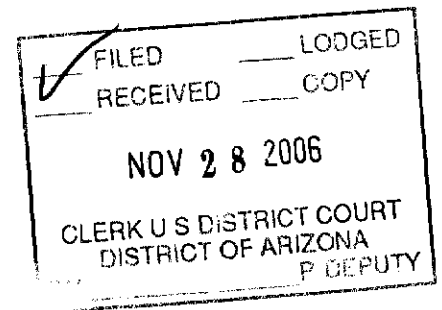


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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

THE RESULTS GROUP, L.L.C., an
Arizona Limited Liability Company,

EDWARD R. LONGORIA,
individually and as a manager of The
Results Group, L.L.C., and

AMBER R. HALVORSON,
individually and as a manager of The
Results Group, L.L.C.,

Defendants.

C.V'06 2843 PHX JAT
No.

SEALED

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF

COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF

Page 1 of 13

Plaintiff, the Federal Trade Commission (“FTC” or “Commission”) for its
Complaint alleges:

1. Plaintiff FTC brings this action under Sections 5(a), 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, as amended, to secure temporary, preliminary and permanent injunctive relief, rescission of contracts, restitution, disgorgement of ill-gotten gains, and other equitable relief against defendants for engaging in deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Commission’s Trade Regulation Rule entitled “Telemarketing Sales Rule” (“TSR”), 16 C.F.R. Part 310, as amended, in connection with the sale and offering for sale of The Results Group home-based Internet business system.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345 and 15 U.S.C. §§ 45(a) and 53(b) and 57b. This action arises under 15 U.S.C. § 45(a)(1).

3. Venue is proper in the United States District Court for the District of Arizona under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

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 affecting commerce. The Commission also enforces the Telemarketing Sales Rule, 16 C.F. R. Part 310, as amended, which prohibits deceptive or abusive telemarketing practices. The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act in order to ensure such equitable relief as is appropriate in each case, including restitution for injured consumers. 15 U.S.C. § 53(b), 57b, 6102(c) and 6105(b).

DEFENDANTS

5. Defendant The Results Group, L.L.C. ("TRG"), is an Arizona limited liability company with its office and principal place of business located at 2845 East Camelback Rd. Suite 700, Phoenix, Arizona 85016. Defendant TRG transacts or has transacted business in the District of Arizona.

6. Defendant Edward R. Longoria is a manager of defendant TRG. He is also president and sole shareholder of Edward Longoria Investments, Inc., majority owner and member of defendant TRG. 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 defendant TRG, including the various acts and practices set forth in this complaint. Edward R. Longoria resides in and transacts or has transacted business in the District of Arizona.

7. Defendant Amber R. Halvorson is a manager of defendant TRG. She is also president and sole shareholder of Amber Halvorson Investments, Inc., an owner and

member of defendant TRG. At all times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of defendant TRG, including the acts and practices set forth in this complaint. Amber R. Halvorson resides in and transacts or has transacted business in the District of Arizona.

COMMERCE

8. At all times relevant 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

9. Since at least the fall of 2004, and continuing thereafter, defendants, directly or through their representatives, have marketed The Results Group home-based Internet business system for fees ranging from \$99 to \$599 to consumers throughout the United States.

10. Defendants typically locate potential purchasers by placing Internet banner and pop-up advertisements on employment-related job posting Web sites. The advertisements offer consumers an opportunity to earn income from their homes using computer technology. The advertisements also invite interested consumers to provide their names and phone numbers on-line so that defendants may contact them.

11. In the course of their marketing program, defendants or their representatives make telephone contact with consumers who respond to the Internet advertisements. During the initial conversation, TRG representatives offer what they

refer to as a “turn-key, risk-free” home-based Internet business program that gives the consumer the “ability to make thousands of dollars” each week. Defendants claim that their business opportunity has unlimited growth and high earning potential.

12. In exchange for fees ranging from \$99 to \$599, defendants promise to build and host Web sites for the consumers that will be “affiliated” or connected with the Web sites of “Fortune 500” retail companies such as Amazon.com, Casino.com, and Overstock.com. Defendants claim that by purchasing their system, tens of thousands of Web users will be driven by advertisements to click on the consumers’ Web sites. A central characteristic of TRG’s business opportunity is that retail sales resulting from these visits, according to TRG representatives, will generate substantial income in the form of commissions from the retailers. A recorded message played by defendant TRG during the sales call informs potential buyers that they will be affiliated with the most successful companies on the Internet, and that people using their system are making over \$50,000 per month.

13. Defendants’ representatives tell consumers that their payment to TRG will get their businesses up and running. Consumers are told that TRG sets up everything for the purchaser and offers a complete business resource center to provide unlimited consultation, especially in the early stages of the new business. The business resource center is described as a large staff of representatives who are “experts.” TRG representatives also promise to provide purchasers with a “business coach” and help with business and marketing needs, including free advertising. They guarantee that the program is “risk-free,” and that after six months, if purchasers are not satisfied, TRG will

refund their money. Defendants claim that, with the substantial assistance of the assigned TRG coach, consumers will learn how to make substantial profits with the TRG system.

14. Relying upon representations of substantial income and assistance from what is described as a “turn-key, risk free” business opportunity, many consumers are induced to authorize TRG representatives to charge their credit cards or checking accounts for fees ranging from \$99 to \$599 to become TRG “associates.”

15. After purchasing the Web sites, consumers are quickly targeted by TRG for additional sales. The assigned “business coach” in reality is an advertising sales person who contacts the new associate to advise that, because the Web sites earn money only from retail commissions on Internet sales, the Web sites cannot be profitable unless the associate spends significant additional money for advertising. The TRG representative describes different advertising packages available to the consumer ranging from \$1,000 to \$9,900, depending on how successful the “associate” wants to be. Consumers who cannot afford to purchase any of the suggested packages are often asked how much they can afford, and an advertising program is created to match their budgets. This encounter with their “business coach” is the first time most consumers learn that the Web sites they purchased are not, in fact, “turn-key” business opportunities, and that many of the representations concerning the nature of TRG’s business system made during the initial sales call were false or misleading.

16. Many consumers, induced to make their businesses profitable by attracting more Internet users to their Web sites, purchase the additional advertising and pay thousands of dollars more to TRG.

17. After consumers pay for additional advertising packages, they are rarely able to reach a TRG representative to discuss their Web sites or obtain additional “coaching” assistance. Instead, they report reaching voice mail extensions or being advised that a representative will have to call them back. Consumers who reach someone at TRG to complain or ask for a refund are told to be patient and wait. Letters, faxes, and emails are generally unanswered by TRG staff, until the consumer seeks a credit card charge back or files a complaint with the Better Business Bureau or Attorney General’s Office. Once such a complaint is made, TRG will often offer to refund the consumer the initial costs of the business opportunity and, on occasion, a portion of the advertising costs.

18. Most consumers who purchase proposed defendants’ home-based Internet business system do not earn any profits, regardless of the amount of their investment or whether they purchased the additional advertising services.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

19. 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

20. In numerous instances, in connection with the marketing, offering for sale, or sale of The Results Group home-based Internet business system, defendants represent, expressly or by implication, that purchasers of The Results Group home-based Internet business system are likely to earn substantial income.

21. In truth and in fact, purchasers of The Results Group home-based Internet

business system are not likely to earn substantial income.

22. Therefore, defendants' representations set forth in Paragraph 20 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

23. In numerous instances, in connection with the marketing, offering for sale, or sale of The Results Group home-based Internet business system, defendants represent, expressly or by implication, that the defendants provide purchasers with substantial assistance in the operation of their Web site businesses, including, but not limited to, claims that they provide a staff of business experts available at the TRG business resource center to answer telephone inquiries and provide unlimited consultation.

24. In truth and in fact, in numerous instances, the defendants do not provide purchasers with substantial assistance in the operation of their Web site businesses.

25. Therefore, defendants' representations set forth in Paragraph 23 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FTC TELEMARKETING SALES RULE

26. The Commission promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310, pursuant to Section 6102(a) of the Telemarketing Act, 15 U.S.C. § 6102(a). The Telemarketing Sales Rule became effective December 31, 1995. On March 31, 2003, amendments to the Telemarketing Sales Rule became effective (except for specific provisions not at issue in this case).

27. The Amended Telemarketing Sales Rule prohibits sellers and telemarketers from misrepresenting any material aspect of an investment opportunity, including, but not limited to, risk, liquidity, earnings potential, or profitability. 16 C.F.R. § 310.3(a)(2)(vi).

28. The Amended Telemarketing Sales Rule prohibits sellers and telemarketers from misrepresenting, directly or by implication, any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

29. The Amended Telemarketing Sales Rule prohibits sellers and telemarketers from making a false or misleading statement to induce any person to pay for goods or services. 16 C.F.R. § 310.3(a)(4).

30. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the Telemarketing Sales Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

31. Defendants are “sellers” or “telemarketers” engaged in “telemarketing,” as those terms are defined in the Amended Telemarketing Sales Rule, 16 C.F.R. § 310.2(z), (bb), and (cc).

32. The home-based Internet business system TRG offers is a business opportunity or an “investment opportunity” as that term is defined in the Amended Telemarketing Sales Rule, 16 C.F.R. § 310.2 (p).

COUNT III

33. In numerous instances, in connection with the telemarketing of The Results Group home-based Internet business system, defendants, directly or by implication, have misrepresented the risk, earnings potential, or profitability of their business system by, among other things, falsely claiming that purchasers of defendants' business system are likely to make substantial income.

34. Defendants have thereby violated Section 310.3(a)(2)(vi) of the Amended Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(vi).

COUNT IV

35. In numerous instances, in connection with telemarketing offers to sell The Results Group home-based Internet business system, defendants, directly or by implication, have misrepresented material aspects of the performance, efficacy, nature, or central characteristics of their business system by, among other things, falsely claiming that purchasers of defendants' business system are likely to earn substantial income, and that they provide purchasers with substantial assistance in the operation of their Web site businesses, including, but not limited to, claims that the defendants provide a staff of business experts available at the TRG business resource center to answer telephone inquiries and provide unlimited consultation.

36. Defendants have thereby violated Section 310.3(a)(2)(iii) of the Amended Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iii).

COUNT V

37. In numerous instances, in connection with telemarketing offers to sell The Results Group home-based Internet business system, defendants, directly or by implication, have made false or misleading statements to induce consumers to pay for their home-based Internet system by, among other things, falsely claiming that purchasers of defendants' business system are likely to earn substantial income, and that they provide purchasers with substantial assistance in the operation of their Web site businesses, including, but not limited to, claims that the defendants provide a staff of business experts available at the TRG business resource center to answer telephone inquiries and provide unlimited consultation.

38. Defendants have thereby violated Section 310.3(a)(4) of the Amended Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(4).

CONSUMER INJURY

39. Consumers throughout the United States have suffered or are likely to suffer substantial monetary loss as a result of defendants' unlawful acts or practices. 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 and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

40. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provision of law enforced by the

Federal Trade Commission.

41. 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 or other persons resulting from the defendants' violations of the Telemarketing Sales Rule, including the rescission and reformation of contracts, and the refund of money.

42. This Court, in the exercise of its equitable jurisdiction, may award ancillary relief to remedy injury caused by the defendants' law violations.

PRAYER FOR RELIEF

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

1. Award plaintiff 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 and an order freezing assets;
2. Enter a permanent injunction to prevent future violations of the FTC Act by defendants;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
4. Award plaintiff the costs of bringing this action, as well as such other and

additional relief as the Court may determine to be just and proper.

Dated: 11/27/06

Respectfully Submitted,

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