

individually and as an)
officer of one or more of)
_____)

Defendants.)
_____)

Plaintiff, the Federal Trade Commission ("FTC" or the "Commission"), for

_____ is the United States District Court for the Northern District of

Georgia is proper under 28 U.S.C. §§ 1391(b)-(c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The Commission is charged, inter alia, with enforcement of 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, as well as the enforcement of the Franchise Rule, 16 C.F.R. § 436. The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Franchise Rule in order to secure such equitable relief as may be appropriate in each case, and to redress injury to consumers. 15 U.S.C. §§ 53(b) and 57h

6. Defendant Prophet 3H, Inc. is a Nevada corporation with its office and principal place of business at 1395 Marietta Parkway in Marietta, Georgia, that has engaged in the acts and practices set forth in this complaint. Defendant Prophet 3H Inc. transacts or has transacted business in the Northern District of

forth in this complaint. Defendant Victor McLain resides or has transacted

business in the Northern District of Georgia.

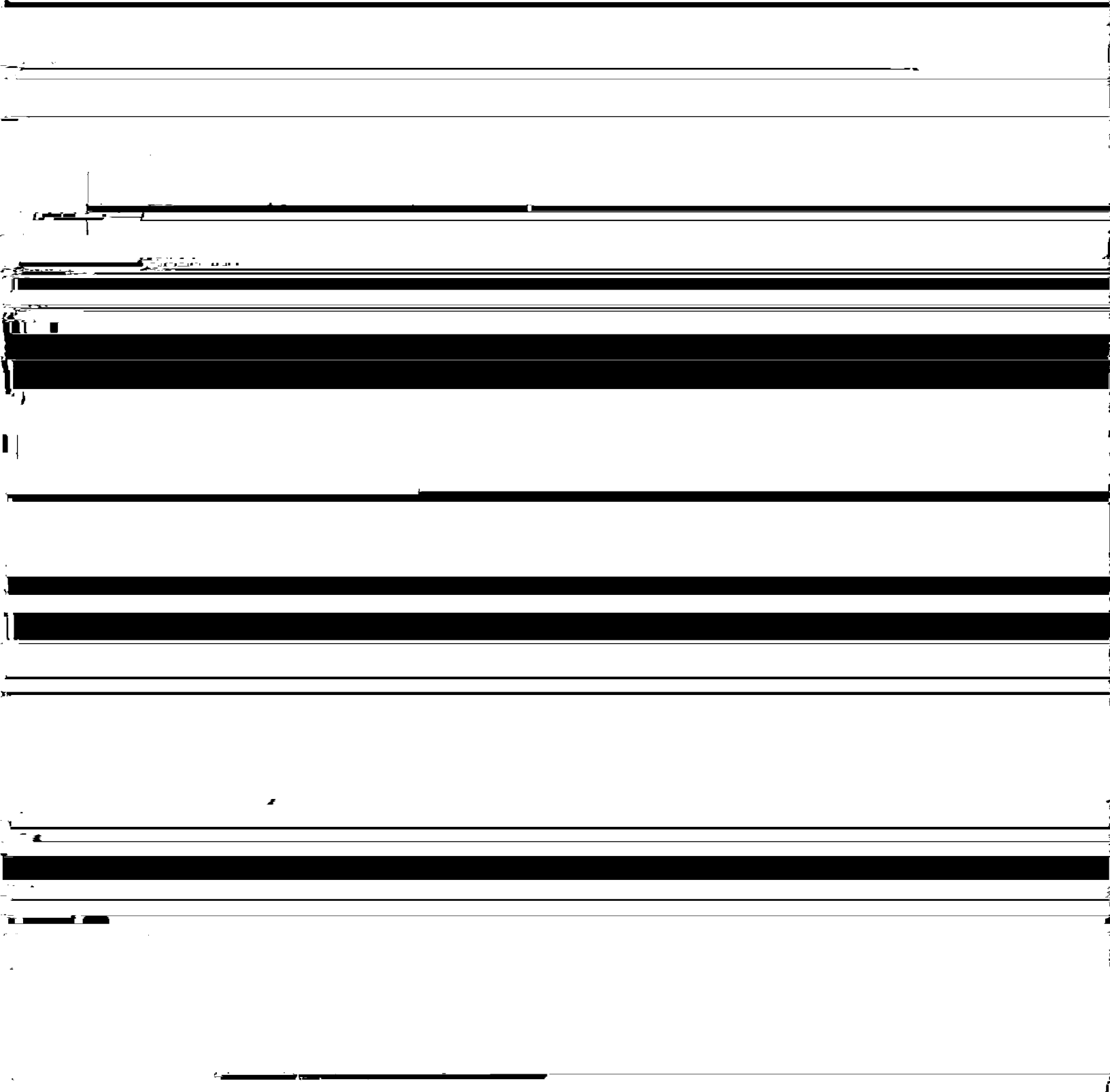
12. Defendant Alexander McLain is the president of HSLCI and GHLCI. At all times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of

defendants Defendant 211, GHLCI, HSLCI and M7 Holdings set forth in this

Dr. J.W. McLain.” The web pages further state that Dr. J.W. McLain “will be sharing his unique wealth creating business model strategies that has [sic] helped him turn, in just one of his businesses, a \$2,400 investment into 15 million dollars, in just five years.” The web page further states that “Dr. McLain’s family has

been in the Healthcare Industry for a combined 30 years.” A separate web page states that participants at the conference will learn how to “Retire in 2 to 5 years with an income of \$45,000 plus, a month.” On still another web page, prospective attendees are told that at the conference they will learn how to secure “Guaranteed

separate non-profit corporation such as a church, to be incorporated under Section 501(c)(3) of the Internal Revenue Code



by his non-profit even before he obtained a license for his for profit health services company.

27. McLain represents that past purchasers of his business opportunity have become millionaires. McLain similarly represents that members of his family have become millionaires in the healthcare business.

28. Defendants state that they have lawyers and mentors on staff who will guide new participants through the incorporation and licensing of their healthcare companies and non-profits as well as the startup phases of their businesses. In a

promotional CD, which they provide to prospective purchasers who have paid a

income” which, in addition to incorporating and operating the home healthcare businesses marketed by defendants, are key to realizing true wealth.

32. At the conclusion of his speech, McLain directs the audience to sign-up tables. The regular price of his business opportunity, he states, is \$7,495. He

thereby reducing the price to \$2,495.

33. McLain states that the price of \$2,495 ensures the purchaser access to defendants’ network of Medicaid clients and provides them with the assistance

37. Defendants do not have a reasonable basis for the earnings claims they make.

38. Defendants have failed to disclose, in immediate conjunction with each earnings claim, and in a clear and conspicuous manner, that material which constitutes a reasonable basis for the claim is available to prospective business opportunity purchasers.

39. Defendants have failed to provide prospective business opportunity purchasers with earnings claim documents as prescribed by the Franchise Rule.

40. Defendants have failed to disclose clearly and conspicuously, in immediate conjunction with such generally disseminated earnings claim, additional information including the number and percentage of prior purchasers known by the defendants to have achieved the same or better results.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

COUNT I

Defendants' Failure to Disclose Material Terms Underlying their Business

Opportunity

42. In numerous instances, in connection with the advertising, promotion, marketing, or offering for sale of their business opportunity, defendants have represented, expressly or by implication, that consumers must engage in the following practices in order to secure the profits represented by defendants:

- a. Incorporate and operate a non-profit corporation which utilizes an ownership structure that hides the participant's interests in the non-profit entity;
- b. Incorporate and operate a non-profit corporation whose

primary purpose is to further the revenue of a for-profit entity.

failure to disclose or to disclose adequately the material information set forth in paragraph 43 is a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

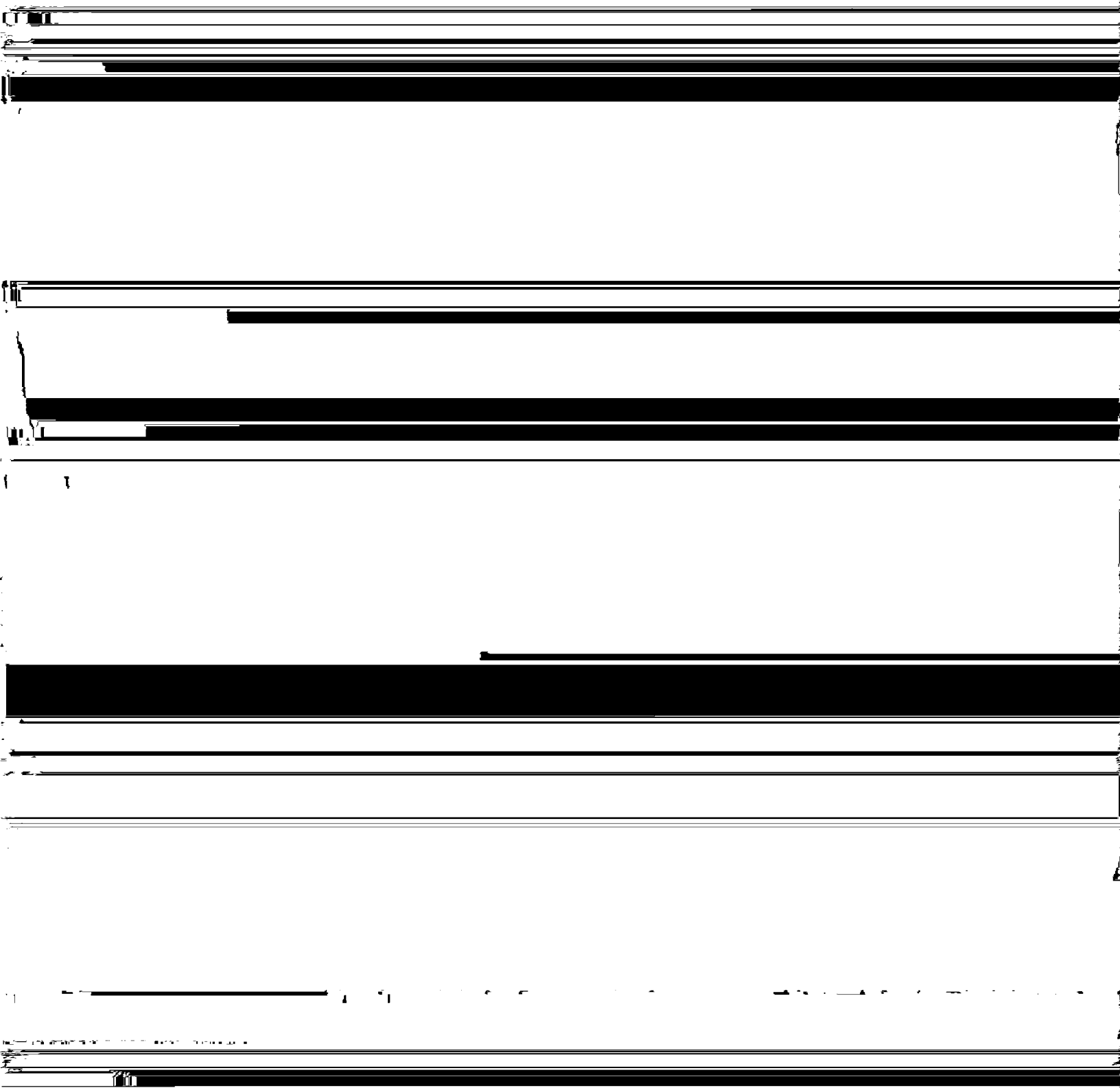
Misrepresentations Regarding Earnings

45. In numerous instances in the course of offering for sale or selling their healthcare services business opportunity, the defendants, directly or

- (a) have a reasonable basis for any oral, written, or visual earnings claim it makes, 16 C.F.R. § 436.1(b)(2), (c)(2) and (e)(1);
- (b) disclose, in immediate conjunction with any earnings claim it makes, and in a clear and conspicuous manner, that material which constitutes a reasonable basis for the earnings claim is available to prospective franchisees, 16 C.F.R. § 436.1(b)(2) and (c)(2);
- (c) provide, as prescribed by the Rule, an earnings claim document containing information that constitutes a reasonable basis for any earnings claim it makes, 16 C.F.R. § 436.1(b) and (c); and
- (d) clearly and conspicuously disclose, in immediate conjunction with any generally disseminated earnings claim, additional information including the number and percentage of prior purchasers known by the franchisor to have achieved the same or better results. 16 C.F.R. §

any provision of law enforced by the Federal Trade Commission.

60. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to



64. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the FTC Act and the Franchise Rule, including but not limited to, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies and:

[REDACTED]