

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

FEDERAL TRADE COMMISSION, and

STATE OF MINNESOTA, by its Attorney
General, Lori Swanson,

Plaintiffs,

v.

SELLERS PLAYBOOK, INC., a
corporation,

EXPOSURE MARKETING COMPANY,
a corporation, also d/b/a Sellers Online and
Sellers Systems,

JESSIE CONNERS TIEVA, individually
and as an officer of SELLERS
PLAYBOOK, INC. and EXPOSURE
MARKETING COMPANY, and

MATTHEW R. TIEVA, individually and
as an officer of SELLERS PLAYBOOK,
INC. and EXPOSURE MARKETING
COMPANY,

Defendants.

CASE NO. _____

FILED UNDER SEAL

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

Plaintiffs, the Federal Trade Commission (“FTC”), and the State of
Minnesota, by its Attorney General Lori Swanson (“State of Minnesota”), for their
Complaint allege:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal

Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the Business Opportunity Rule, 16 C.F.R. Part 437, and the Consumer Review Fairness Act of 2016 (“CRFA”), 15 U.S.C. § 45b, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Business Opportunity Rule, 16 C.F.R. Part 437, and the CRFA, 15 U.S.C. § 45b, in connection with Defendants’ marketing of business opportunities.

2. The State of Minnesota, by its Attorney General, brings this enforcement action to, among other things, obtain temporary, preliminary, and permanent injunctive relief, restitution, and civil penalties for Defendants’ acts or practices in violation of the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-.48, the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-.694, and the CRFA, 15 U.S.C. § 45b in connection with Defendants’ marketing of business opportunities.

SUMMARY OF THE CASE

3. Defendants lure consumers into purchasing expensive business opportunities by deceptively offering consumers a “full-service, turnkey package” for getting their “piece of the \$400 Billion Amazon Pie.” They represent that purchasers are likely to earn thousands of dollars a month by implementing

Defendants’ “customized system to perfect the individual’s ability to sell on Amazon effectively and profitably.” Defendants’ earnings claims are false and unsubstantiated. Contrary to Defendants’ representations, purchasers of Defendants’ business opportunities are unlikely to earn the advertised income.

4. In perpetrating their scheme, Defendants have violated the FTC Act, the Business Opportunity Rule, the CFRA, the Minnesota Uniform Deceptive Trade Practices Act, and the Minnesota Prevention of Consumer Fraud Act by, among other things: (1) making false or unsubstantiated earnings claims; (2) failing to furnish prospective purchasers with required disclosure documents; and (3) using form contract provisions that restrict individual consumers’ ability to review defendants’ products, services, or conduct.

JURISDICTION AND VENUE

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

6. This Court has supplemental jurisdiction over the State of Minnesota’s claims pursuant to 28 U.S.C. § 1367.

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

PLAINTIFFS

8. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Business Opportunity Rule, 16 C.F.R. Part 437. The Business Opportunity Rule addresses common deceptive or unfair practices engaged in by fraudulent business opportunity sellers, such as inducing consumers to pay significant sums of money by means of false or unsubstantiated earnings claims. Additionally, the FTC enforces the CRFA, 15 U.S.C. § 45b. The CRFA prohibits the offering of provisions in form contracts that restrict individual consumers' ability to communicate reviews, performance assessments, and similar analyses about a seller's products, services, or conduct.

9. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act, Business Opportunity Rule, and CRFA and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 45b(d)(2)(A), 53(b), 56(a)(2)(A), 56(a)(2)(B), and 57b, and the Business Opportunity Rule, 16 C.F.R. Part 437.

10. Lori Swanson, Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8; the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-.48; the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-.694; the CRFA, 15 U.S.C. § 45b(e)(1); and has common law authority, including *parens patriae* authority, to bring this action on behalf of the State of Minnesota and its citizens to enforce Minnesota law and the CRFA.

DEFENDANTS

11. Defendant Sellers Playbook, Inc. (“Sellers Playbook”) is a Minnesota corporation with its principal place of business at 9001 Science Center Drive, New Hope, Minnesota 55428. Sellers Playbook transacts or has transacted business in this district and throughout the United States. At times material to this Complaint, acting alone or in concert with others, Sellers Playbook has advertised, marketed, distributed, or sold business opportunities to consumers throughout the United States.

12. Defendant Exposure Marketing Company (“Exposure Marketing”), also doing business as “Sellers Online” and “Sellers Systems,” is a Minnesota corporation with its principal place of business at 9001 Science Center Drive, New Hope, Minnesota 55428. Exposure Marketing transacts or has transacted business in this district and throughout the United States. At times material to this

Complaint, acting alone or in concert with others, Exposure Marketing has advertised, marketed, distributed, or sold business opportunities to consumers throughout the United States.

13. Defendant Jessie Connors Tieva (“Jessie Tieva”) is the secretary and founder of Sellers Playbook, and the president of Exposure Marketing. At all times material to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Jessie Tieva, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

14. Defendant Matthew R. Tieva (“Matt Tieva”) is the president and chief executive officer of Sellers Playbook, and the vice president and chief executive officer of Exposure Marketing. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Matt Tieva, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States.

15. Defendants Sellers Playbook and Exposure Marketing (collectively, “Corporate Defendants”) have operated as a common enterprise while engaging in

the deceptive acts and practices and other violations of law alleged below.

Defendants have conducted the business practices described below through an interrelated network of companies that have unified advertising and marketing practices, common ownership, officers, managers, business functions, employees, warehouse locations, and office locations. Because the Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Jessie Tieva and Matt Tieva have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

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

DEFENDANTS’ BUSINESS ACTIVITIES

17. Since at least 2016, Defendants Jessie Tieva, Matt Tieva, and Exposure Marketing have deceptively advertised, marketed, distributed, promoted, and sold business opportunities to consumers throughout the United States.

18. In October 2016, Defendant Jessie Tieva, personally and through her company Defendant Exposure Marketing, promoted and sold a business

opportunity, known as “FBA Stores,” that purported to provide prospective purchasers with a system for earning thousands of dollars a month as third-party sellers on Amazon.com.

19. Defendant Matt Tieva, Jessie Tieva’s husband, was an officer and co-owner of Exposure Marketing during the relevant time and shared in the profits generated through the sale and promotion of FBA Stores.

20. In early 2017, Jessie Tieva and Matt Tieva formed Defendant Sellers Playbook and began deceptively advertising, marketing, distributing, promoting, and selling the “Sellers Playbook” business opportunity, which is a copycat of FBA Stores.

21. Defendants make earnings claims in connection with the offer for sale, sale, and promotion of these business opportunities.

22. For example, in their advertising and marketing of Sellers Playbook, Defendants represent that consumers who purchase and deploy that business opportunity are likely to profit by selling products on Amazon.com and through other channels online.

23. Typical earnings claims made in Defendants’ advertising and marketing include the following:

- A. “There are 100,000 Amazon Sellers with sales of \$100,000 or more in 2016.”

- B. “[W]e’re going to talk about some strategies this afternoon that’s [sic] going to show you how to make 15 to 30 percent. Tomorrow, I’m going to go through more wholesaling, and I’m going to teach you guys how to start making anywhere from 20 to 35, 40 percent. On Sunday, we’re going to talk about private labeling. Private label, we start making anywhere from 40 to 60 percent. And I’ve seen a lot of our people making over 70 percent. Now, is 70 percent a good rate of return?”
- C. “Holy cow, guys. That’s when you start seeing the returns of what we want you to have, \$20,000 a month.”
- D. “Potential Net Profit: \$1,287,463.38.”
- E. “Starting with \$1000...1 year later over \$210,000.”

24. Defendants’ earnings claims regarding the business opportunities are false or unsubstantiated.

25. Few, if any, consumers who purchase Defendants’ business opportunities earn the income Defendants advertise.

26. Defendants also disseminate industry financial, earnings, or performance information in connection with the offer for sale, sale, and promotion of the business opportunities while lacking written substantiation demonstrating that the information reflects, or does not exceed, the typical or ordinary financial

earnings, or performance experience of purchasers of the business opportunities.

27. For example, on May 4, 2018, Don Montgomery, one of Defendants' presenters, made the following oral representations during a live event promoting Sellers Playbook at the Sheraton Lake Buena Vista Resort in Orlando, Florida:

A. "Amazon is the largest marketplace in the world. They have actually more buyers and more customers coming to their store than anywhere else. They have a larger market cap than Walmart and all those other major retailers combined, and they're worth more than Walmart and all those other major retailers combined. And their lead continues to grow."

B. "[L]ast year, Amazon reported \$177 billion net profit. Now, here's what should be exciting for you, is that that money right there is third-party seller money, my money, potentially your money. So of that \$177 billion, how much of that would you like to have for you and your family?"

28. Further, on their website promoting Sellers Playbook, thesellersplaybook.com, Defendants present consumers with the following industry performance information:

Why You Need To Be On Amazon:

- ✓ There are 100,000 Amazon Sellers with sales of \$100,000 or more in 2016.
- ✓ Amazon has over 304 million active customer accounts with credit cards saved.
- ✓ 44% of web shoppers go directly to Amazon for product searches. Many of the other 56% end up there too thanks to Amazon's Google ads and search engine listings.
- ✓ Amazon owns as much of the retail market in North America as Office Depot, Staples, Apple, Dell, WalMart, and Sears combined.
- ✓ Amazon is consistently ranked as the most trusted brand in America. As a marketplace seller, you share in this trust.

29. Defendants also present consumers with industry performance information during their webinars marketing Sellers Playbook. A screenshot of industry performance information displayed during a Sellers Playbook webinar appears below.



30. The industry information used by the Defendants to promote Sellers

Playbook leaves consumers with the impression that they are likely to earn significant income if they purchase and implement the Sellers Playbook system. This industry performance exceeds, or does not reflect, the performance experience of typical purchasers of the Sellers Playbook.

31. Defendants formulated, planned, directed, and controlled their deceptive advertising, marketing, distributing, promoting, and selling of the “FBA Stores” and/or “Sellers Playbook” goods and services to consumers from their principal place of business in New Hope, Minnesota. In addition, numerous circumstances relating to Defendants’ deceptive advertising, marketing, distributing, promoting, and selling of the “FBA Stores” and/or “Sellers Playbook” goods and services occur substantially within Minnesota, including but not limited to depositing funds received from their deceptive practices into Minnesota bank accounts, charging consumers for deceptive goods and services from Minnesota merchant accounts, specifying in their contracts with consumers that their transactions are governed by Minnesota law, and formulating, planning, directing, and controlling the deceptive practices from Defendants’ principal place of business within Minnesota.

Amazon’s Third-Party Seller Program

32. Amazon.com is a popular website owned and operated by Amazon.com, Inc. (“Amazon”). Millions of consumers use Amazon.com every

day to purchase a wide range of products, across dozens of product categories, from Amazon and its authorized third-party sellers.

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

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

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

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

37. The first step in selling a product on Amazon.com requires the third-party seller to create a listing accurately identifying the product for sale. Each product sold is assigned a unique Amazon Standard Identification Number ("ASIN").

38. After a product is listed, it becomes available for purchase on Amazon.com.
39. Products listed for sale on Amazon.com appear on a product detail page, which customers typically reach after searching for a product or category of products.
40. Multiple sellers can offer the same product on Amazon.com and compete for prominent placement on the product detail page based on price and certain performance-based requirements and metrics (e.g., order defect rate, chargeback rate, speed of delivery, and experience with the Amazon selling service).
41. Once a customer places an order on Amazon.com, Amazon notifies the third-party seller. Orders are then fulfilled in one of two ways: (1) by the third-party seller itself; or (2) by Amazon, if the third-party seller is using Amazon's "Fulfillment by Amazon" ("FBA") service.
42. Amazon offers third-party sellers the option of fulfilling orders through its FBA service. With the FBA service, third-party sellers can ship their products to one of the Amazon fulfillment centers located around the country and Amazon will pick, pack, and ship these products to the end customer. Products offered through Amazon's FBA service are displayed on Amazon.com with Amazon's Prime logo, indicating to customers that Amazon itself handles the

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

Defendants’ Marketing of the FBA Stores Business Opportunity

43. From at least 2014 until March 14, 2018, FBA Stores, LLC, its affiliates, and principals (collectively “FBA Stores LLC”) operated a business opportunity scheme that purported to provide prospective purchasers with a “plug-and-play system” for earning thousands of dollars a month as a third-party seller on Amazon.com. Adam Bowser and Chris Bowser were the co-founders and owners of FBA Stores, LLC.

44. FBA Stores LLC ceased operations in March 2018 as a result of a Federal Trade Commission enforcement action.

45. FBA Stores LLC was not affiliated with, or connected to, Amazon in any way.

46. Defendant Jessie Tieva participated in and promoted, through Exposure Marketing, FBA Stores LLC’s business opportunities from October 2016 to February 2017.

47. In perpetrating its scheme, FBA Stores LLC lured consumers with false earnings claims such as: “My name is Adam Bowser, and over the past 18

years I have sold over \$50 million online. I'm going to be hosting a few local workshops around the Seattle area to share my secrets for making money on Amazon.”

48. In marketing its business opportunities, FBA Stores LLC's initial step was to bring consumers in for a free two-hour seminar. At the seminar, they pitched their \$995 three-day workshops with claims such as “How many of you would love to be able to make an extra \$5,000 to \$10,000 a month by spending 30 minutes to an hour a day learning and implementing a plug-and-play system I'm going to share with you here in a moment.”

49. During its three-day workshops, FBA Stores LLC shifted to selling more expensive packages like the \$34,995 “Diamond” enrollment which included, among other things, “16 Personal 1 on 1 Coaching Sessions.” False earnings claims permeated FBA Stores's three-day workshops.

50. On August 11, 2016, Jessie Tieva spoke with Adam Bowser about joining the FBA Stores LLC sales team.

51. Soon thereafter, Jessie Tieva agreed to join FBA Stores LLC as a speaker for its live three-day workshops and her first FBA Stores LLC speaking event was scheduled for October 14, 2016.

52. From October 2016 to February 2017, Jessie Tieva spoke at FBA Stores LLC live events throughout the United States and Canada including in

Austin, Chicago, Dallas, Denver, Fort Lauderdale, Hollywood, Long Beach, New York, Norfolk, Phoenix, Seattle, and Toronto.

53. Jessie Tieva routinely made false and unsubstantiated earnings claims during her sales presentations at FBA Stores' live events. For example, during an FBA Stores live event she conducted in Long Beach, California, Jessie Tieva made numerous earnings claims, including the following claim: "so product availability, we [FBA Stores] have access to product with profit margins of 20 percent, 30 percent, higher, the nice thing with the product is it already is all researched for us...."

54. Jessie Tieva identified Exposure Marketing Company as the entity that should receive the commissions she expected to generate as an FBA Stores live event speaker in an Internal Revenue Service Form W-9 she sent to FBA Stores on September 28, 2016.

55. Exposure Marketing Company received a commission of approximately 10 percent of the sales generated by Jessie Tieva as a speaker at the FBA Stores live events.

56. From October 2016 to February 2017, Jessie Tieva and her team were responsible for generating in excess of \$3.4 million of sales for FBA Stores.

57. From October 2016 to March 2017, FBA Stores paid Exposure Marketing Company commissions of approximately \$349,047.94 in connection

with FBA Stores sales generated by Jessie Tieva and her team. Exposure Marketing deposited the funds it received from FBA Stores LLC into its Minnesota bank accounts.

58. Sometime in February or March 2017, Jessie Tieva and Exposure Marketing Company severed their business relationship with FBA Stores.

59. On March 12, 2018, the FTC filed a Complaint for Permanent Injunction and Other Equitable Relief against FBA Stores alleging multiple violations of the FTC Act and the Business Opportunity Rule in connection with FBA Stores's deceptive marketing of its business opportunities. *See* Complaint, *FTC v. AWS, LLC et al.*, Case No. 2:18-cv-00442-JCM-PAL (D. Nev. filed Mar. 12, 2018) (ECF No. 1). The FTC also moved for an *ex parte* temporary restraining order and preliminary injunction against FBA Stores.

60. On March 14, 2018, the United States District Court for the District of Nevada entered a temporary restraining order enjoining FBA Stores's deceptive marketing practices, freezing its assets, and appointing a temporary receiver. *See* Temporary Restraining Order, *FTC v. AWS, LLC et al.*, Case No. 2:18-cv-00442-JCM-PAL (D. Nev. filed Mar. 12, 2018) (ECF No. 29).

61. On June 15, 2018, the United States District Court for the District of Nevada entered a Stipulated Order for Permanent Injunction and Monetary Judgment as to FBA Stores. *See* Stipulated Order for Permanent Injunction and

Monetary Judgment, *FTC v. AWS, LLC et al.*, Case No. 2:18-cv-00442-JCM-PAL (D. Nev. filed Mar. 12, 2018) (ECF No. 80).

Defendants' Sellers Playbook System

62. On February 3, 2017, Jessie and Matt Tieva formed Sellers Playbook in the State of Minnesota where it is headquartered.

63. They formed Sellers Playbook Inc. at approximately the same time or slightly before Jessie Tieva and Exposure Marketing cut ties with FBA Stores.

64. Shortly after forming Sellers Playbook, Inc., and in direct competition with FBA Stores, Defendants began to market, promote, and sell business opportunities substantially similar to the business opportunities offered by FBA Stores.

65. Despite the Federal Trade Commission's March 2018 enforcement action against FBA Stores, Defendants continue marketing their business opportunities using deceptive earnings claims very similar to those used by FBA Stores.

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

67. Since 2017, Defendants have marketed their business opportunities under multiple brand names including Sellers Playbook, Sellers Online, and Sellers Systems (collectively the "Sellers Playbook System").

68. Defendants offer the Sellers Playbook System to consumers through a variety of marketing mediums including email, websites, online videos, webinars, electronic books, social media such as Facebook and Instagram, and live events.

69. Defendants widely disseminate their marketing and advertising for the Sellers Playbook System throughout the United States.

70. Defendants' marketing and advertising indicates that Sellers Playbook is located in Minneapolis, Minnesota.

71. Defendants solicit prospective purchasers to enter into a new business using the Sellers Playbook System to sell products as third-party sellers on Amazon.com.

72. Defendants describe the Sellers Playbook System as a "comprehensive program" to assist purchasers in launching and growing a new online business selling products as a third-party seller on Amazon.com.

73. Defendants require prospective purchasers to make a payment to purchase the Sellers Playbook System.

74. Defendants represent that they or one or more designated persons, including Amazon, will provide prospective purchasers of the Sellers Playbook System the following:

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

third-party sellers on Amazon.com;

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

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

D. “Supplier Lists and Sourcing Solutions;”

E. Access to “trade shows to spread your brand;” and

F. “[O]riginal software that has been revolutionizing the way entrepreneurs compete in online retail.”

75. The price of the Sellers Playbook System ranges from \$497 to more than \$30,000 depending on what level of “enrollment” or “package” prospective purchasers choose and what “bonuses” they select.

76. For example, the base \$497 Sellers Playbook System package provides Defendants’ purported “intensive learning experience about Amazon” through a three-day live workshop, and access to the “Sellers Playbook Basic Membership Site.” The higher level \$32,997 Sellers Playbook “Business Pro Membership” offers prospective purchasers “32 scheduled coaching/strategy sessions” and other purported “bonuses” such as a “Private Label Concierge Service” in addition to the workshop and membership site offered with the base Sellers Playbook System package.

77. During the personal coaching/strategy sessions, Defendants typically

convey substantially similar strategies and content as Defendants' three-day live workshops and membership site.

**Defendants' Marketing Campaigns
to Recruit Consumers to Attend Live Events**

78. In an effort to lure consumers into purchasing the Sellers Playbook System, Defendants conduct free two-hour live "seminars" or "workshops."

79. Defendants have conducted Sellers Playbook live events throughout the United States including in Albuquerque, Anaheim, Anchorage, Atlanta, Atlantic City, Austin, Baltimore, Boise, Boston, Buffalo, Charleston, Charlotte, Chicago, Cincinnati, Cleveland, Columbus, Dallas, Denver, Des Moines, Detroit, El Paso, Fort Lauderdale, Fort Myers, Fort Wayne, Fort Worth, Grand Rapids, Hartford, Honolulu, Houston, Indianapolis, Jacksonville, Kansas City, Las Vegas, Lincoln, Long Beach, Long Island, Los Angeles, Louisville, Memphis, Miami, Milwaukee, Nashville, New York City, Newark, Norfolk, Oklahoma City, Orlando, Palm Springs, Philadelphia, Phoenix, Pittsburgh, Raleigh, Reno, Richmond, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, San Jose, Seattle, Saint Louis, Tampa, Tucson, Washington DC, and Wichita.

80. Defendants promote their live events by targeting consumers that live near an upcoming live event.

81. Defendants promote their live events using email and social media such as Facebook and Instagram.

82. In August 2017, Defendants disseminated promotional materials, including Facebook advertisements, to consumers in Colorado for a live event in Denver. A true and correct copy of a Sellers Playbook advertisement shown on Facebook to consumers in the Denver, Colorado area appears below.



83. Defendants’ social media advertisements typically urge consumers to “register now” to attend a “FREE Amazon Event” in their local area.

84. Consumers who click on Defendants’ social media advertisements are automatically directed to the Sellers Playbook website where they can select the time, date and location of an “upcoming FREE 2-hour Seminar” in the targeted area.

85. Defendants typically offer the free two-hour workshops over 4-5 days at multiple hotels in the targeted area.

86. On the Sellers Playbook website, Defendants claim that the “Free LIVE 2-Hour Workshop Reveals... How To Start Your Own **Online Amazon Store...Even Starting With No Product, No Inventory, No Tech Know-How And Without Having To Ship Anything** Yourself...”

Defendants’ Free Two-Hour Workshops

87. During the free two-hour workshops, Defendants attempt to convince consumers to purchase the Sellers Playbook System and enroll in their three day “Sellers Playbook Training Workshop,” which they typically offer at a “discount” of \$497.

88. Defendants make earnings claims throughout their free two-hour workshops and share examples and testimonials of purportedly successful purchasers of the Sellers Playbook System.

89. For example, on May 4, 2018, Don Montgomery, one of Defendants’ presenters, made the following oral representations during a free two-hour workshop promoting the Sellers Playbook System held at the Sheraton Lake Buena Vista Resort in Orlando, Florida:

A. “I know you’re all (inaudible) here to learn how to make more money. So whether you’re out here to learn how to make four figures, five figures or more on a monthly basis selling on Amazon, that’s very well possible.”

- B. “I’m going to be showing you how that [sic] you can actually have time freedom and at the same time make a substantial income selling on Amazon.”
- C. “Now, think about this. How much money do you actually have to have to start this business so that you can actually start making money and be successful? The answer is is [sic] not much. We’ve literally had students that started with just as little as \$200. That’s all they had. They only had 200 bucks, and they have literally compounded their profits over time in their Amazon business to today they have a very successful, wealthy Amazon business. Now, we’ve had some students start with more and they started with 1,000 bucks or \$2,000 or more. And at the same time, how would you guys like me to show you how to do this? How would you like me to show you how you can actually start off using someone else’s money so that you can actually leverage beyond what you currently have, so you can get into quicker profits and bigger profits faster? Would you like me to show you how to do that?”
- D. “538 million products, because that’s what you can do, right, as of right now. That’s unlimited. That’s what we’re talking

about. You see, this is rinse and repeat is [sic] the way our system is developed. You establish one product and you get it performing and making \$1,000, \$2,000, \$3,000 or more on a monthly basis, and then you add another one, and you get that one going, the exact same thing. And then you add another one. You guys understand that to make the process? That's how easy we've developed it and made it simple. And that's why I'm so excited about it. Now, think about this. If you're actually able to hold on the hand of someone that actually is making a lot of money and you were able to follow their step-by-step process on how they (inaudible) make money on Amazon, would that make it easier and would that eliminate all your procrastination of getting started?"

E. "Okay, so let's do this. I took a screenshot of one of our trainers right off of his Amazon account. This is what he makes net on a -- and on a weekly -- or biweekly basis. You'll be able to see that. And that (inaudible) this is your account starting out so you can start to understand what it feels like to make money selling on Amazon. For those of you in back, I'm going to go ahead and read these numbers out, so they're small, and

that way you guys can all see them. All right, so here we go.

Your first week in your Amazon business, you just received a

wire for \$17,000. How you feeling?...Pretty good? All right.

Two weeks later, you get another wire from Amazon for

\$16,000. Now, let's check your discipline. Over the last two

weeks, you just made \$33,000 in your Amazon business

following this system. What do you do with that money?"

90. During the same free two-hour Sellers Playbook workshop, Don Montgomery displayed multiple slides containing earnings claims. A true and correct copy of one of the slides displayed by Don Montgomery appears below.

STARTING WITH \$1000

- 1000-1250
- 1250-1512
- 1512-1890
- 1890-2363
- 2363-2954
- 2954-3692
- 3692-4615
- 4615-5769
- 5769-7212

**1 year later
OVER
\$210,000**

SELLERS PLAYBOOK WINNERS

SP

91. Defendants also tell consumers who attend the free two-hour workshops that it's not possible to teach them everything in two hours and that to fully understand Defendants' system and receive the necessary software products and access to a network of wholesalers, consumers need to purchase the Sellers Playbook System and attend Defendants' three-day "Sellers Playbook Training Workshop" ("3-Day Workshop").

92. Defendants typically offer the Sellers Playbook System base package, which includes enrollment in a 3-Day Workshop, for \$497 to \$997.

93. The base Sellers Playbook System package typically includes, among other things, a "free gift" for attending the 3-Day Workshop, such as a Kindle and online access to the "Sellers Playbook Basic Membership Site."

94. Defendants typically require consumers purchasing the Sellers Playbook System base package to sign a form contract. Attached as **Exhibit A** is a true and correct copy of a Sellers Playbook form contract signed on May 4, 2018 and enrolling a consumer in a 3-Day Workshop.

95. Defendants' form contracts, including their form contracts for the Sellers Playbook System base package, typically include a Mutual Non-Disparagement Covenant that bars or restricts the ability of the consumer purchasing the Sellers Playbook System from engaging in reviews, performance assessments, and similar analyses of Defendants' goods, services, or conduct.

96. For example, the Sellers Playbook form contract attached as Exhibit A to this Complaint contains a Mutual Non-Disparagement Covenant which provides as follows:

Client hereby agree that it will not, at any time, directly or indirectly, make any oral or written public statements that are disparaging of [Sellers Playbook], [Sellers Playbook]'s products or services, or any of [Sellers Playbook]'s present or former owners, employees or independent contractors. [Sellers Playbook] (limited to its officers and directors) agrees that it will not, at any time, directly or indirectly, make any oral or written public statements that are disparaging of Client. Disparagement shall be defined as any oral or written public statements that impugn the qualities, character, honesty, integrity, morality, business acumen, or abilities of the subject provided, however, that nothing in this paragraph is intended to prevent buyer from publishing or submitting to any consumer protection agency any truthful written, oral, or pictorial review, performance assessment of, or other similar analysis of [Sellers Playbook]'s services, including by electronic means.

97. Defendants' form contracts, including their form contracts for the Sellers Playbook System base package, typically include a "Governing Law"

provision specifying that the contract “shall be governed by the laws of the State of Minnesota.”

98. Defendants’ form contracts, including their form contracts for the Sellers Playbook System base package, typically include a “Dispute Resolution” provision specifying that any dispute or controversy arising under or in connection with the contract “shall be settled exclusively by binding arbitration solely by written submission in Hennepin County, in the State of Minnesota.”

Defendants’ 3-Day Workshops

99. Defendants hold 3-Day Workshops throughout the United States.

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

101. During the 3-Day Workshops, Defendants attempt to convince consumers to upgrade to more expensive enrollment levels of the Sellers Playbook System and buy additional products and services.

102. Defendants offer “Business Pro,” “Elite Pro,” and “Jump Start” enrollments for at least \$32,997, \$26,997, and \$6,997 respectively. A true and correct copy of a “Membership Enrollment” pricing sheet used by Defendants to describe and sell higher level enrollments of the Sellers Playbook System is attached as **Exhibit B**.

103. Defendants have also offered “Diamond,” “Platinum,” “Gold,” and “Silver” enrollments with retail prices as high as \$47,997.

104. Defendants require consumers enrolling in a higher-level enrollment such as the “Diamond” package to sign a written agreement. Attached as **Exhibit C** is a true and correct copy of a written agreement for the “Diamond” package.

105. Defendants’ higher-level enrollments for the Sellers Playbook System typically feature “personalized coaching” sessions, “Receiving, Warehousing and FBA Preparation” services, and other “bonuses,” such as a “personalized tradeshow tour.” A true and correct copy of a handout Defendants use to describe some of the “bonuses” they offer is attached as **Exhibit D**.

106. Defendants claim that as part of their “Receiving, Warehousing and FBA Preparation” service, they will receive product shipments ordered from wholesalers, and store, label, and ship those products to Amazon’s fulfillment centers exclusively on behalf of purchasers of the Sellers Playbook System.

107. During the course of the 3-Day Workshops, Defendants repeat, reinforce, and expand on the earnings claims made in the free two-hour workshop. They do so through additional testimonials and specific purported examples designed to give prospective purchasers the impression that they will likely realize high profit margins using the Sellers Playbook System.

108. For example, on May 18, 2018, Mike Schreiner, one of Defendants' presenters, made the following oral representations during a 3-Day Workshop held at the Doubletree by Hilton Hotel Airport in Orlando, Florida:

- A. "How many of you would like to learn how to turn a \$5- to \$10,000 investment into a \$25- to a \$1.2 million return with your investment? Yeah. And you're going to learn those strategies before you leave here today. So, as I said, guys, I'm going to fulfill everything that was promised and then some. And some of you in here want to go to that next level. Some of you want to take this a step further. There's some of you in this room that (inaudible) weekend training. If that's what you want, that's exactly what you're going to get. But the thing you got to find out -- what you're going to find out with Sellers Playbook, too, guys, is we're not a one-year, two-year, three- year (inaudible). We're in this for as long as you want the ride."
- B. "So we just got to look at where we're putting our time, where we're putting our efforts. Because for me, I want to give myself the biggest bang that I can do. So here's the thing, guys. Everything we're going to talk about this weekend, your bare minimum rate of return that we're going to look for if it's

acceptable is 15 percent. Period.”

- C. “Now, is 15 percent a good rate or return? Yes or no? Guys, I’m telling you right now, investors haven’t seen these type of returns in years. Fifteen percent is huge. But here’s the thing. Me, I would be (inaudible). Right? So today we’re going to talk about some strategies this afternoon that’s going to show you how to make 15 to 30 percent. Tomorrow, I’m going to go through more wholesaling, and I’m going to teach you guys how to start making anywhere from 20 to 35, 40 percent. On Sunday, we’re going to talk about private labeling. Private label, we start making anywhere from 40 to 60 percent. And I’ve seen a lot of our people making over 70 percent. Now, is 70 percent a good rate of return? Yes or no?”
- D. “Holy cow, guys. That’s when you start seeing the returns of what we want you to have, \$20,000 a month. In fact, let me ask, how many of you in here by a show of hands have bought something off of Amazon before?”

109. Contrary to Defendants’ representations, consumers who purchase the Sellers Playbook System and attempt to deploy the strategies conveyed during the

3-Day Workshops, in Defendants' videos and webinars, and during the personal coaching sessions are unlikely to earn the income that Defendants advertise.

110. Defendants have no adequate basis for making earnings claims in connection with the marketing, selling, and advertising of the Sellers Playbook System.

111. On February 22, 2018, the Advertising Review Manager for the Better Business Bureau of Minnesota and North Dakota ("BBB") sent an email to Matt Tieva posing several questions regarding Sellers Playbook's business practices, including: "How many or what percent of clients have achieved success using your program?" In responding to this question in a February 28, 2018 email to the BBB, Matt Tieva wrote, in relevant part: "Each client owns their own private company and we do not ask them to share their private financial data with us. We do not have access to the data to answer the question."

Defendants' Earnings Disclaimers

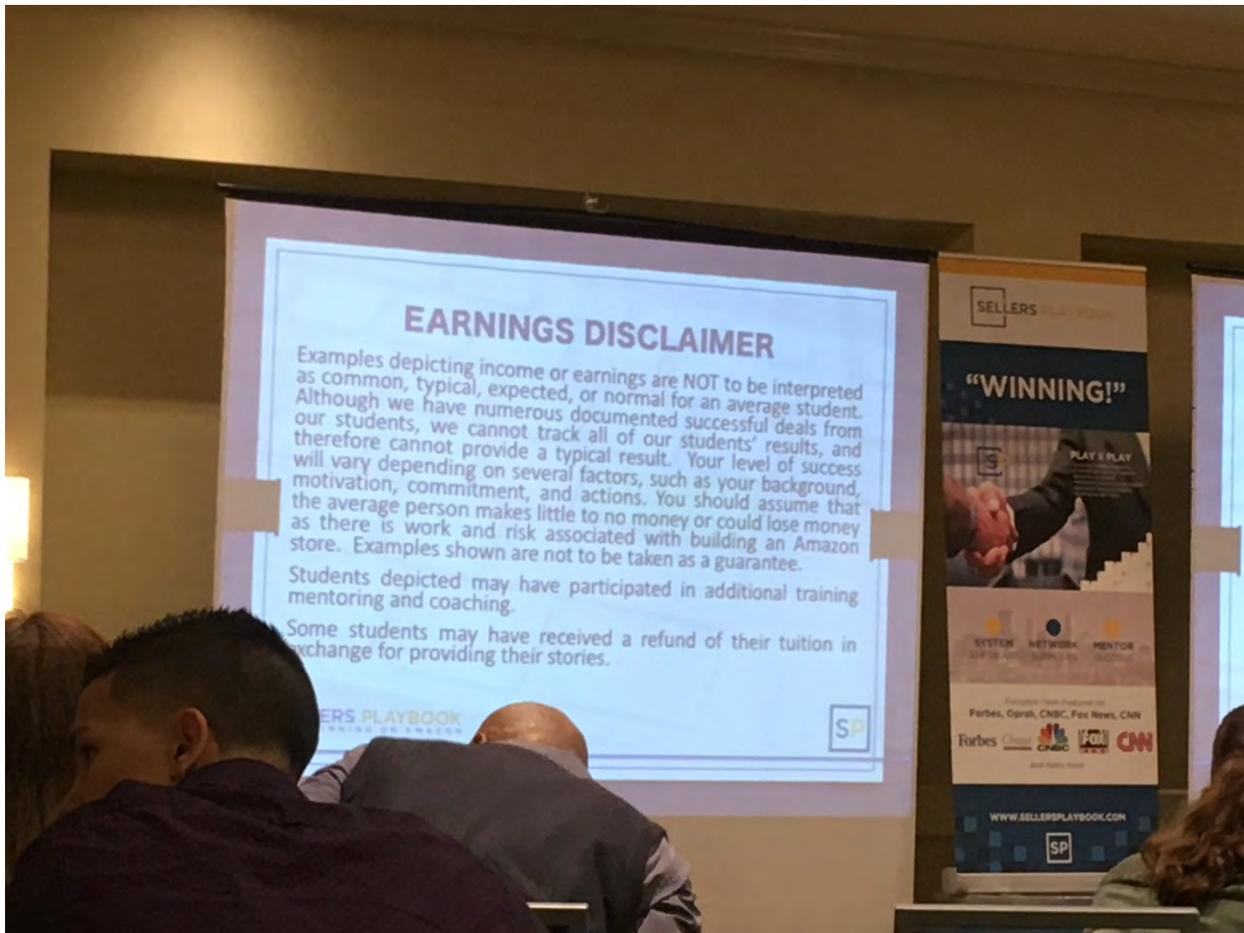
112. Many of the websites promoting the Sellers Playbook System, including thesellersplaybook.com, contain an earnings disclaimer in small, inconspicuous, grey font near the bottom of each page which provides as follows:

Results may vary and are not typical. Most individuals who attend Sellers Playbook free workshops don't apply the strategies, techniques, and systems and therefore

make little to no money. Any income or earnings depicted should not be interpreted as common, typical, expected, or normal. These results may be exceptional and variables that impact results are so numerous and sometimes uncontrollable that we make no guarantees as to your income or earnings of any kind. Your success is not guaranteed and will be based on your education, effort, determination, and various market conditions. Like every investment and any business, you can lose money in an online business. For full disclosures, please read our Earnings and Income Disclaimers and Terms of Use.

Screenshots of the thesellersplaybook.com website are attached as **Exhibit E**, which includes a longer Earnings Disclaimer that is only visible to website visitors who click on a blue “Earnings Disclaimer” hyperlink at the bottom of the website.

113. During some live events, but not all, Defendants briefly display an “earnings disclaimer” on a screen or make oral earnings disclaimers. A photograph of a Sellers Playbook earnings disclaimer displayed on May 18, 2018, during a 3-Day Workshop held at the Doubletree by Hilton Hotel Airport in Orlando, Florida appears below.



114. While briefly displaying the earnings disclaimer, Mike Schreiner, one of Defendants’ presenters, stated as follows:

“That’s why they have us do this again. It makes the lawyers happy, disclaimers. But you got to do your part. Money’s not going to fall from the sky. But as long as you do a part, it’s going to happen.”

115. Despite the earnings disclaimers, Defendants’ marketing campaigns, workshops and seminars leave consumers with the net impression that they are likely to profit by implementing the Sellers Playbook System to sell on Amazon.

Defendants' Failure to Provide Disclosure and Earnings Claims Statements

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

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

Defendants Generated Millions of Dollars of Sales

118. In many instances, Defendants receive credit card and debit card payments from consumers for the Sellers Playbook System. From April 2017 to May 2018, Defendants took in more than \$15 million from consumers through card payments.

119. In many instances, credit card receipts provided to consumers at the time they purchased the Sellers Playbook System identify "Minneapolis, Minnesota" as the credit card merchant's city and state.

120. Defendants identified Minnesota as the merchant's state in connection with opening merchant accounts necessary for processing credit and debit card payments.

VIOLATIONS OF THE FTC ACT

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

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

Count I — Misrepresentations Regarding Earnings (By Plaintiff FTC)

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

124. The representations set forth in Paragraph 123 of this Complaint are false or misleading or were not substantiated at the time the representations were made.

125. Therefore, Defendants’ representations as set forth in Paragraph 123 of this Complaint constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE BUSINESS OPPORTUNITY RULE

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

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

128. Among other things, the Business Opportunity Rule requires sellers to provide prospective purchasers with a disclosure document in the form and using the language set forth in the Business Opportunity Rule and its Appendix A, and any required attachments. In the disclosure document, the seller must disclose to

prospective purchasers five categories of information, including basic identifying information about the seller, any earnings claims the seller makes, the seller's litigation history, any cancellation and refund policy the seller offers, and contact information of prior purchasers. 16 C.F.R. § 437.3(a)(1)-(5). Furthermore, this information must be disclosed at least seven (7) days before the prospective purchaser signs a contract or makes a payment. 16 C.F.R. § 437.2. The pre-sale disclosure of this information enables a prospective purchaser to contact prior purchasers and take other steps to assess the potential risks involved in the purchase of the business opportunity.

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

130. The Business Opportunity Rule prohibits sellers from making earnings claims unless the seller: (1) has a reasonable basis for the claim at the time it is made; (2) has in its possession written materials to substantiate the claim at the time it is made; (3) furnishes an Earnings Claim statement to prospective purchasers in conjunction with the disclosure document, containing, among other

things, information regarding the time frame captured by the earnings claim, the characteristics of the purchasers, and the number and percentage of all persons who purchased the business opportunity within the time frame who achieved at least the stated level of earnings; and (4) makes written substantiation of the earnings claim available to any prospective purchaser who requests it. 16 C.F.R. § 437.4(a).

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

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

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

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

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

**Count II— Misrepresentations Regarding Income or Profits
(By Plaintiff FTC)**

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

137. Defendants' acts and practices, as described in Paragraph 136 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.6(d) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Counts III—Earnings Claims to Prospective Purchasers Violations
(By Plaintiff FTC)**

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

139. Defendants' acts and practices, as described in Paragraph 138 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(a) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Count IV — General Media Earnings Claims Violations
(By Plaintiff FTC)**

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

persons who purchased Defendants' business opportunity prior to that ending date who achieved at least the stated level of earnings.

141. Defendants' acts and practices, as described in Paragraph 140 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(b) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Count V — Industry Financial, Earnings, or Performance Information
Violations
(By Plaintiff FTC)**

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

143. Defendants' acts and practices, as described in Paragraph 142 above, violate the Business Opportunity Rule, 16 C.F.R. § 437.4(c) and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**Count VI — Disclosure Document Violations
(By Plaintiff FTC)**

144. In numerous instances in connection with the offer for sale, sale, or promotion of business opportunities, Defendants have failed to furnish prospective purchasers with the disclosure document and attachments required by the Business

Opportunity Rule, within the time period prescribed by the Rule.

145. Defendants' acts and practices, as described in Paragraph 144 above, violate the Business Opportunity Rule, 16 C.F.R. §§ 437.2 and 437.3(a), and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE CONSUMER REVIEW FAIRNESS ACT OF 2016

146. In 2016, Congress passed the Consumer Review Fairness Act of 2016 ("CRFA"), P.L. 114-258, 15 U.S.C. § 45b. As of March 14, 2017, the CRFA renders void, and prohibits the offering of, provisions in form contracts that restrict individual consumers' ability to communicate reviews, performance assessments, and similar analyses about a seller's products, services, or conduct. Congress empowered the FTC and the states to enforce the CRFA with respect to contracts in effect on or after December 14, 2017.

147. Defendants have offered, in the course of selling their business opportunities, "form contracts," imposed on individuals without a meaningful opportunity for such individuals to negotiate the standardized terms, that contain provisions described as void by Section 2(b) of the CRFA, 15 U.S.C. § 45b(b)(1), in violation of Section 2(c) of the CRFA, 15 U.S.C. § 45b(c).

148. Pursuant to Section 2(d)(1) of the CRFA, 15 U.S.C. § 45b(d)(1), a violation of Section 2(c) of the CRFA, 15 U.S.C. § 45b(c), in or affecting commerce shall be treated as a violation of a rule defining an unfair or deceptive

act or practice prescribed under Section 18(a)(1)(B) of the FTC Act, 15 U.S.C. § 57a(a)(1)(B).

**Count VII — CRFA Violations
(By Plaintiffs FTC and State of Minnesota)**

149. In numerous instances, Defendants have offered, in the course of selling their goods or services, form contracts that contain provisions that bar or restrict the ability of the consumer purchasing Defendants' business opportunities from engaging in reviews, performance assessments, and similar analyses of Defendants' goods, services, or conduct.

150. Defendants' acts or practices, as described in Paragraph 149 above, violate the CRFA.

**VIOLATIONS OF THE MINNESOTA
PREVENTION OF CONSUMER FRAUD ACT**

**Count VIII — Misrepresentations Regarding Income or Profits
(By Plaintiff State of Minnesota)**

151. The State of Minnesota re-alleges paragraphs 1 through 120 and 146 through 150 of this Complaint.

152. Minnesota Statutes section 325F.69, subdivision 1 reads:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70.

153. The term “merchandise” within the meaning of Minnesota Statutes section 325F.69 includes goods and services. *See* Minn. Stat. § 325F.68, subd. 2.

154. Defendants have repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in the deceptive and fraudulent practices described in this Complaint, with the intent that others rely thereon in connection with the sale of their workshops, products, goods, and services that claim to provide consumers with the tools and information needed to make a significant income selling products on Amazon.com. Among other things, Defendants have repeatedly misrepresented the amount of sales, or gross or net income or profits a prospective purchaser may earn or that prior purchasers have earned in connection with the offering for sale, sale, or promotion of their goods and services.

155. Due to the deceptive and fraudulent conduct described in this Complaint, consumers have made payments to Defendants for goods and services that they otherwise would not have purchased, thereby causing harm to those consumers.

156. Defendants’ conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325F.69.

**VIOLATIONS OF THE MINNESOTA UNIFORM
DECEPTIVE TRADE PRACTICES ACT**

**Count IX — Misrepresentations Regarding Income or Profits
(By Plaintiff State of Minnesota)**

157. The State of Minnesota re-alleges paragraphs 1 through 120 and 146 through 156.

158. Minnesota Statutes section 325D.44, subdivision 1 provides, in part that:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

...

(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

...

(7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

...

(9) advertises goods or services with intent not to sell them as advertised; [or]

...

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

159. Defendants are “persons” within the meaning of this statute.

160. Defendants repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in deceptive and fraudulent conduct that caused a likelihood of confusion or of misunderstanding among consumers in connection with the sale of their workshops, products, goods, and services that claim to provide consumers with the tools and information needed to make a significant income selling products on Amazon.com. Those practices include repeatedly misrepresenting the amount of sales, or gross or net income or profits a prospective purchaser may earn or that prior purchasers have earned in connection with the offering for sale, sale, or promotion of Defendants’ goods and services.

161. Due to the deceptive and fraudulent conduct described in this Complaint, consumers made payments to Defendants for workshops, products, goods, and services that they otherwise would not have purchased, thereby causing harm to the consumers.

162. Defendants’ conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325D.44.

CONSUMER INJURY

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

CRFA, Minnesota Prevention of Consumer Fraud Act, and Minnesota Uniform Deceptive Trade Practices Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THE COURT'S POWER TO GRANT RELIEF

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

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

166. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow Plaintiff State of Minnesota to enforce its state law claims against

Defendants in this Court for violations of the Minnesota Prevention of Consumer Fraud Act, and the Minnesota Uniform Deceptive Trade Practices Act. Minnesota Statutes sections 8.31, 325.D.45, and 325F.70 authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the Minnesota Prevention of Consumer Fraud Act and the Minnesota Uniform Deceptive Trade Practices Act.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and the Business Opportunity Rule, and the Court's own equitable powers, and Plaintiff State of Minnesota, pursuant to Minnesota Statutes sections 8.31, 325.D.45, and 325F.70, and as authorized by the Court's own equitable powers, request that the Court:

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

B. Enter a permanent injunction to prevent future violations of the FTC Act, Business Opportunity Rule, CRFA, the Minnesota Prevention of Consumer

Fraud Act, and the Minnesota Uniform Deceptive Trade Practices Act by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, the Business Opportunity Rule, CRFA, the Minnesota Prevention of Consumer Fraud Act (in accordance with Minnesota Statutes section 8.31, the *parens patriae* doctrine, the general equitable powers of this Court, and any other authority), and the Minnesota Uniform Deceptive Trade Practices Act (in accordance with Minnesota Statutes section 8.31, the *parens patriae* doctrine, the general equitable powers of this Court, and any other authority), including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;

D. Award civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69 and 325D.44;

E. Award Plaintiff FTC the costs of bringing this action;

F. Award Plaintiff State of Minnesota its costs of investigation and attorneys' fees, as authorized by Minnesota Statutes section 8.31, subdivision 3a;
and

G. Award such other and additional relief as provided by law or as the Court may determine to be just and proper.

Respectfully submitted,

ALDEN F. ABBOTT
General Counsel

Dated: July 30, 2018



Roberto Anguizola
Illinois Attorney # 6270874
Minnesota Attorney #0301115 (voluntarily
restricted)
(Seeking admission pro hac vice)
Tel. (202) 326-3284
Email: ranguizola@ftc.gov

Claire Wack
Maryland Attorney # 1312190275
(Seeking admission pro hac vice)
Tel. (202) 326-2836
Email: cwack@ftc.gov

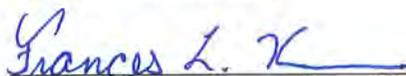
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Mail Drop CC-8528
Washington, DC 20580

Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

and

LORI SWANSON
Attorney General
State of Minnesota

Dated: July 28, 2018



Frances L. Kern
Minnesota Attorney # 0395233
Assistant Attorney General
Minnesota Attorney General's Office
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101-2130
(651) 757-1373 (voice)
(651) 296-7438 (fax)
(651) 297-7206 (TTY)
Email: Frances.Kern@ag.state.mn.us

Attorneys for Plaintiff
STATE OF MINNESOTA