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U.S. DISTRICT COURT
CENTRAL DISTRICT, CALIF.
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14 **IN THE UNITED STATES DISTRICT COURT**
15 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

16 **FEDERAL TRADE COMMISSION,**
17 **Plaintiff,**

18 **v.**

19 **JAB VENTURES, LLC, and**
20 **JASON BRAILOW, in his individual**
21 **capacity and in his capacity as trustee,**
Defendants.

Civil No. **CV08-04648** (RZx)

**Complaint for Permanent
Injunction and
Other Equitable Relief**

22 Plaintiff, the Federal Trade Commission ("FTC"), by its undersigned
23 attorneys, for its complaint alleges:

24 1. The FTC brings this action pursuant to Section 13(b) of the Federal
25 Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), and Section 917(c) of the
26 Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. § 1693o(c), to secure a
27 permanent injunction, rescission of contracts, restitution, disgorgement of ill-gotten
28 gains, and other equitable relief against Defendants for engaging in unfair or

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1 deceptive acts or practices in violation of Sections 5(a) and 12 of the FTC Act, 15
2 U.S.C. §§ 45(a) and 52, Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), Section
3 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), and Section 205.10(b) of the
4 Federal Reserve Board's Official Staff Commentary to Regulation E, 12 C.F.R.
5 § 205.10(b), Supp. I.

6 **JURISDICTION AND VENUE**

7 2. This Court has jurisdiction over this matter pursuant to 15 U.S.C.
8 §§ 45(a), 52, and 53(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

9 3. Venue in the Central District of California is proper under 28 U.S.C.
10 §§ 1391(b) and (c) and 15 U.S.C. § 53(b).

11 **THE PARTIES**

12 4. Plaintiff Federal Trade Commission is an independent agency of the
13 United States Government created by the FTC Act, 15 U.S.C. § 41 *et seq.* The
14 FTC enforces the FTC Act, which prohibits unfair or deceptive acts or practices in
15 or affecting commerce. The FTC also enforces EFTA, which regulates the rights,
16 liabilities, and responsibilities of participants in electronic funds transfer systems.
17 The FTC may initiate federal district court proceedings, through its own attorneys,
18 to enjoin violations of the FTC Act and EFTA and to secure such other equitable
19 relief, including rescission of contracts, restitution, and disgorgement of ill-gotten
20 gains, as may be appropriate in each case. 15 U.S.C. § 53b.

21 5. Defendant JAB Ventures, LLC is a Utah limited liability company
22 with its principal place of business located at 9140 South State Street, Suite 202,
23 Sandy, Utah. JAB Ventures also has used an address of P.O. Box 125, Draper,
24 Utah. JAB Ventures also does business, or has done business, under the names
25 LeanLife PM, Lean Life LLC, Burn Fat 2, Hoodia 66, Hoodia Thin,
26 HoodiaGordonii, Hoodiaforfree, and RxZyte. JAB Ventures transacts or has
27

1 transacted business in this district.

2 6. Defendant Jason Brailow is a principal, officer, and director of JAB
3 Ventures. At all times material to this Complaint, acting alone or in concert with
4 others, he has formulated, directed, controlled, and/or participated in the acts and
5 practices set forth in this Complaint. He is also the trustee of the JAB 101 Trust.
6 In his capacity as the trustee, he has received funds and other property that were
7 derived unlawfully from Defendants' acts or practices complained of herein.
8 Defendant Brailow transacts or has transacted business in this district.

9 **COMMERCE**

10 7. At all times material herein, Defendants have maintained a course of
11 trade in or affecting commerce, as commerce is defined in Section 4 of the FTC
12 Act, 15 U.S.C. § 44.

13 **DEFENDANTS' COURSE OF CONDUCT**

14 8. Since at least January 2005 and continuing until at least April 2006,
15 Defendants advertised, marketed, promoted, offered to sell, and sold several
16 dietary supplements through unsolicited commercial emails, Internet ads, and
17 Internet websites. The dietary supplements included products called LeanLife PM,
18 Burn Fat 2, Hoodia 66, Hoodia Thin, HoodiaGordonii, and RxZyte. The emails
19 and ads for the products typically contained links to websites Defendants have
20 used to sell their products, including www.leanlifepm.com, www.burnfat2.com,
21 www.hoodia66.com, www.hoodiaforfree.com, and www.rxzyte.com.

22 9. Defendants' unsolicited commercial emails and Internet ads and
23 websites attempted to induce consumers to order the dietary supplements by
24 offering "free" trials of the products and by claiming either that the products help
25 consumers to lose weight or improve male sexual function.

26 10. Defendants required consumers who wished to receive a "free"
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1 sample to provide their credit card or debit card numbers to pay a modest shipping
2 and handling fee. Defendants did not adequately disclose that consumers who
3 ordered the “free” sample would be enrolled in a continuity program and would be
4 sent additional product shipments and charged approximately \$100 every two or
5 three months. In addition, Defendants did not adequately disclose the steps
6 consumers had to take to avoid receiving additional shipments and being charged
7 for them. Defendants also did not adequately disclose their refund policies,
8 including in particular their policy of not providing refunds for the first shipment
9 after the “free” sample.

10 **Defendants’ “Free” Trials and Continuity Programs**

11 11. Defendants’ emails typically included hyperlinks to their Internet
12 websites with the statements “Click Here to try it Absolutely FREE!*” or “Try it
13 now FREE*!” The asterisk (“*”) after “FREE” appears to refer consumers to small
14 text stating “* participation required.” The emails did not include any other
15 information, terms or conditions for consumers who wished to take advantage of
16 Defendants’ “free” offer.

17 12. The homepages of Defendants’ websites also invited consumers to try
18 “FREE” samples of their products. (One version of the homepage for LeanLife
19 PM is attached as Exhibit A.) The homepages commonly asked consumers to
20 disclose their name, email address, and phone number to receive the free samples.
21 Typically, no fees or costs were mentioned on the homepages. These pages also
22 instructed consumers to click on “Send me my FREE Sample!” or “Order Now”
23 buttons to proceed to the ordering pages of the websites. In some versions of
24 Defendants’ websites, beneath the “Send me my FREE Sample” button, text said,
25 “was \$49.95 [with the \$49.95 crossed out by a red line] NOW FOR A LIMITED
26 TIME OFFER *FREE.” In small print below that text was another asterisk and
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1 smaller text saying "See Terms and Conditions for details."

2 13. Typically, the top of the order pages also prominently featured text
3 saying that the sample is "Free" and that "all I pay" is shipping and handling. (One
4 version of the order page for LeanLife PM is attached as Exhibit B.) The ordering
5 pages contained fields for consumers to enter their name, address, phone number,
6 email address, and credit card or debit card number. Below these fields was a box
7 instructing consumers to "Click Here to Complete Your Order."

8 14. In many versions of their websites, below the "click here" button on
9 the order page and usually in smaller text, Defendants provided additional
10 information about the "free" offer, including the fact that consumers who accepted
11 the offer would receive, and be charged for, additional shipments. For example,
12 Exhibit B, one version of the order page on Defendants' www.leanlifepm.com
13 website, included the following text below the "click here" button:

14 SUMMARY TERMS AND CONDITIONS

15 YOUR FIRST 7-DAY BOTTLE IS FREE. YOU JUST PAY
16 SHIPPING AND HANDLING! Your FREE BOTTLE includes a
17 FREE 7-Day supply of LeanLifePM (+\$1.99 shipping and handling).
18 14 days from your original order date we will send you a 60-day
19 supply of LeanLifePM. You authorize your credit card to be billed
20 for the "Auto-Ship" price of \$97.41, reoccurring every 60 days for 3
21 billing cycles. To cancel, contact Customer Service at 1-866-370-
22 7271 or email us at customer@leanlifepm.com.

23
24 By clicking the order button I UNDERSTAND and AGREE to all the
25 terms and AUTHORIZE the charges. Please read the full Terms and
26 Conditions click here.

1 15. These “Summary Terms and Conditions” were inconspicuous and
2 failed to provide consumers with adequate notice that they would receive and be
3 charged for additional product shipments, especially in light of the more prominent
4 representations that consumers would receive a “free” sample. Because the
5 “Summary Terms and Conditions” were below the “Click Here to Complete Your
6 Order” button, and were typically in smaller text, many consumers did not review
7 these disclosures. Moreover, these disclosures were incomplete. Among other
8 things, they failed to specify when consumers must cancel to avoid further charges.

9 16. The “Terms and Conditions” pages of the websites included material
10 terms and conditions. For example, attached as Exhibit C is one version of the
11 LeanLifePM “Terms and Conditions” page, which included the following:

12
13 Upon ordering your FREE bottle of LeanLife PM: you will be
14 automatically enrolled in our Autoship Program. The 60 day
15 LeanLife PM Autoship Program is only \$97.41. This ensures that you
16 will never run out of your supply as you keep those pounds coming
17 off! Within fourteen days of placing your order, you will
18 automatically be shipped a 60-day supply of LeanLife PM and billed
19 \$97.41 to your card. We know that you will feel this is the best
20 money you ever spent. The Autoship Program discontinues after
21 three billing cycles. CANCELLING: If after trying LeanLife PM, you
22 decide you do not wish to receive your next 60-day supply, simply
23 contact us 30 days before your next 60-day supply is due to be
24 shipped. It is as easy as that. Simply email [sic] Customer Service at
25 1-866-370-7271. You will receive an auto-reply with further details
26 on how to cancel. Please note: there are no refunds on the first
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1 shipment of the Autoship Program. AUTOSHIP: Most of our
2 customers take advantage of our complimentary "Auto-Ship" Service.
3 With "Auto-Ship", you'll automatically and conveniently receive a
4 new bottle of LeanLife PM (just \$97.41 for a 2 month supply on the
5 discounted autoship price), every two months for three billing cycles.
6 Your shipments are timed perfectly to arrive at your door before you
7 run out of your current supply. This means you'll never miss a single
8 important dose. You'll never need to worry about keeping the weight
9 off. I authorize the charge for my free supply plus shipping of \$1.99.
10 I also authorize to be charged for the autoship program of \$97.41. For
11 my convenience please delay the autoship charge of \$97.41 to within
12 14 days of my first charge of \$1.99.

13
14 We reserve the right to make modifications and changes, at any time,
15 to these terms and conditions we deem necessary, without prior
16 notification.

17 17. The terms and conditions pages often included disclosures that were
18 not present on Defendants' homepages and ordering pages. For example, some
19 versions of the terms and conditions pages disclosed, among other things, that in
20 order to avoid receiving the "next 60-day supply" consumers had to "contact us 30
21 days before your next 60-day supply is due to be shipped."

22 18. Particularly in light of the prominent representations in their ads and
23 on their websites that Defendants were offering a "free" sample, the disclosures on
24 the terms and conditions pages were inadequate to notify consumers that if they
25 ordered a free sample they would be enrolled in a continuity program and to inform
26 consumers of the terms and conditions of the continuity program. The homepages
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1 and ordering pages provided only an inconspicuous link to the terms and
2 conditions pages, and consumers were not required to review the terms and
3 conditions pages before ordering.

4 19. Moreover, the disclosures on the terms and conditions pages were
5 incomplete and confusing. For example, in many instances, Defendants did not
6 clearly explain on the terms and conditions pages whether consumers could avoid
7 receiving and being charged for the first shipment of the Autoship Program, and, if
8 so, when they had to cancel to avoid being charged. In other instances, the terms
9 and conditions pages appeared to be inconsistent with statements elsewhere on the
10 websites. For example, in one version of the RxZyte website, which is attached as
11 Exhibit D, the terms and conditions page stated, "If after trying RxZyte™, you
12 decide you do not wish to receive the 90-day supply, simply contact us within 14
13 days of the day you placed your order. It is as easy as that." Text at the bottom of
14 the ordering page similarly said, "If after trying RxZyte™, . . . you decide you do
15 not wish to receive the 90-day supply, simply contact us within 14 days of the day
16 you placed your order. It is as easy as that." Additional text on the ordering page
17 noted that "YOU MAY CANCEL AT ANY TIME!" However, other text on the
18 bottom of the ordering page stated, "To receive your FREE gift you must accept at
19 least one autoship installment."

20 20. In many instances, consumers were unaware that Defendants were
21 enrolling them in continuity programs and imposing charges on their credit cards
22 and debit cards in excess of the shipping and handling charges. In many instances,
23 consumers did not know that Defendants had enrolled them in continuity programs
24 until they received the first shipment of the Autoship Program and did not know
25 that they were being charged until they reviewed their credit card statements or
26 bank statements.

1 21. Defendants also misrepresented the terms and conditions of their
2 cancellation policies.

3 22. In many instances, despite Defendants' representations that consumers
4 could cancel at any time and could cancel easily, many consumers who sought to
5 cancel their enrollment in Defendants' continuity program were unable to do so.

6 23. In many instances, consumers who called defendants' toll-free
7 customer service telephone number to cancel were unable to speak to a customer
8 service representative ("CSR"). When customers were able to speak to a CSR,
9 they often were told that their enrollment in a continuity program would be
10 cancelled, but they nevertheless continued to be billed.

11 24. In many instances, consumers who sent emails to Defendants'
12 customer service to cancel enrollment in a continuity program nevertheless
13 continued to receive additional shipments and be charged for those shipments.

14 25. For some period of time, Defendants required consumers to send a
15 certified letter in order to cancel enrollment in Defendants' continuity programs.

16 26. In many versions of their websites, Defendants represented that
17 consumers would have a trial period, typically 14 days, to try the "free" sample.
18 The trial period began as soon as consumers ordered the "free" sample, leaving
19 consumers with fewer than 14 days to try the "free" sample.

20 27. In many instances, consumers received and were charged for their first
21 continuity shipment: (a) even though they had cancelled their enrollment in the
22 continuity program during the trial period in which consumers were using their
23 "free" sample; (b) before the trial period in which consumers were using their
24 "free" sample had elapsed; or (c) even though they never received a "free" sample.

25 **Defendants' False and Unsubstantiated Weight Loss Claims**

26 28. In addition to offering consumers a "free" sample of their dietary
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1 supplements, Defendants also induced consumers to order their dietary
2 supplements for weight loss by making false or unsubstantiated claims about those
3 products.

4 **LeanLife PM and Burn Fat 2**

5 29. Since at least November 2004, and continuing until February 2006,
6 Defendants advertised, promoted, offered for sale, sold, and distributed LeanLife
7 PM, a purported weight loss product. The product label states that LeanLife PM
8 contains apple pectin, cayenne, ginger root, garcinia cambogia, bromelain, citrus
9 aurantium, and willow bark. Defendants recommended that users consume three
10 tablets daily before going to bed. Defendants charged consumers approximately
11 \$100 for a 60-day supply of LeanLife PM.

12 30. To induce consumers to purchase LeanLife PM, Defendants have
13 disseminated or have caused to be disseminated unsolicited commercial emails.
14 One of these emails contained the following statements, among others:

- 15 a. "Effective natural weight loss while you sleep"
- 16 b. "Burns Fat and Suppresses the Appetite during the evening hours,
17 when we snack most! This is what we need to help us lose weight and
18 burn fat! **LeanLife PM** allows the body to eliminate fat from the
19 hips, thighs, abdomen, buttocks, and anywhere else where body fat
20 may develop."
- 21 c. "The greatest benefit **LeanLife PM** formula offers is its powerful
22 ability to burn fat quickly. It aids the body in eliminating excess
23 fluids, kick-starts the sluggish metabolism, and curbs the appetite.
24 Discover what others have found to be successful in permanent weight
25 loss."
- 26 d. "Lose weight while you are sleeping by naturally supporting healthy
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1 metabolism.”

2 e. “Noticeable difference in three weeks or less.”

3 f. “A Healthy choice for weight loss with little effort.”

4 g. “**LeanLife PM** helps the body naturally burn fat during evening hours
5 without interfering with your sleep. A non stimulant food that is also
6 effective during the day resulting in 24 hour weight loss.”

7 31. Consumers clicking on the hyperlinks of Defendants’ emails were
8 taken to Defendants’ Internet website www.leanlifepm.com. As shown in Exhibit
9 A, the homepage of www.leanlifepm.com has contained, among other statements:

10 a. “Kick-starts your metabolism!”

11 b. “Burns fat when you need it most: during the afternoon and evening
12 hours.”

13 c. “Curbs your appetite when you want to snack most by regulating
14 blood sugar.”

15 d. “Burns calories faster than diet and exercise alone.”

16 e. “Brings stored fat to your muscles so they can be burned for energy.”

17 f. “Here’s How it Works! LeanLifePM will begin working on the first
18 night as you sleep. The ingredients begin being absorbed into your
19 system and you will wake feeling thinner, healthier and ready to start
20 the life you have always wanted. Not only will you notice the positive
21 changes, your family and friends will also see dramatic changes in
22 your appearance after just a couple of weeks. This RAPID WEIGHT-
23 LOSS will last until your body reaches its safe and natural weight
24 zone.”

25 g. “[U]nlike diet pills that jolt your body with stimulants (i.e. ephedra,
26 caffeine, etc.), Leanlife PM burns fat . . . Without stimulants.”

1 with hoodia gordonii, Defendants made numerous statements about the
2 effectiveness of such supplements in causing weight loss. For example, the
3 website for Hoodia 66 stated that users would “LOSE WEIGHT GUARANTEED”
4 and that users would “Lose up to 10 pounds in 14 Days by claiming your FREE 14
5 Day Bottle.” The website also stated that Hoodia “contains a molecule which
6 ‘tricks’ the brain into making you feel full, and you naturally eat less.” A copy of
7 one version of the homepage for Hoodia 66 is attached as Exhibit E. Defendants
8 used the same or similar statements to promote Hoodia Thin and Hoodia Gordonii.

9 **THE FEDERAL TRADE COMMISSION ACT**

10 36. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that “unfair
11 or deceptive acts or practices in or affecting commerce, are hereby declared
12 unlawful.” The Commission also enforces Section 12 of the FTC Act, 15 U.S.C.
13 § 52, which prohibits false advertisements for food, drugs, devices, services or
14 cosmetics in or affecting commerce. For the purposes of Section 12 of the FTC
15 Act, 15 U.S.C. § 52, each of Defendants’ dietary supplements LeanLife PM, Burn
16 Fat 2, Hoodia 66, Hoodia Thin, HoodiaGordonii, and RxZyte is a “food” and/or
17 “drug” pursuant to Section 15(b) and (c) of the FTC Act, 15 U.S.C. § 55(b) and (c).

18 **VIOLATIONS OF THE FTC ACT**

19 **COUNT I - Failure to Disclose Material Terms of Continuity Plans**

20 37. In numerous instances, in connection with the advertisement,
21 marketing, promotion, offering for sale, sale, or distribution of dietary
22 supplements, Defendants have represented, expressly or by implication, that
23 consumers may order a “free” or “trial” sample and will incur only a small cost for
24 shipping and handling on their credit card or debit card.

25 38. In numerous of these instances, Defendants have failed to disclose, or
26 to disclose adequately, to consumers the material terms and conditions of the offer

1 for a “free” or “trial” sample, including:

- 2 a. that consumers who order the free or trial sample are enrolled in a
- 3 continuity program and must cancel the program to avoid additional
- 4 shipments and charges;
- 5 b. that consumers’ checking or credit account information will be used to
- 6 debit their bank accounts or bill their credit card accounts to pay the
- 7 continuity plans’ fees;
- 8 c. when consumers must cancel to avoid further shipments and charges;
- 9 and
- 10 d. the means consumers must use to cancel.

11 39. In light of the representation set forth in Paragraph 37, Defendants’
12 failure to disclose or to disclose adequately the material information set forth in
13 Paragraph 38 constitutes a deceptive act or practice in violation of Section 5(a) of
14 the FTC Act, 15 U.S.C. § 45(a).

15 **COUNT II - Misrepresentations of Material Facts**

16 40: In numerous instances, in connection with the advertisement,
17 marketing, promotion, offering for sale, sale, or distribution of dietary
18 supplements, Defendants have represented, expressly or by implication, that:

- 19 a. they will allow consumers to obtain and use Defendants’ dietary
- 20 supplements during a stated trial period before Defendants withdraw
- 21 money from, or assess a fee, other than a nominal shipping and
- 22 handling fee, against, consumers’ financial accounts;
- 23 b. they will honor consumers’ requests to cancel their memberships in
- 24 Defendants’ continuity programs; and
- 25 c. they will allow consumers to cancel at any time and/or cancel easily
- 26 their memberships in Defendants’ continuity programs.

- 1 41. In truth and in fact, in numerous of these instances Defendants have:
2 a. not allowed consumers to obtain and use Defendants' dietary
3 supplements during a stated trial period before Defendants have
4 withdrawn money from, and assessed fees, other than nominal
5 shipping and handling fees, against, consumers' financial accounts;
6 b. not honored consumers' requests to cancel their memberships in
7 Defendants' continuity programs; and
8 c. not allowed consumers to cancel at any time and/or cancel easily their
9 memberships in Defendants' continuity programs.

10 42. Therefore, the making of the representations set forth in Paragraph 40
11 constitutes deceptive practices in violation of Section 5(a) of the FTC Act, 15
12 U.S.C. § 45(a).

13 **COUNT III - Unauthorized Billing**

14 43. In numerous instances, in connection with the advertisement,
15 marketing, promotion, offering for sale, sale, or distribution of dietary
16 supplements, Defendants have caused charges to be submitted for payment to the
17 credit and debit cards of consumers:

- 18 a. who cancelled or attempted to cancel their enrollment in Defendants'
19 continuity programs; or
20 b. who were not adequately informed of the negative option features or
21 terms and conditions of Defendants' continuity programs

22 and therefore did not provide express informed consent for the charges.

23 44. Defendants' practice of causing charges to be submitted for payment
24 to financial institutions without the consumers' express informed consent has
25 caused substantial injury to consumers that is not reasonably avoidable by
26 consumers themselves and is not outweighed by countervailing benefits to
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1 consumers or competition.

2 45. Therefore, Defendants' practice as alleged in Paragraph 43 is unfair in
3 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

4 **COUNT IV - False and Deceptive Weight-Loss Claims**

5 46. In numerous instances, in connection with the advertisement,
6 marketing, promotion, offering for sale, sale, or distribution of LeanLife PM, Burn
7 Fat 2, Hoodia 66, Hoodia Thin, and Hoodia Gordonii, Defendants have
8 represented, expressly or by implication, that:

- 9 a. Hoodia 66, Hoodia Thin, and Hoodia Gordonii cause substantial
10 weight loss for all users;
- 11 b. Hoodia 66, Hoodia Thin, and Hoodia Gordonii cause rapid and
12 substantial weight loss, including as much as 10 pounds in 14 days;
- 13 c. Hoodia 66, Hoodia Thin and Hoodia Gordonii curb a user's appetite
14 sufficiently to cause substantial weight loss;
- 15 d. LeanlifePM and Burn Fat 2 cause weight loss with little effort;
- 16 e. LeanlifePM and Burn Fat 2 cause rapid and substantial weight loss;
- 17 f. LeanlifePM and Burn Fat 2 raise a user's metabolism sufficiently to
18 cause substantial weight loss;
- 19 g. Leanlife PM and Burn Fat 2 cause permanent weight loss;
- 20 h. LeanlifePM and Burn Fat 2 curb a user's appetite sufficiently to cause
21 substantial weight loss; and
- 22 i. Leanlife PM and Burn Fat 2 do not contain stimulants.

23 47. The representations set forth in Paragraph 46 are false or were not
24 substantiated at the time the representations were made. Therefore, the making of
25 the representations set forth in Paragraph 46, above, constitutes a deceptive
26 practice, and the making of false advertisements, in or affecting commerce, in
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1 violation of Sections 5(a) and 12 of the Federal Trade Commission Act, 15 U.S.C.
2 §§ 45(a) and 52.

3 **THE ELECTRONIC FUND TRANSFER ACT AND REGULATION E**

4 48. Section 907(a) of the EFTA, 15 U.S.C. § 1693e(a), provides that a
5 “preauthorized electronic fund transfer from a consumer’s account may be
6 authorized by the consumer only in writing, and a copy of such authorization shall
7 be provided to the consumer when made.” According to Section 903(9) of the
8 EFTA, 15 U.S.C. § 1693a(9), the term “preauthorized electronic fund transfer”
9 means an electronic fund transfer authorized in advance to recur at substantially
10 regular intervals.”

11 49. Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), provides
12 that “[p]reauthorized electronic fund transfers from a consumer’s account may be
13 authorized only by a writing signed or similarly authenticated by the consumer.
14 The person that obtains the authorization shall provide a copy to the consumer.”

15 50. Section 205.10(b) of the Federal Reserve Board’s Official Staff
16 Commentary to Regulation E, 12 C.F.R. § 205.10(b), Supp. I, provides that “[a]n
17 authorization is valid if it is readily identifiable as such and the terms of the
18 preauthorized transfer are clear and readily understandable.”

19 **COUNT V - Violations of the Electronic Fund**
20 **Transfer Act and Regulation E**

21 51. In numerous instances, Defendants have debited consumers’ bank
22 accounts on a recurring basis without obtaining a written authorization signed or
23 similarly authenticated from consumers for preauthorized electronic fund transfers
24 from the accounts, thereby violating Section 907(a) of the EFTA, 15 U.S.C.
25 § 1693e(a), Section 205.10(b) of Regulation E, 12 C.F.R. § 205.10(b), and Section
26 205.10(b) of the Federal Reserve Board’s Official Staff Commentary to Regulation
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1 E, 12 C.F.R. § 205.10(b), Supp. I.

2 52. Pursuant to the EFTA, 15 U.S.C. § 1693o(c), every violation of the
3 EFTA and Regulation E constitutes a violation of the FTC Act.

4 53. By engaging in violations of the EFTA and Regulation E as alleged in
5 Paragraph 51, Defendants have engaged in violations of the FTC Act.

6 **CONSUMER INJURY**

7 54. Consumers throughout the United States have suffered substantial
8 monetary loss as a result of Defendants' unlawful acts and practices. In addition,
9 Defendants have been unjustly enriched as a result of their unlawful acts and
10 practices. Absent injunctive relief by this Court, Defendants are likely to continue
11 to injure consumers, reap unjust enrichment, and harm the public.

12 **THIS COURT'S POWER TO GRANT RELIEF**

13 55. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court
14 to grant a permanent injunction, rescission of contracts, restitution, the
15 disgorgement of ill-gotten gains, and other equitable relief to prevent and remedy
16 any violations of any provision of law enforced by the FTC.

17 **PRAYER FOR INJUNCTIVE AND MONETARY RELIEF**

18 WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section
19 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers,
20 requests that the Court:

21 1. Enter a permanent injunction to prevent future violations by
22 Defendants of the FTC Act, the EFTA, Regulation E, and the Federal Reserve
23 Board's Official Staff Commentary to Regulation E;

24 2. Award such relief as the Court finds necessary to redress injury to
25 consumers resulting from Defendants' violations of the FTC Act, the EFTA, and
26 Regulation E, including but not limited to, rescission or reformation of contracts,

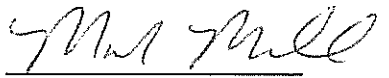
1 restitution, the refund of monies paid, and the disgorgement of ill-gotten monies by
2 Defendants; and

3 3. Award Plaintiff the costs of bringing this action, as well as such other
4 and additional relief as the Court may determine to be just and proper.

5
6 Dated: July 15, 2008

Respectfully submitted,

7 WILLIAM BLUMENTHAL
8 GENERAL COUNSEL

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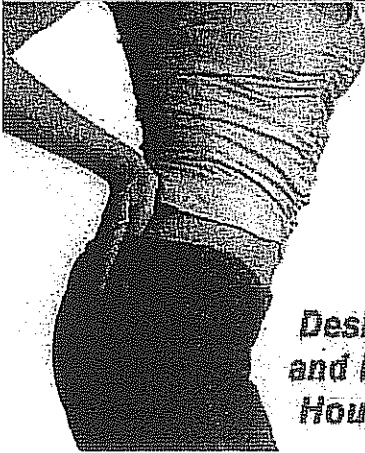
10 MARK MORELLI
11 GREGORY A. ASHE
12 RAYMOND E. MCKOWN
13 ATTORNEYS FOR PLAINTIFF
14 FEDERAL TRADE COMMISSION
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EXHIBIT A

LeanLife | PM

Questions, Concerns, Comments?
email us at customer@leanlife.com

HOME | PRODUCT INFO | TESTIMONIALS | CUSTOMER SERVICE | ORDER NOW



Start Losing Weight Tonight!



*Designed to Suppress Appetite
and Burn Fat during the Evening
Hours when you need it most!*

*Finally! A proven all natural
antioxidant that helps your
body to suppress appetite and
burn fat.*

"Start Burning Fat Tonight!"

Doctor Recommended!

JUST A FEW OF THE AMAZING BENEFITS:

- Kick-starts your metabolism!
- Burns fat when you need it most: during the afternoon and evening hours.
- Curbs your appetite when you want to snack most by regulating blood sugar.
- Burns calories faster than diet and exercise alone.
- Brings stored fat to your muscles so they can be burned for energy.
- Can be taken safely for months or years.

And unlike diet pills that jolt your body with stimulants (i.e. ephedra, caffeine, etc), Leanlife PM burns fat...

- Without stimulants
- Without making you jittery, nervous, or nauseous
- Without shocking or imbalancing your system
- Without keeping you awake at night!

First Name:

Last Name:

Email Address:

Phone: ()

(Required for Delivery Confirmation)

Send me my FREE Sample!

was

~~\$49.95~~

NOW FOR A LIMITED TIME OFFER

FREE

We're so confident in our product that we'll give you your first supply FREE. Once you see and feel the difference, we're confident that you'll continue using LeanLife PM as your all natural fat burner.
*See Terms and Conditions for details.

Besides burning fat, the groundbreaking synergy of LeanLife PM's natural ingredients will...

- Cleanse your body of toxins
- Help your body eliminate excess fluids
- Help Sustain normal cholesterol levels
- Create healthy circulation

Curbs Appetite, Burns Fat, and is All Natural!

Never before has weight loss been achievable through a product so healthy, safe, and effective during SLEEP! The combination of **ALL-NATURAL, STIMULANT-FREE** ingredients in LeanLifePM have made the dream of losing fat reachable. For the first time, natural ingredients can be as strong as pharmaceuticals, and with LeanLifePM you avoid the negative side effects, bothersome prescriptions and high prices!

Our research and passion for helping people lose weight has paid off for doctors and their patients for years, now it's your turn!

Here's How it Works!

LeanLifePM will begin working on the first night as you sleep. The ingredients begin being absorbed into your system and you will wake feeling thinner, healthier and ready to start the life you have always wanted. Not only will you notice the positive changes, your family and friends will also see dramatic changes in your appearance after just a couple of weeks. This **RAPID WEIGHT-LOSS** will last until your body reaches its safe and natural weight zone.

Once you reach your healthy weight zone, your weight loss will begin to pace itself to allow your body and metabolism to adjust to your new weight. This balance is crucial to maintaining your weight-loss and keeping those unwanted inches off...and LeanLifePM helps this happen so that you can literally **START BURNING FAT TONIGHT!!!!!!**

Unlike many weight-loss products available today, LeanLifePM helps keep the weight off because its formula is made only from natural ingredients that are at the precise levels to enhance weight-loss, without shocking your system. Your body accepts the healthy changes these ingredients make to your metabolism and you are able to maintain your new weight **SAFELY, EFFECTIVELY, and EASILY!**

**I Am Absolutely Convinced
That You Will Lose Weight
Here's My Personal Guarantee...
The First Bottle is On Me!
Free!**

ORDER NOW!

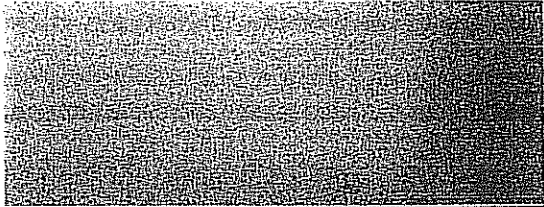


"My patients love this product. They lost weight without having to significantly change their lifestyles and I know it is healthy for them!"

Dr. L. Renner

P.S. This is only for a limited time so get your free bottle while the supplies last!

P.S. This offer is available for a LIMITED TIME only. So, get your FREE bottle while supplies last.



*See Terms and Conditions for details.
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EXHIBIT B

LeanLife | PM

Yes, I'm excited! Please ship me my Free bottle of LeanLife PM. The Ultimate afternoon and evening Fat Burner and Appetite Suppressant diet pill. I realize this bottle is Free; all I pay is \$1.99 for shipping and handling. [Get Details](#)

Billing Information

First Name	<input type="text"/>
Last Name	<input type="text"/>
Address	<input type="text"/>
Address 2	<input type="text"/>
City	<input type="text"/>
State	<input type="text"/>
Zip	<input type="text"/>
Country (US Only)	<input type="text"/>
Phone Number (If listed with CC company)	<input type="text"/>
Email	<input type="text"/>

Payment Information

Payment Options :



PHONE NUMBER
(listed with CC company)

Email

Payment Information

Shipping:

\$1.99

Payment Options:

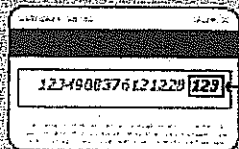
Visa 

Credit Card Number:
(Numbers Only Please)

Expiration Date:

mo  year 

For Visa, Mastercard & Discover



3 Digit Card
Verification Number

Credit Card Verification
3 Digit Code

Click Here to Complete Your Order!

Charges on your credit card will appear from **LeanLife PM**

Please only click once.

It May take up to two minutes to process.

SUMMARY TERMS AND CONDITIONS

YOUR FIRST 7-DAY BOTTLE IS FREE, YOU JUST PAY SHIPPING AND HANDLING!
YOUR FREE BOTTLE includes a FREE 7-Day supply of LeanLife PM (a \$1.99 shipping & handling) 14 days from your original order date, we will send you a 60-day supply of LeanLife PM. You authorize your credit card to be billed for the "Auto Ship" price of \$97.41, recurring every 60 days for 3 billing cycles. To cancel, contact Customer Service at 1-866-370-7271, or email us at customer@leanlifepm.com.

By clicking the order button, I UNDERSTAND and AGREE to all the terms and AUTHORIZE the charges. Please read the full [Terms and Conditions](#) [click here](#).

EXHIBIT C

LeanLife PM

Terms and Conditions:

PLEASE take a few minutes to read the following as when you use our web site, or purchase any of our products, you automatically agree to these following terms and conditions.

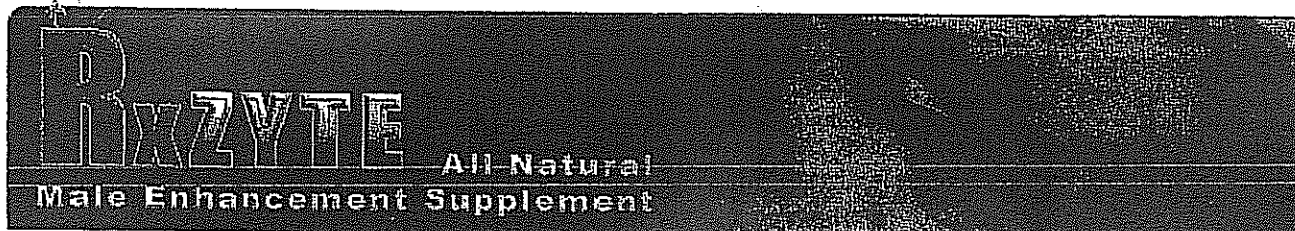
Please note : Upon ordering your FREE bottle of LeanLife PM™: you will be automatically enrolled in our Autoship Program. The 60 day LeanLife PM™ Autoship Program is only \$97.41. This ensures that you will never run out of your supply as you keep those pounds coming off! Within fourteen days of placing your order, you will automatically be shipped a 60-day supply of LeanLife PM™ and billed \$97.41 to your card. We know that you will feel this is the best money you ever spent. The Autoship Program discontinues after three billing cycles. CANCELLING: If after trying LeanLife PM™, you decide you do not wish to receive your next 60-day supply, simply contact us 30 days before your next 60-day supply is due to be shipped. It is as easy as that. Simply e-mail Customer Service at 1-866-370-7271. You will receive an auto-reply with further details on how to cancel. Please note: there are no refunds on the first shipment of the Autoship Program. AUTOSHIP: Most of our customers take advantage of our complimentary "Auto-Ship" Service. With "Auto-Ship", you'll automatically and conveniently receive a new bottle of LeanLife PM™ (just \$97.41 for a 2 month supply on the discounted autoship price), every two months for three billing cycles. Your shipments are timed perfectly to arrive at your door before you run out of your current supply. This means you'll never miss a single important dose. You'll never need to worry about keeping the weight off. I authorize the charge for my free supply plus shipping of \$1.99. I also authorize to be charged for the autoship program of \$97.41. For my convenience please delay the autoship charge of \$97.41 to within 14 days of my first charge of \$1.99.

We reserve the right to make modifications and changes, at any time, to these terms and conditions that we deem necessary, without prior notification.

[CLOSE](#)

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All Rights Reserved

EXHIBIT D



[HOME](#) | [PRODUCT INFO](#) | [TESTIMONIALS](#) | [FAQS](#) | [ORDER NOW](#)

Yes, I'm excited! Please ship me my free bottle of RxZyte, The ultimate all natural male enhancement product! I am ready for increased size, stamina, and longer and harder erections. I realize that this bottle is free and my satisfaction is guaranteed. All I pay for is \$6.95 for Shipping and handling.

P.S. This is only for a Limited Time, so get your free bottle while supplies last!

[Get Details](#)

Billing Information

For security reasons we can only ship to the address on your credit card.

First Name

Last Name

Address

Address 2

City

State

Pick state



Zip

Country (US Only)

UNITED STATES



Phone Number
(listed with CC company)

Email

	Sub Total	0.00
RUSH AVAILABLE	Standard Shipping \$6.95	Shipping 6.95
	Discount	0.00

Tax	0.00
Grand Total	6.95



Payment Information

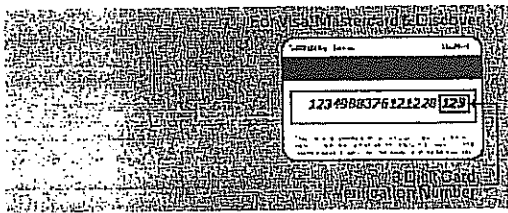
Payment Options :

Visa 

Credit Card Number :
(Numbers Only Please)

Expiration Date :

mo  year 



Credit
Card
Verification
3 Digit
Code :

Click Here to Complete Your Order!



Charges on your credit card will appear from RxZyte

**Please only click once.
It May take up to two minutes to process.**

Your first 7-day supply is absolutely free! (You only pay \$6.95 for S&H). This 7-day period allows 7 days for shipping and 7 days for your trial offer usage. At the end of the period, you will be automatically enrolled in our quarterly Autoship Program. The RxZyte™ Autoship Program is only \$99.90 every 90 days and ensures that you will never run out of your supply. The free trial is for first time customers only. To receive your FREE gift you must accept at least one autoship installment.

If after trying RxZyte™, and you decide you do not wish to receive the 90-day supply, simply contact us within 14 days of the day you placed your order. It is as easy as that. Simply e-mail us at customer@rxzyte.com. You will receive further details on how to cancel.

YOU MAY CANCEL AT ANY TIME! If at anytime you wish to discontinue your monthly membership program, simply email us at customer@rxzyte.com; or you can call 909.930.3087 and we will **STOP Shipping immediately**. No questions. No hassles. You must be completely satisfied. If not, I want you to cancel your membership.

By clicking the order button above you are agreeing to the terms and conditions of the autoship program.

For more information on our [terms and conditions](#) [click here](#).

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Free Trial Terms & Conditions

PLEASE NOTE:

Upon Ordering your Free Trial of RxZyte™: you will be automatically enrolled in our quarterly Autoship Program. The RxZyte™ Autoship Program is only \$99.90 every 90 days and ensures that you will never run out of your supply.

The free trial is for first time customers only.

FREE TRIAL:

To begin receiving RxZyte™ on the discounted Managed Care Program, grant us permission to charge \$6.95 to your card to cover our shipping and handling expenses and you will receive a FREE trial supply. Please note: The \$6.95 for S&H is NON-Refundable.

Fourteen days after you place your order, you will automatically be shipped a 90-day supply of RxZyte™ and billed \$99.90 to your card. We know that you will feel this is the best money you ever spent and this provides 7 days for the sample to reach you, and 7 days for your trial period.

CANCELLING:

If after trying RxZyte™, you decide you do not wish to receive the 90-day supply, simply contact us within 14 days of the day you placed your order. It is as easy as that. Simply e-mail us at customercare@rxzyte.com. You will receive an email confirmation.

Please note: there are no refunds on the Autoship Program...HOWEVER, you can always return your unopened bottle for a product credit worth 100% of your original order.

AUTOSHIP:

Most of our customers take advantage of our complimentary "Auto-Ship" Service. With "Auto-Ship", you'll automatically and conveniently receive a new bottle of RxZyte™ every 90 days (just \$99.90 per 3 month supply), for as long as you'd like. Your shipments are sent quarterly, timed perfectly, to arrive at your door just a few days before you run out of your current supply. This means you'll never miss a single important dose. You'll never need to worry about spontaneous romance.

The Auto-Ship Service is not only FREE - you will receive complimentary Shipping & Handling as well.

YOU MAY CANCEL AT ANYTIME! To Cancel: simply e-mail us at customercare@rxzyte.com You will receive an

email confirmation.

CLOSE

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EXHIBIT E

LOSE WEIGHT GUARANTEED!

Loose up to 10 pounds in 14 Days by drinking your FREE 14 Day Bottle!

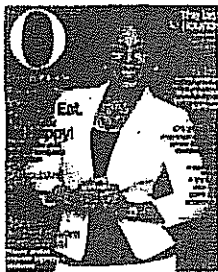
Only 79 Free Bottles Left

ASSET ON TV

Get Your FREE 14 Day Bottle Limited Quantity

Will Work For You! See Ingredients

I WANT MY FREE BOTTLE!



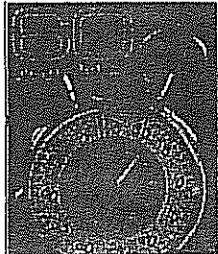
HOODIA IN THE NEWS

- You've read about it in *Oprah's Magazine*, "O"
- Millions watched it on *60 minutes*
- You've heard about it on the *BBC*
- You've watched it on *Komo Health*
- You've seen it on *CBS News*

Hoodia 66
The Guaranteed Weight Loss Formula!

was ~~\$49.95~~ now **FREE!**

Yes, please ship my "FREE" bottle to:



CBS News' top-rated 60-minutes television show aired a segment on Hoodia, an ingredient that is quickly becoming the standard in successful weight loss formulas. [Click Here](#) to read a summary of the news segment.

"... really quite delicious."

First Name

Last Name

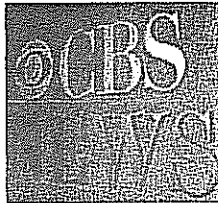
Email

Phone

(Required for Delivery Confirmation)

Yes! Ship My Bottle!

By submitting this application you agree to the [Privacy Policy](#) of this Web Site.



African plant may help fight fat!
"Scientists say it fools the brain by making you think you're full, even if you've eaten just a morsel... hoodia is a natural substance that literally takes your appetite away."



New Wonder Diet Drug?
"Now one man's cure for hunger is turning into another's diet drug... a little hoodia can kill severe hunger pains and quench the most powerful thirst."

Hoodia 66 is our most complete weight loss formula!

*See Terms and Conditions for details.

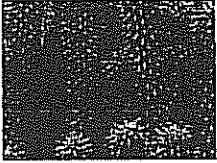


Sampling the Kalahari Cactus Diet
"It has no known side-effects, and contains a molecule that fools your brain into believing you are full."

Copyright © 2008 Hoodia 66.
All Rights Reserved.

WHAT IS HOODIA?

Hoodia is a cactus plant found in the Kalahari Desert of South Africa. The "Magic" of Hoodia is the fact that it contains a



molecule which "tricks" the brain into making you feel full, and you naturally eat less. South African Bushmen have been using Hoodia for hundreds of years to prevent hunger on long hunting trips!

WILL HOODIA 66 WORK FOR YOU?

Why not try it ***FREE** and find out? The only thing you've got to lose are those unwanted pounds!



Complete the form to the top-right