Protection has not verified this information as to its accuracy. The notice may contain additional precautions deemed necessary and pertinent. The seller, in lieu of the information requested by Section 13-15-4, may file with the commission and provide to prospective purchasers certified disclosure documents authorized for use by the Federal Trade Commission pursuant to Title 16, Chapter I, Subchapter d, Trade Regulation Rules, Part 436, "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures."

204. Of the over 100 REW purchase contracts reviewed by the Division's investigator, none contained the required BODA warning statements after earnings representations.

205. The Division's investigator found no evidence that the required prospectus was ever prepared or provided to consumers, nor any evidence that a ten-day cooling off period was provided between the provision of disclosures to consumers and the date when business opportunities were purchased by consumers.

206. REW did not collect the information necessary to provide accurate disclosures to consumers.

207. Sellers of business opportunities must also file the information found in the prospectus with the Division prior to selling business opportunities. REW did not file any of the required information with the Division.

Promised Free Gifts Not Provided to Consumers

208. REW promotional materials offered consumers a free gift package if they attended the initial free event. The gift package included a digital smart watch.

209. Consumer W.P. attended a free REW event in August 2016 in Connecticut. W.P. was promised an Android watch for attending the event, but he never received it.

210. Consumer M.F. attended a free REW event in August 2016 in Georgia. M.F. was promised a gift package for attending. She did not receive it.

211. Consumer P.A. was promised a free smart watch for attending an REW event in Plano, Texas in October 2018. No gift was provided until she repeatedly asked for her gift.

212. Consumer C.S. was promised a gift for attending an REW event in San Antonio, Texas in June 2018, which he believed was a tablet. C.S. never received any gift.

213. Consumer V.M. was promised a free watch if she attended the initial free event held in Frisco, Texas in October 2018. She was told that the watch would be sent to her after she submitted a postcard proving her attendance at the seminar. V.M. mailed the postcard to REW, but never received the watch or any other gift.

CAUSES OF ACTION

COUNT I

VIOLATIONS OF THE UTAH CONSUMER SALES PRACTICES ACT

False Representations to Consumers

214. The Division re-alleges and incorporates all paragraphs of this complaint, as if fully set forth herein.

215. Under Utah Code § 13-11-4, it is a violation for a supplier to engage in any deceptive act or practice in connection with a consumer transaction. REW is a “supplier” because it regularly solicits, engages in, or enforces consumer transactions, either directly or indirectly. The Individual Defendants also meet the definition of suppliers.

216. REW engaged in deceptive acts in connection with consumer transactions, when, among other things, it made false representations to consumers regarding the income consumers could anticipate from purchasing REW training. It deceived consumers about the true purpose of its seminars. It deceived consumers about the services provided by REW and the Nevada Company. It committed deceptive acts by misrepresenting that its prices reflected a \$10,000 “discount” when purchasing advanced training packages. The price was not a true discount. REW deceptively told consumers they would receive a discounted price on a legal services package, when there was not a true discount. It deceptively marketed the quality of computer resources and other services provided to consumers.

217. REW has committed deceptive and misleading acts and practices by telling consumers they should use “other people’s money” by increasing their credit card debt and obtaining new credit cards. REW has told consumers they should use this money, in part, to pay for REW’s

services on the representation that consumers will be able to use the information they receive to make money to repay the credit cards, including accruing interest. These statements were false.

218. REW has committed deceptive and misleading acts and practices by encouraging consumers to utilize from REW's website proof of funds letters which did not actually prove the consumers had access to funds.

219. REW has committed deceptive acts and practices when it has told consumers they could expect to earn substantial amounts of money by using REW's training. Most consumers did not earn any money by using REW's training. REW lacked substantiation for the representations it made, and did not provide any substantiation when requested by the Division in a subpoena. Earnings representations made without adequate substantiation are misleading and deceptive.

220. REW's business model is misleading and deceptive. It has told consumers they would learn how to make money in real estate or tax liens by attending a free seminar. When the consumers attend the free seminar, they are told that in order to make money in real estate or tax liens, they will need to pay \$597 or more to attend a three-day seminar. If consumers pay the money and attend the three-day seminar, they are told that they cannot succeed unless they pay approximately \$30,000 or more to attend advanced training seminars. Even when consumers pay tens of thousands of dollars for training, they are repeatedly upsold additional products and services and are still unable to make money using REW's training.

221. REW's business model is a bait-and-switch operation.

222. The Individual Defendants have at all relevant times, been aware of the misleading and deceptive nature of REW's actions. The Individual Defendants designed REW's business model, executed it, and oversaw REW's employees and agents in carrying it out. Despite their

knowledge of the misleading and deceptive nature of REW's business and of specific misleading and deceptive statements, the Individual Defendants took no action to stop the conduct.

223. By reason of the actions alleged herein, REW and the Individual Defendants violated Utah Code § 13-11-4.

COUNT II

VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

Illegal Refund Requirements

224. REW's sales of products and services are required to bear the disclosure language of Utah Code § 13-11-4(3)(a)(ii), which states that consumers have until midnight of the third business day after the transaction or delivery of the product to rescind the transaction. Suppliers are required to grant all cancellation requests made within this timeframe.

225. Instead of granting timely cancellation requests and cancelling the existing contract, REW required consumers to sign an additional contract prior to refunding the purchase price.

226. REW's additional contract included several provisions that were not contained in the initial purchase agreement between REW and the consumer.

227. The additional provisions required consumers to retract any disparaging remarks or statements made against REW, and to refrain from making disparaging comments in the future. The documents further stated that violation of the terms of the agreement would result in "legal action against [consumers] for damages, attorneys (sic) fees and the repayment of the original funds received by Real Estate Workshop, and subsequently refunded in accordance with this agreement."

228. The additional contract also required consumers to disclaim their right to seek governmental redress in order to receive refunds, stated that consumers had to withdraw complaints filed with regulatory agencies, and notify enforcement agencies that the consumer did not wish to proceed with any action against REW before REW would issue a refund.

229. REW required consumers to sign contracts which restricted their rights, instead of granting complete cancellation for all refund requests made within the cancellation period as required by the CSPA.

230. The Individual Defendants knew of these activities, and did not stop them.

231. By reason of the actions alleged herein, REW and the Individual Defendants violated Utah Code § 13-11-4(2)(q).

COUNT III

VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

REW misled consumers by depicting a government affiliation that does not exist.

232. Utah Code § 13-11-4(2)(i) provides that it is a violation to indicate that a supplier has a sponsorship, approval, or affiliation the supplier does not have.

233. REW mailers contained imagery and symbols that indicated it was affiliated with the government, and indicated that the tax liens were backed or secured by the government, which was untrue.

234. The Individual Defendants knew of the imagery and symbols included on the mailers and took no steps to correct them.

235. By reason of the actions alleged herein, REW and the Individual Defendants violated Utah Code § 13-11-4(2)(i).

COUNT IV

VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

Unconscionable Acts in Connection with Consumer Transactions

236. Utah Code § 13-11-5 provides that it is a violation for a supplier to engage in an unconscionable act or practice in connection with a consumer transaction, whether the act occurs before, during, or after the transaction.

237. REW has engaged and continues to engage in unconscionable acts when it encouraged consumers to incur large amounts of debt to purchase training and services from REW, when it misrepresented how much consumers can expect to make by investing in real estate while encouraging consumers to include that projected real estate income when applying for credit cards, when it provided fraudulent proof of funds letter to consumers, and when it encouraged consumers to use retirement funds to purchase REW training packages.

238. REW knew or had reason to know that, in the circumstance where each of the above actions was undertaken, the actions were unconscionable.

239. The Individual Defendants knew REW was engaging in this conduct and did not stop it.

240. By reason of the actions alleged herein, REW violated Utah Code § 13-11-5.

COUNT V

VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

REW Failed to Provide Prizes

241. Utah Admin. Code R152-11-6, promulgated under Utah Code § 13-11-2(5), defines certain conduct involving free prizes as deceptive acts under the CSPA.

242. REW promised to provide free prizes to consumers who attended their free seminar, including an android smartwatch and several e-books. REW has provided a link to access the various e-books, but REW has failed to provide the smartwatch to consumers.

243. REW stated in its promotional materials that consumers who attended its free events would receive a prize package valued at \$500. Under Utah Admin. Code R152-11-6(A), the true market value of the prize must be provided to the consumer. The “smartwatch” (which was provided to few, if any, consumers) has a fair market value of less than \$10. The e-books provided by REW have a fair market value near \$0. REW failed to accurately state the fair market value of the prizes, and thus violated the CSPA Rules.

244. The Individual Defendants knew of REW’s conduct and did not stop it.

245. By reason of the actions alleged herein, REW violated Utah Admin. Code R152-11-6.

COUNT VI

VIOLATIONS OF THE BUSINESS OPPORTUNITY DISCLOSURE ACT

Information Filing Requirements

246. The Division re-alleges and incorporates the allegations made elsewhere in this complaint, as if fully set forth herein.

247. REW, starting in at least 2014, sold an assisted marketing plan for an initial required consideration of \$500 or more for the purpose of enabling the purchaser to start a business. REW represented that upon payment by the purchaser of a fee or sum of money, which exceeded \$500 to the seller, it would provide a sales or marketing program that would enable the purchaser to derive income from the assisted marketing plan that exceeded the price paid for the marketing plan.

248. REW, starting in at least 2014, sold assisted marketing plans, but did not file required information with the Division, including names and addresses of the business, trademarks or trade names, the business experience of the company's directors and officers, amounts to be paid by consumers, a statement of services the seller will provide the purchaser, a statement of representations made to prospective purchasers about potential sales and income, description of the type and length of training provided to prospective purchasers, a copy of any contracts, numbers of marketing plans sold to date, and numbers of cancelled sales.

249. REW did not track the success of consumers who purchased training or services from REW.

250. To date, REW has not submitted filings required by BODA to the Division.

251. By reason of their actions alleged herein, REW violated Utah Code § 13-15-4.

COUNT VII

VIOLATIONS OF THE BUSINESS OPPORTUNITY DISCLOSURE ACT

Required BODA Disclosures to Consumers

252. Utah Code § 13-15-5 requires sellers of business opportunities to provide the information under Utah Code § 13-15-4 to a prospective purchaser in a single disclosure statement or prospectus, including a required cover sheet, ten days prior to the prospective purchaser entering into an agreement or paying for the assisted marketing plan.

253. REW does not and has not provided consumers with a disclosure statement containing the required information, disclosures, and warnings.

254. By reason of their actions alleged herein, every three-day training, Advanced Training package, and/or mentorship was sold by REW in violation of Utah Code § 13-15-5.

255. Stevens, Bove, and Wadsworth are personally liable for REW's violations of BODA. They are or were partners of REW and responsible for its actions and obligations. They have been sellers under BODA; they sold or offered to sell assisted marketing plans. They were personally involved in the sale of such plans. They controlled REW, knew or should have known it was violating BODA, had the ability to stop the violations, and did not do so.

256. By reason of their actions alleged herein, REW violated Utah Code § 13-15-5.

COUNT VIII

VIOLATIONS OF THE TELEPHONE FRAUD PREVENTION ACT

257. The Division re-alleges and incorporates all paragraphs of this complaint, as if fully set forth herein.

258. Utah Code § 13-26-11 provides that it is a violation to make telephone solicitations without registering with the Division.

259. Telephone solicitations made by REW originated in Utah, and REW conducted business operations in Utah.

260. REW was not exempt from the registration requirements of the TFFPA.

261. REW, starting in at least 2014, solicited the sale of goods or services over the telephone, where purchasers agreed to purchase over the phone, and the purchaser agreed or committed to pay for the goods or services prior to delivery of the goods or services.

262. REW, starting in at least 2014, induced prospective purchasers to make and keep appointments that directly resulted in the purchase of goods or services that would not have occurred without the telephone solicitation and inducement by the solicitor.

263. REW was not registered as a telephone soliciting business with the Division.

264. REW made unsubstantiated claims in connection with telemarketing transactions, which were deceptive in nature. Consumers were told that they would be successful if they purchased additional REW training and services over the phone, but these claims lacked any substantiation.

265. Stevens, Bove, and Wadsworth were aware of the registration requirements, as they had been officers in a business that previously was registered with the Division as a telephone soliciting business.

266. Stevens, Bove, and Wadsworth are solicitors within the meaning of the TFPA. Each of them caused solicitations to be made. They are personally liable under the TFPA. In addition, they are personally liable as partners in REW and as REW's control persons.

267. By reason of their actions alleged herein, REW and the Individual Defendants violated Utah Code § 13-26-11.

268. The Division seeks the imposition of civil penalties against each defendant as provided in Utah Code § 13-26-8(2).

RELIEF REQUESTED

The Division respectfully requests that this Court, as authorized by Utah law, and pursuant to its own equitable powers:

- A. Find that the Individual Defendants are jointly and severally liable for REW's conduct.
- B. Find that Defendants have violated, are violating, and, unless otherwise restrained or enjoined, will violate in the future the CSPA, Utah Code § 13-11-1 *et seq.*; and rules promulgated thereunder;
- C. Find that Defendants have violated, are violating, and, unless otherwise restrained or

- enjoined, will violate in the future BODA, Utah Code § 13-15-1 *et seq.*;
- D. Find that Defendants have violated, are violating, and, unless otherwise restrained or enjoined, will violate in the future, the TFPA, Utah Code § 13-26-1 *et seq.*;
- E. Enter an order enjoining Defendants, and their affiliates, agents, servants, employees, successors, assigns, attorneys, and all persons in active concert with them, who receive actual notice of such order by personal service or otherwise, from violating Utah Code §§ 13-11-1, *et seq.*, 13-15-1, *et seq.*, and 13-26-1, *et seq.*, and rules promulgated thereunder;
- F. Enter an order directing Defendants to make restitution, pursuant to such procedure as the Court may order, all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues, and trading profits derived, directly or indirectly, from acts or practices which constitute violations of Sections 13-11-1, *et seq.*, 13-15-1, *et seq.*, and 13-26-1 *et seq.*, as described herein, including pre-judgment and post-judgment interest;
- G. Enter an order directing Defendants to pay civil monetary penalty and/or fine as provided by Utah Code § 13-26-8(2), and to pay fines for violations of the CSPA and TFPA, pursuant to Utah Code §§ 13-11-17(1); and 13-26-8(2).
- H. Enter an order requiring Defendants to pay investigative costs and fees, including reasonable attorney's fees, as permitted by Utah Code §§ 13-11-17.5 and 13-15-6(3);
- I. Retain jurisdiction of this action in accordance with the principles of equity and the Utah Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or

- motion for additional relief within the jurisdiction of this Court;
- J. Award the Division any additional relief that the Court may determine to be just and proper; and
 - K. Enter an order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

Dated this 6th day of September 2019.

Respectfully submitted,

/s/ Robert G Wing

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