



## THE PARTIES

4. **Plaintiff, the Federal Trade Commission**, is an independent agency of the United States government created by statute. 15 U.S.C. § 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act in order to secure such equitable relief as may be appropriate in each case. 15 U.S.C. § 53(b).

5. **Defendant Asset Protection Group, Inc.** (hereinafter "APGI"), is a for-profit corporation with its principal place of business at 4601 W. Sahara Avenue, Suite I, Las Vegas, Nevada 89102. From 1999 to mid-2006, APGI offered and sold a training and business opportunity program throughout the United States, including to persons within this district. APGI has transacted business in this district.

6. **Defendant William S. Reed** (hereinafter "Reed") served as the Director and President of defendant APGI. At all times relevant to this Complaint, acting alone or in concert with others, Reed formulated, directed, controlled, or participated in the acts and practices of defendant APGI, including the acts and practices set forth in this Complaint. At all times relevant to this Complaint, Reed had the authority to control APGI and to supervise its agents.

7. Reed actively participated in promoting and marketing the APGI program to prospective purchasers throughout the United States. He reviewed and approved APGI's promotional materials. His name, picture, statements attributed to him, and his signature appeared in these promotional materials. Reed also promoted the APGI program via interstate

telephone calls and other means. Reed has transacted business in this district.

### COMMERCE

8. From 1999 to mid-2006, the defendants maintained a substantial course of trade in the offering for sale and sale of a training and business opportunity program, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### DEFENDANTS’ COURSE OF CONDUCT

9. From 1999 to mid-2006, the defendants promoted, marketed, and sold a training and business opportunity program in the field of “asset protection,” herein referred to as the “APGI program,” throughout the United States. The APGI program included a training session, class or instructional material, support, and a business affiliation with defendant APGI.

10. Purchasers of the APGI program became APGI “asset protection consultants.” APGI “asset protection consultants” were eligible to sell APGI’s “asset protection services” to clients seeking to conceal their assets from potential litigants, creditors, government agencies, and the courts. APGI’s “asset protection services” involved the sale and use of Nevada corporations employing APGI’s services as a resident agent.

11. The defendants represented to prospective purchasers that APGI’s “asset protection consultants” earn a portion of the fees paid by clients who purchased APGI’s services and additional fees when clients renew corporations formed for them by APGI.

12. The defendants represented to prospective purchasers that they needed no business or other specialized experience to succeed as “asset protection consultants.” The defendants also told prospective purchasers that APGI’s “asset protection consultants” were engaged in “an

explosive-growth business” and that demand for its services “has never been greater.”

13. The defendants further represented to prospective purchasers that “asset protection consultants” were likely to earn substantial income. A solicitation letter sent to prospective purchasers states:

Obviously it takes only a couple of clients each week to produce a very substantial six-figure income — and the full-time potential is unlimited!

**It doesn't take much imagination to see that getting just six or eight clients in an entire month's time is a VERY reasonable, very achievable goal.**

Of course, 20 would be better! – providing as much as \$128,000 income to you. Whatever your first year income goal, it will require only a small number of clients. Actually just ONE satisfied client has the ability to refer several, so a \$64,000 to \$128,000 income your very first year can be “triggered” by just three or four clients.

14. Defendant Reed represented to prospective purchasers: “Everything you need to do very, very well financially . . . is provided to you. If all you did ‘part time’ was place 15 full asset protection cases with us in a year – about one a month – you’d receive more than \$90,000.” “On a full time basis . . . the income potential is virtually unlimited.”

15. The defendants also gave prospective purchasers the names of purportedly active “asset protection consultants” as “references,” and/or encouraged prospective purchasers to speak with these “references” before making a purchase decision.

16. APCI “references” were paid to promote the APCI program to prospective purchasers. APCI “references” reiterated or corroborated the defendants’ claims.

17. Defendants did not tell prospective purchasers that the references were paid \$50 for each initial phone call they accepted from the prospective purchasers.

18. In the overwhelming majority of instances, “asset protection consultants” did not

earn a substantial income.

19. Ninety-four percent of “asset protection consultants” did not recoup the purchase price of the defendants’ program, which was approximately \$9,800.

### **VIOLATIONS OF THE FTC ACT**

20. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce. Misrepresentations or misleading omissions of material facts constitute deceptive acts or practices under Section 5(a) of the FTC Act.

### **COUNT ONE FALSE INCOME CLAIMS**

21. In numerous instances in connection with the advertising, promotion, marketing, offering for sale, or sale of a training and business opportunity program, the defendants represented, directly or indirectly, and expressly or by implication, that persons working as “asset protection consultants” were likely to earn a substantial income, including, but not limited to, representations that they would earn a “six-figure” income, “a \$64,000 to \$128,000 income,” a \$135,000 income “on a part-time basis,” and/or “a true \$250,000+++ yearly income.”

22. In truth and in fact, “asset protection consultants” were not likely to earn a substantial income.

23. Therefore, defendants’ representations as set forth in paragraph 21, above, were 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 TWO  
FAILURE TO DISCLOSE MATERIAL FACTS  
CONCERNING REFERENCES**

24. In numerous instances in connection with the advertising, promotion, marketing, offering for sale, or sale of a training and business opportunity program, the defendants represented, directly or indirectly, and expressly or by implication, that certain company-selected references would provide reliable descriptions of their experiences as APGI “asset protection consultants.”

25. In numerous instances, the defendants failed to disclose to prospective purchasers that APGI paid references for each initial phone call they accepted from a prospective purchaser.

26. The additional information set forth in paragraph 25 would have been material to prospective purchasers in deciding whether to purchase the defendants’ training and business opportunity program.

27. Accordingly, the defendants’ failure to disclose the material fact set forth in paragraph 25, in light of the representation made to prospective purchasers set forth in paragraph 24, constituted a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**CONSUMER INJURY**

28. Consumers nationwide have suffered substantial monetary loss as a result of the defendants’ violations of Section 5(a) of the FTC Act. In addition, the defendants have been unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, the defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the

public interest.

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

29. 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 redress violations of any provision of law enforced by the Federal Trade Commission. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including but not limited to the disgorgement of ill-gotten gains, to remedy injury caused by the defendants' law violations.

### **PRAYER FOR RELIEF**

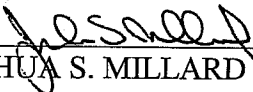
WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

1. Enter a permanent injunction to prevent future violations of the FTC Act by the defendants;
2. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the FTC Act, including the disgorgement of ill-gotten gains; and
3. 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.

Respectfully submitted,

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General Counsel

JAMES A. KOHM  
Associate Director

  
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JOSHUA S. MILLARD  
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Date: June 18<sup>th</sup>, 2007

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\* Mr. Millard and Ms. Claybaugh are attorneys employed by the United States Federal Trade Commission. They are licensed to practice law in States other than Missouri, and appear in this matter consistent with E.D. Mo. L.R. 83-12.01(A).