

rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

SUMMARY OF THE CASE

2. Defendants operated as high-ranking affiliates of a fraudulent online coaching program and investment opportunity scheme called "My Online Business Education" or "MOBE." Since 2013, the perpetrators of the MOBE scheme defrauded tens of thousands of consumers—for over \$300 million—by claiming to offer a simple 21-step system that consumers could use to start their online money-making business and generate substantial income. Contrary to these representations, most consumers who purchased MOBE products did not make substantial income and instead suffered devastating financial losses or crippling debt. In early June 2018, the FTC commenced an enforcement action against the MOBE enterprise and its principals and obtained a temporary restraining order to halt the scheme. *FTC v. MOBE et al*, No. 18-cv-00862-RBD-DCI (M.D. Fla.).

3. In numerous instances while the MOBE program was in operation, Defendants made similarly deceptive earnings claims to recruit consumers into the MOBE program and used deceptive marketing and sales tactics to sell costly MOBE memberships and mentoring services to consumers.

4. Defendants received millions of dollars from MOBE as a reward for proliferating the deceptive MOBE scheme and bringing more consumers into its fold, resulting in tens of millions of dollars in consumer harm.

5. By this action, the FTC seeks to prevent Defendants from exacting further consumer harm, disgorge the revenues Defendants obtained through their illicit activities,

formed in June 2016, with its principal place of business in Miami, Florida. SB&A Media transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States.

12. Defendant SB&A Group, LLC (“SB&A Group”) is a Wyoming limited liability company formed in April 2017, with its registered business address in Los Angeles, California. SB&A Group transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States.

13. Defendant WeRunAds, LLC (“WeRunAds”) is a Wyoming limited liability company formed in October 2017, with its registered business address in Los Angeles, California. WeRunAds transacted business in connection with the matters alleged herein in this District and throughout the United States and dissolved its corporate status in December 2018.

14. Defendant Gar Leong Chow a/k/a John Chow (“Chow”) is a California resident and the principal and sole owner of TTZ. Chow formulated, directed, controlled, had the authority to control, or participated in the acts and practices of TTZ. Chow, in connection with the matters alleged herein, tr

authority to control, or participated in the same and practices of Alpha Quad. Prior to MOBE, Zuckman promoted business coaching and investment opportunity programs, including live event seminars arranged by a company called Wealth Intelligence Academy. During the time he was promoting MOBE, he presented at live events for Sellers Playbook, a deceptive business opportunity scheme that was shut down after the FTC filed suit against Sellers Playbook in August 2018 (FTC v. Sellers Playbook, et al., No. 18-cv-2207 (D. Minn.)). Zuckman also served as a paid speaker for Zurix, a deceptive real estate investment scheme that the FTC sued in October 2019 (FTC v. Zurixx, LLC, et al., No. 19-cv-00713 (D. Utah)). Zuckman, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

17. Defendant Alpha Quad Enterprises, Inc. (“Alpha Quad”) is a Nevada corporation with a registered place of business at 3225 McLeod Drive, Suite 100, Las Vegas, Nevada. Alpha Quad transacts or has transacted business in connection with the matters alleged herein in this District and throughout the United States.

COMMON ENTERPRISE

18. Defendants WeRunAds, SB&A Group, and SB&A Media (the “Bransfield Entities”) operated as a common enterprise while engaging in the deceptive and unlawful acts alleged herein. The Bransfield Entities conducted the business practices described herein through an interrelated network of companies that have common ownership, business functions, employees, and office locations. The Bransfield Entities have commingled funds and are each controlled and dominated by Bransfield or others acting at his behest. Because the Bransfield Entities have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged herein against the Bransfield common

enterprise.

19. Defendant Bransfield formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Bransfield common enterprise. The Bransfield Entities and individual defendant Bransfield are collectively referred to herein as the “Bransfield Defendants.”

COMMERCE

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

DEFENDANTS’ BUSINESS PRACTICES

A. Defendants’ Role in the MOBE Scheme

21. Defendants operated as high-ranking “affiliates” of MOBE, a fraudulent coaching program and investment opportunity scheme that Matthew Lloyd McPhee (“McPhee”) started in 2012.

22. MOBE purported to provide free or relatively cheap training programs that would teach consumers how to make money on the internet. To this end, MOBE offered a 21-step course and live event seminars called “Internet Marketing Freedom Workshops” (or “IMF Workshops”) and the “Home Business Summits” (or “HBS”).

23. The 21-step course consisted of a series of pre-recorded videos narrated by McPhee and “coaching” sessions with MOBE’s sales agents. The 21-step course and the live event seminars were essentially sales tools used to sell MOBE’s core product offerings—the MOBE memberships and mentoring services.

24. The MOBE memberships had the following levels with different price tags—

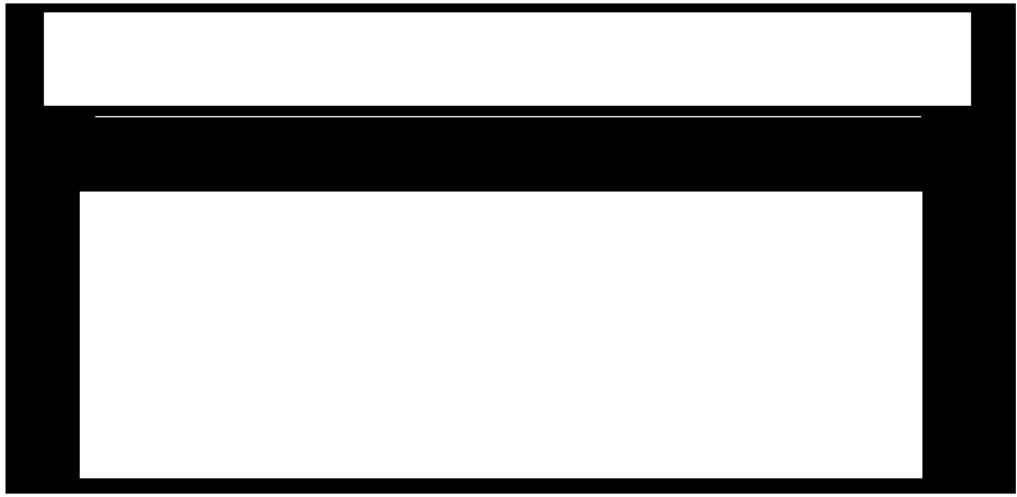
Silver (\$2,497), Gold (\$4,997), Titanium (\$9,997), Platinum (\$16,667), and Diamond (\$29,997). Prior to 2016, MOBE called its entry-level membership package the “MOBE Licensing Rights” or “MLR” and charged consumers \$1,997 for this membership. MOBE discontinued the MLR in 2016 and replaced it with the costlier Silver membership.

25. MOBE told consumers who purchased its membership levels that they would earn a 40% to 50% commission when they brought referrals into the program and their referrals purchased the same MOBE membership level from them. The membership levels were progressively tiered such that in order to pay and become a MOBE Diamond member, consumers must first pay for the Platinum membership, in order to reach the Platinum level, consumers first pay for the Titanium membership, and so forth.

26. MOBE also sold mentoring services that cost anywhere from \$5,000 up to \$100,000 per package. MOBE often pitched the mentoring services to consumers who had spent up to \$60,000 to upgrade to the Diamond level memberships and were still unable to make money.

27. The MOBE enterprise relied extensively on its high-ranking affiliates—especially the named Defendants—to promote the MOBE program and find more buyers for its core products.

28. To this end, MOBE regularly announced its top affiliates’ monthly commissions in marketing materials—called “MOBE consultant leaderboards”—to convey the false message that the MOBE program worked and that “regular” people were making substantial income through MOBEs illustrated below:



45. Bransfield claimed that he is “living proof” that a consumer with no online marketing experience can become a “million dollar earner” with MOBE and that “making 6-figures – \$100,000 or more – is within anyone’s reach.”

46. Bransfield claimed that after paying a one time application fee of \$49, the consumer would get instant access to the Rookie Profit System where the “cash-generating process is simple” and “everything that happens after the lead is Don- For-You” (sic). Bransfield told the consumer that MOBE “is currently accepting new consultants who want to make life-changing amounts of money from home.”

47. When the consumer signed up and paid the \$49 registration fee with Rookie Profit System, MOBE enrolled the consumer in a 21-step training course, where MOBE’s sales agents induced consumers to buy MOBE memberships.

48. Contrary to Bransfield’s representation that joining the Rookie Profit System would enable consumers to make substantial income quickly and easily, consumers who joined MOBE through the Rookie Profit System and purchased the MOBE memberships did not earn substantial income.

49. In addition to using the Rookie Profit System to direct consumers to MOBE’s 21-step program, Bransfield also marketed and sold mentoring packages to MOBE membership purchasers.

50. The Bransfield Defendants advised consumers who already spent tens of thousands of dollars on MOBE membership to then purchase the MOBE mentoring services.

51. The Bransfield Defendants claimed that the MOBE mentoring services would enable consumers to quickly launch their online marketing business and start generating

thousands of dollars in monthly commissions that consumers expected to receive from their initial investments in the MOBE memberships.

52. In reality, many consumers who purchased the MOBE mentoring services failed to generate substantial income over the costs of the mentoring services.

53. For consumers who purchased the mentoring services, the Bransfield Defendants purported to supply them with their own sales process (called “IMF funnels”), which were primarily advertising campaigns that consumers would run on social media platforms such as Facebook to draw other social media users to attend MOBE’s free live event—the “IMF” workshop.

54. The syllabus for the mentoring services claimed that consumers can “expect 50 leads (name and email), 12-15 applications from and 2-3 sales per day from this funnel.”

55. The Bransfield Defendants also directed consumers to their Facebook group pages—such as the “Steven Bransfield Facebook Fan Page” or the “Entrepreneurs Club”—to promote MOBE’s mentoring services and events and to increase the size of their social media following:

Figure 5: Excerpt from Bransfield’s PPT presentation “How to Profitably Run Facebook Ad Campaigns”

(dated Oct. 23, 2016).

56. In Skype chats with consumers, Brankie represented that his own team of mentors would show them “how to build a 6 figure and then 7 figure per year business,” and that “it is impossible to scale to 7 figures without these exact strategies as one has done this

purchased MOBE memberships from other ~~top~~ ^{top}king affiliates of MOBE. In return, Bransfield received a percentage of these ~~top~~ ^{top}king affiliates' sales of these mentorships to consumers.

71. After the FTC filed its action to shut ~~down~~ ^{down} MOBE, the Bransfield Defendants diverted MOBE members ~~to~~ ^{to} an e-commerce training program and offered a "brand new

77. Chow repeatedly claimed in these emails that the MOBE program offered a 21-step system for “regular” people who were looking to make substantial income on the internet and who have “zero internet marketing experience.”

78. Chow claimed that MOBE is “my number one money maker and what I recommend most for anyone looking to make big income online ... regardless of age, background, where you’re from, or your experience level, you can do this business.”

79. Chow claimed that joining MOBE had allowed him to drive luxury cars “for free” and “buy a \$2 million house for cash.”

80. Chow gave MOBE his highest endorsement and touted MOBE as “one of the most profitable systems I have ever worked with.” At the same time, Chow earned commissions from MOBE for promoting its 21-step program, live events, and membership offerings.

81. Chow deceptively represented that consumers faced “ZERO risk” because joining the MOBE program only required a “\$49 application fee” and consumers would be issued a “full refund” if “for any reason you don’t think this is worth 10x the money.”

82. In collaboration with MOBE, Chow also launched an ad campaign called the “Ultimate Dot Com Lifestyle.” Like the Rookie Profit System, this ad campaign consisted of a website, a video testimonial from Chow, and a registration page directing consumers to join MOBE’s 21-step system.

83. Chow sent links to the “Ultimate Dot Com Lifestyle” website to his blog readers and followers.

84. In the testimonial for Ultimate Dot Com Lifestyle, Chow claimed that he created this 21-step system with MOBE to help the willing “student” make monthly income

89. Chow also created and circulated an eBook titled the “Ultimate Online Profit Model – The Ultimate Guide to Making Six-Figure Monthly Income on the Internet and Living The Dot Com Lifestyle.” The eBook was a thinly veiled sales pamphlet that Chow used to convince readers to join the MOBE program, as illustrated below:

The image shows the title page of an eBook. The text is centered and reads "THE ULTIMATE" in a large, bold, black serif font. Below this, the words "ONLINE PROFIT" are written in a smaller, bold, black sans-serif font, enclosed within a thick black rectangular border. The overall design is simple and high-contrast.

Figure 7: Cover page of Chow’s eBook titled “The Ultimate Online Profit Model” (2018).

90. Chow disseminated his eBook through his websites, through his mass marketing emails, and through other MOBE affiliates that Chow recruited into the MOBE program.

91. Chow devoted the first half of his eBook explaining his extensive experience with affiliate marketing and other online moneymaking opportunities. In the second half of the e-Book, Chow introduced MOBE to the reader as the solution to consumers looking to make substantial income online.

92. Chow claimed that the way to make big money” as an affiliate online

100. Chow also promoted and sold MOBE memberships through his speaking engagements and presentations at live events hosted by MOBE. MOBE paid Chow to speak at these live events to promote MOBE products and services.

101. During his presentations, Chow delivered and reinforced the same message about MOBE that he conveyed through his ad campaigns, eBooks, blog posts, and video testimonials—that MOBE offered a rare opportunity for consumers to make substantial income online, whether or not they had any prior internet marketing experience.

102. Chow presented consumers with one of two options—do nothing and make no money, or make a “small investment” in MOBE to take advantage of its investment opportunity that is 100% risk free and comes with money-back guarantees.

103. Chow received 40% of MOBE’s collections from attendees that purchased MOBE products or services promoted by Chow at these events.

104. On several occasions, Chow also worked with Bransfield and promoted Bransfield’s sales webpage Rookie Profit System—to sell MOBE memberships.

105. Chow would tell prospective buyers that the Rookie Profit System is the “perfect system for beginners” where “you don’t have to build websites, and you don’t need any marketing experience.”

106. Chow recorded video testimonials together with Bransfield to underscore the message that making money through MOBE was easily attainable to anyone.

107. Contrary to Chow’s repeated representations regarding earnings potential from MOBE, the vast majority of MOBE membership purchasers did not make the level of income that Chow claimed.

108. In 2015, one consumer even asked Chow to explain the wild disparity

between Chow's exaggerated earnings claims and MOBE's sobering income statement indicating that the average MOBE affiliate made only \$500-\$2000 a year. Chow deflected the consumer's question and stated: "It's that the average income is \$2000 a year. It's more like 80% make zero because they do not have any 20% make six figures because they do the work. But the 80% making zero brings the average to \$2k." Chow's claim that "20% make six figures" is also false and not supported by MOBE's income statement.

109. On numerous occasions during the period he was promoting MOBE, Chow received complaints and concerns from consumers reporting that the MOBE program was a scam or a fraud.

110. In 2013, a consumer questioned Chow's promotion of MOBE: "I am surprised you support this, which is at best a misrepresentation and at worst outright FRAUD. The way it's written, one is lead [sic] to believe that all you have to do is pay \$50 and do the 21 step program and if you don't make \$1000 [in commission] in 30 days you get \$500 back. I naively bought into this, paid the \$50, but was told if I want to progress past step 6, I need to spend an additional \$2000 on another affiliate program." This consumer complained that MOBE refused to provide him further access to the 21-steps unless the consumer purchased the entry level MOBE membership level for about \$2,000. Chow responded: "this has made me rethink my promotion" of MOBE. Despite his response, Chow continued to promote and sell the same MOBE products to unsuspecting buyers over the next five years.

111. In 2016, a consumer alerted Chow to numerous online complaints reporting that MOBE was a "scam." Chow responded by recommending the consumer to "apply, go through the 21 steps and connect with your coach," rather than rely on others' opinions, to "take control in your hands and find out yourself." Chow assured the consumer there was

no risk because the application fee was only \$49 and “refundable.”

112. By 2016, Chow became aware of a growing number of consumer complaints posted on the internet about MOBE's business practices. In his marketing emails, Chow advised prospective buyers to ignore these complaints and to opt out the MOBE program and “find out yourself.”

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United States, including in Orlando and Miami. When consumers attended HBS after paying \$497 for the ticket, they were subjected to three days of high-pressure sales tactics to buy MOBE memberships and mentoring services.

122. In his promotional videos for MOBE, Zuckman claimed that MOBE's live events were training seminars that would teach "entrepreneurs" how to make money "involving funnels that cause people to get sizable amounts of commissions on every sale, and our team does all the work."

123. Zuckman led numerous HBS events as the primary speaker or "trainer." During his time with MOBE, Zuckman spoke at over fifty separate HBS events held across the United States.

124. Zuckman regularly spoke before an audience of 20 to 40 people at each HBS seminar.

125. Zuckman's primary responsibility as an HBS speaker was to convince the audience to buy MOBE's costly memberships and mentoring services.

126. Under his live events speaker agreement with MOBE, Zuckman received a 10% commission on each sale made to attendees at the HBS seminars where he spoke. Under his separate affiliate agreement with MOBE, Zuckman also received a 40% to 50% commission on all sales to consumers that Zuckman referred to the MOBE program.

127.

speaker's agenda, the purpose of this video was to overcome any concerns about buying the MOBE memberships expressed by prospective customers that lack prior internet marketing experience.

129. Zuckman played another video called "Go from your first 6 figures to your first 7 figures," which he used to convey a false impression that average consumers were earning millions of dollars with MOBE.

130. Zuckman often explained to consumers that it is important to get in early on the MOBE investment opportunity and to quickly upgrade their membership levels.

131. Zuckman claimed that consumers who failed to upgrade their memberships quickly would "pass up" the opportunity to earn substantial commissions.

132. At an HBS event held in California, Zuckman related his personal story of a time he missed out on substantial commissions because he neglected to immediately upgrade his MOBE membership to the highest level upon joining MOBE:

"So the key lesson from that is get positioned from day one for maximum profitability. Let me show you some numbers just to kind of put this in perspective. I gave you a goal yesterday that we were going to show you how to walk away knowing how to make \$100,000 in 12 months. So let's look at that as a goal.... Do you want to make 100,000 a year? You sell 80 Silvers.... But what if you were positioned at Titanium instead of Silver? The company's funnel is going to do work for you to get people upgrading, and typically you're going to get in the neighborhood of around 20 to 30 percent of Silvers will do Titanium. I'm being conservative here.... But if you're a Diamond? ... five. It's a lot easier to sell 50 in a year than it is 80. That's only four months. You can do that. One a week."

133. Towards the end of the 3-day HBS seminar, Zuckman advised consumers to pay tens of thousands of dollars more for MOBE mentoring services fulfilled by the Bransfield Defendants. Zuckman claimed that the mentoring services would enable consumers to

“fast track” their online business and their MOBE commissions.

134. MOBE and Zuckman spent time at the HBS seminar teaching attendees the technical aspects of internet advertising and marketing. Rather, Zuckman devoted a significant amount of time to going over the different ways that consumers could raise money to pay for their expensive MOBE products. Zuckman referred to this segment of the HBS seminar as “funding sources for your business” and using “other people’s money.”

135. During this segment, Zuckman proposed a variety of ways that consumers could borrow money, such as obtaining a home equity line of credit or a small business loan, or dipping into their children’s education savings funds.

136. Zuckman even presented mock scenarios on how to ask one’s parents for money to invest in MOBE.

137. At the HBS and elsewhere, Zuckman distributed scripts for consumers to use with their banks to inquire about borrowing limits, opening up credit lines or raising existing credit lines.

that you know this, there is no reason to delay.”

146. When another consumer tried to cancel MOBE mentorship within three days of her purchase so that she could use the money to buy a house, Zuckman advised the consumer “to reconsider your cancellation because she and her husband were approved for \$200,000 in financing so you definitely CAN afford to do this business and still get your home.” Zuckman further claimed: “In fact this financing can also be used for your home if you wish! It can cover your down payment and other things. Whatever other things you have going on.... NOTHING will work this well! Also, you have a Mentor that is going to do this for you and teach you as well. DO NOT QUIT!!!”

147. Zuckman told another consumer who exhausted her credit limit and who was in immediate need of money to help a dying family member and advised her not to seek chargebacks on her MOBE purchases. Zuckman told the consumer: “You should not ask the credit card companies to reverse the charges, you would be losing any chance of achieving your own financial goals and dreams ... For ~~now~~ sure there are other ways to raise funds to help your brother.”

148. Zuckman referred consumers to those who canceled their MOBE purchases as “quitters” and people who failed to “keep [their] commitments.”

149. Contrary to Zuckman’s claims all consumers who purchased MOBE memberships and mentorships would make substantial income, including \$100,000 in 12 months, most consumers did not make money on these purchases and in fact suffered substantial losses.

150. Zuckman frequently received complaints and pleas from consumers who failed to achieve the income results that Zuckman claimed they would.

151. Zuckman lured hundreds of consumers into the MOBE scheme and made millions of dollars as a result. Zuckman used his corporate shell, Alpha Quad, to collect his MOBE commissions.

152. After MOBE was shut down, Zuckman promoted other business coaching programs and investment opportunities. Through his company Alpha Quad, Zuckman offered business education seminars to “entrepreneurs” and claimed that his company was “one of the front runners in providing a galaxy of courses to the entrepreneurs and investors looking forward to increase their wealth in the future.”

153. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the Commission because, among other things: Defendants engaged in their unlawful acts and practices repeatedly over a period of three years; Defendants engaged in their unlawful acts and practices willfully and knowingly; Defendants continued their unlawful acts or practices despite knowledge of numerous complaints about MOBE, and even after a federal court shut down a copycat scheme called “Digital Altitude” in February 2018 (see FTC v. Digital Altitude, No. 18-cv-00729 (C.D. Cal. Feb. 2018)); Defendants stopped their deceptive sale and marketing of MOBE products only after the court shut down MOBE in

VIOLATIONS OF THE FTC ACT

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

155. 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
(as to all Defendants)

156. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, ~~sale~~ of MOBE-related products ~~or~~ services, Defendants have represented, directly or indirectly, expressly or by implication, that purchasers of those products or services would ~~earn~~ or were likely to earn substantial income.

157. Defendants’ representations set forth in Paragraph 156 of this Complaint are false, misleading, or were not substantiated at the time the representations were made.

158. Therefore, Defendants’ representations set forth in Paragraph 156 of this Complaint constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

159. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants’ violations of the FTC 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.

THIS COURT'S POWER TO GRANT RELIEF

160. 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 stop 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.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

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Respectfully submitted,

ALDEN F. ABBOTT
General Counsel

Dated: March 3, 2020



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