

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV-09-4719-JHN (CWx)

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JOHN BECK AMAZING PROFITS,
LLC, et al.,

Defendants.

**FINAL JUDGMENT FOR
PERMANENT INJUNCTION AND
OTHER EQUITABLE RELIEF
AGAINST JOHN BECK AMAZING
PROFITS, LLC, JOHN
ALEXANDER, LLC, JEFF PAUL,
LLC D/B/A SHORTCUTS TO
MILLIONS, LLC, MENTORING OF
AMERICA, LLC, FAMILY
PRODUCTS, LLC, JOHN BECK,
DOUGLAS GRAVINK, GARY
HEWITT, JEFF PAUL, AND JOHN
ALEXANDER**

Plaintiff Federal Trade Commission (“FTC” or “Commission”) commenced this action by filing its Complaint for injunctive and other equitable relief pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b), 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101 *et seq.*, charging that all Defendants in the instant case engaged in deceptive acts or practices in violation of

1 Section 5 of the FTC Act, 15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales
2 Rule (“TSR”), 16 C.F.R. Part 310, promulgated pursuant to the Telemarketing
3 Act.¹ Plaintiff filed a motion for summary judgment pursuant to Rule 56(a) of the
4 Federal Rules of Civil Procedure against all Defendants on August 15, 2011.

5 On April 20, 2012, the Court granted the FTC’s motion. Accordingly, the
6 Court makes the following findings and enters an Order for Permanent Injunction
7 and Other Equitable Relief (“Order”) as follows:

8 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

9 1. This court has jurisdiction of the subject matter of this case and each of
10 the parties. Venue lies properly with this Court.

11 2. Pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), the
12 Commission has the authority to seek the relief contained herein.

13 3. The acts and practices of Defendants, as alleged in the Complaint, are in
14 or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

15 4. The Complaint states a claim upon which relief may be granted against
16 Defendants under Sections 5(a) and 13 (b) of the FTC Act, 15 U.S.C. §§ 45(a) and
17 53(b).

18 5. There is no genuine issue as to any material fact concerning the liability
19 of the Defendants, individually and collectively, for deceptive and abusive acts and
20 practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a), and the
21 Telemarketing Sales Rule, 16 C.F.R. Part 310, or the amount of consumer losses
22 caused by Defendants’ deceptive acts and practices.

23

24 ¹ Individual defendants Gary Hewitt, Douglas Gravink, John Beck, John Alexander, and
25 Jeff Paul, and corporate defendants Mentoring of America, LLC; Family Products, LLC; John
26 Beck Amazing Profits, LLC; Jeff Paul, LLC; and John Alexander, LLC are collectively referred
to herein as “Defendants.”

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1 6. Uncontroverted evidence establishes that Defendants, individually or
2 collectively, misrepresented the likelihood of consumers who purchased and used
3 the system sold by defendant John Beck being able to purchase homes at
4 government tax sales in their area, “free and clear” of all mortgages and liens, for
5 just “pennies on the dollar”; misrepresented the ability of consumers to earn
6 substantial amounts of money renting or selling homes they purchase at
7 government tax sales; and misrepresented the ability of consumers to quickly and
8 easily earn substantial amounts of money with little financial investment.

9 7. Uncontroverted evidence establishes that Defendants, individually or
10 collectively, misrepresented the likelihood of consumers who purchased and used
11 the system that was sold by defendant John Alexander being able to quickly and
12 easily earn substantial amounts of money with no financial investment.

13 8. Uncontroverted evidence establishes that Defendants, individually or
14 collectively, misrepresented the likelihood of consumers who purchased and used
15 the system that was sold by defendant Jeff Paul being able to quickly and easily
16 earn substantial sums of money from proven, turnkey Internet businesses.

17 9. Uncontroverted evidence establishes that Defendants, individually or
18 collectively, failed to disclose or failed to disclose adequately to consumers who
19 purchased the various systems offered by Defendants that they would be
20 automatically enrolled in continuity membership plans that cost \$39.95 per month
21 and that they would be charged that amount each month unless affirmative action
22 was taken to cancel their memberships.

23 10. Uncontroverted evidence establishes that Defendants, individually or
24 collectively, in conjunction with the sale of coaching programs for the various
25 systems sold by Defendants misrepresented that consumers who purchased the
26 coaching program would quickly earn back the cost or substantially more than the
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1 cost of the coaching program.

2 11. Uncontroverted evidence establishes that Defendants, individually or
3 collectively, in conjunction with the sale of continuity membership programs,
4 caused consumers' billing information to be submitted for payment without the
5 express informed consent of the customers.

6 12. Uncontroverted evidence establishes that Defendants, individually or
7 collectively, initiated or caused a telemarketer to initiate outbound telephone calls
8 to consumers who had previously stated that they did not wish to receive outbound
9 telephone calls made by or on behalf of the Defendants.

10 13. The FTC is entitled to judgment as a matter of law pursuant to Rule
11 56(a) of the Federal Rules of Civil Procedure.

12 14. There is a reasonable likelihood that Defendants would continue to
13 engage in the activities alleged in the Complaint unless permanently enjoined from
14 such acts and practices. In the case of Defendants Gary Hewitt and Douglas
15 Gravink, there is good cause to impose an order banning them from engaging in
16 certain activities.

17 15. Entry of this Order is in the public interest. There being no just reason
18 for delay, the Clerk is directed to enter judgment immediately.

19 **DEFINITIONS**

20 For purposes of this Order, the following definitions shall apply:

- 21 1. **"Assisting others"** includes but is not limited to:
- 22 a. performing customer service functions, including but not
23 limited to receiving or responding to consumer complaints;
 - 24 b. formulating or providing, or arranging for the formulation or
25 provision of, any sales script or other marketing material;
 - 26 c. providing names of, or assisting in the generation of, potential

1 customers;

2 d. performing or providing marketing or billing services of any
3 kind;

4 e. acting as an officer or director of a business entity;

5 f. providing telemarketing services; or

6 g. providing a merchant account for processing charges.

7 2. **“Billing information”** means any data, including but not limited to
8 name, address, telephone number, email address, account number, routing number,
9 date of birth, or social security number, that enables any **person** to access a
10 consumer’s or donor’s account, including but not limited to credit card, debit card,
11 prepaid card, checking, savings, mortgage loan, share draft, or similar accounts.

12 3. **“Clearly and conspicuously,”** or **“clear and conspicuous,”** means:

13 a. In textual communications (e.g., printed publications or words
14 displayed on the screen of an electronic device), the required disclosures are of a
15 type, size, and location sufficiently noticeable for an ordinary consumer to read and
16 comprehend them, in print that contrasts with the background against which they
17 appear;

18 b. In communications disseminated orally or through audible
19 means (e.g., radio or streaming audio), the required disclosures are delivered in a
20 volume and cadence sufficient for an ordinary consumer to hear and comprehend
21 them;

22 c. In communications disseminated through an electronic medium
23 (such as television, video, and interactive media such as the internet, online
24 services and software), the required disclosures shall be presented simultaneously
25 in both the audio and the visual portions of the communication. In any
26 communication presented solely through visual or audio means, the required

1 disclosures may be made through the same means in which the communication is
2 presented. Any audio disclosures shall be delivered in a volume and cadence
3 sufficient for an ordinary consumer to hear and comprehend them. Any visual
4 disclosures shall be of a size and shade, with a degree of contrast to the background
5 against which they appear and shall appear on the screen for a duration and in a
6 location sufficiently noticeable for an ordinary consumer to read and comprehend
7 them; and

8 d. In all instances, the required disclosures shall be presented prior
9 to the consumer incurring any financial obligation, in an understandable language
10 and syntax, and with nothing contrary to, inconsistent with, or in mitigation of the
11 disclosures used in any communication with them.

12 4. “**Commerce**” means commerce among the several States or with
13 foreign nations, or in any Territory of the United States or in the District of
14 Columbia, or between any such Territory and another, or between any such
15 Territory and any State or foreign nation, or between the District of Columbia and
16 any State or Territory or foreign nation, as defined in Section 4 of the FTC Act, 15
17 U.S.C. § 44.

18 5. “**Corporate Defendants**” means John Beck Amazing Profits, LLC;
19 John Alexander, LLC; Jeff Paul, LLC d/b/a Shortcuts to Millions, LLC; Mentoring
20 of America, LLC; Family Products, LLC; and their successors and assigns.

21 6. “**Defendants**” means all of the **Individual Defendants** and the
22 **Corporate Defendants**, individually, collectively, or in any combination.

23 7. “**Document**” is synonymous in meaning and equal in scope to the
24 usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
25 drawings, graphs, charts, photographs, audio and video recordings, computer
26 records, and any other data compilations from which information can be obtained

1 and translated, if necessary, through detection devices into reasonably usable form.
2 A draft or non-identical copy is a separate document within the meaning of the
3 term.

4 8. “**Endorsement**” is synonymous in meaning and equal in scope to the
5 usage of the term in the FTC’s “Guides Concerning Use of Endorsements and
6 Testimonials in Advertising,” 16 C.F.R. § 255.0(b), and includes any advertising
7 message (including verbal statements, demonstrations, or depictions of the name,
8 signature, likeness or other identifying personal characteristics of an individual or
9 the name or seal of an organization) which message consumers are likely to believe
10 reflects the opinions, beliefs, findings, or experience of a party other than the
11 sponsoring advertiser. The party whose opinions, beliefs, findings, or experience
12 the message appears to reflect will be called the endorser and may be an individual,
13 group or institution.

14 9. “**FTC**” or “**Commission**” means the Federal Trade Commission.

15 10. “**Individual Defendants**” means Douglas Gravink, Gary Hewitt, John
16 Beck, Jeff Paul, and John Alexander.

17 11. “**Infomercial**” means any written or verbal statement, illustration, or
18 depiction that is one hundred twenty (120) seconds or longer in duration that is
19 designed to effect a sale or create interest in the purchasing of any product or
20 service, which appears in any media, including but not limited to radio, television,
21 and the internet.

22 12. “**Material**” means likely to affect a **person**’s choice of, or conduct
23 regarding, products or services or a charitable contribution.

24 13. “**Negative option feature**” means, in an offer or agreement to sell or
25 provide any product or service, a provision under which the consumer’s silence or
26 failure to take an affirmative action to reject products or services or to cancel the

1 agreement is interpreted by the **seller** or provider as acceptance or continuing
2 acceptance of the offer. Offers or agreements with **negative option features**
3 include, but are not limited to:

4 a. Free or introductory price trial offers in which the consumer
5 receives a product or service for free or at a nominal or introductory price for an
6 initial period and will incur an obligation to pay or pay a greater amount for the
7 product or service if he or she does not take affirmative action to cancel, reject, or
8 return the product or service before the end of that period;

9 b. Continuity plans in which, subsequent to the consumer's
10 agreement to the plan, the **seller** or provider automatically ships products or
11 provides services to a consumer unless the consumer contacts the **seller** or provider
12 within a certain time and requests that the **seller** or provider not to ship the
13 products or provide the services; and

14 c. Automatic renewal plans in which the **seller** or provider
15 automatically renews the agreement and charges the consumer unless the consumer
16 cancels before renewal.

17 14. "**Person**" means any individual, group, unincorporated association,
18 limited or general partnership, corporation, or other business entity.

19 15. "**Plaintiff**" means the Federal Trade Commission.

20 16. "**Seller**" means any **person** who, in connection with a **telemarketing**
21 transaction, provides, offers to provide, or arranges for others to provide, products
22 or services to a consumer in exchange for consideration.

23 17. "**Telemarketer**" means any **person** who, in connection with
24 **telemarketing**, initiates or receives telephone calls to or from a consumer or
25 donor.

26 18. "**Telemarketing**" means a plan, program, or campaign, whether or

1 not covered by the Telemarketing Sales Rule, 16 C.F.R. Part 310, that is conducted
2 to induce the purchase of products or services or a charitable contribution by use of
3 one or more telephones and that involves more than one interstate telephone call.

4
5 **ORDER**

6 **I.**

7 **Ban on Infomercials**

8 **IT IS HEREBY ORDERED** that Defendant Douglas Gravink, Defendant
9 Gary Hewitt, and Defendant Family Products, LLC, whether acting directly or
10 through any other person or entity, and each such **person**, are permanently
11 restrained and enjoined from engaging or participating in the production or
12 dissemination of any **infomercial**, and also from **assisting others** engaged in the
13 production or dissemination of any **infomercial**. Nothing in any other provision of
14 this Order shall be read as an exception to this Section.

15 **II.**

16 **Ban on Telemarketing**

17 **IT IS FURTHER ORDERED** that Defendant Douglas Gravink, Defendant
18 Gary Hewitt, Defendant Family Products, LLC, and Defendant Mentoring of
19 America, LLC, whether acting directly or through any other person or entity, and
20 each such **person**, are permanently restrained and enjoined from engaging or
21 participating in **telemarketing**, and from **assisting others** engaged in
22 **telemarketing**. Nothing in any other provision of this Order shall be read as an
23 exception to this Section.

24 **III.**

25 **Prohibited Conduct**

26 **IT IS FURTHER ORDERED** that:

1 7. misrepresenting, expressly or by implication, that consumers
2 who purchase any product or service will likely be able to make use of, or make
3 money from, such product or service with little or no financial investment;

4 8. representing, expressly or by implication, that consumers who
5 purchase any product or service will likely be able to make use of, or make money
6 from, such product or service with little or no financial investment; unless
7 **Defendants** possess and rely upon a reasonable basis to substantiate the
8 representation at the time the representation is made; and

9 9. misrepresenting any other fact material to consumers
10 concerning any product or service.

11 B. Defendant John Beck, Defendant Douglas Gravink, Defendant Gary
12 Hewitt, and the **Corporate Defendants**, as well as their officers, agents, servants,
13 employees, and attorneys, and all other **persons** or entities in active concert or
14 participation with any of them who receive actual notice of this Order by personal
15 service or otherwise, whether acting directly or through any corporation or other
16 entity, subsidiary, division, or other device, including but not limited to fictitious
17 business names, and each such **person**, in connection with the advertising,
18 promoting, offering for sale, or sale of any product or service, including through
19 the use of **endorsements**, are hereby permanently restrained and enjoined from:

20 1. misrepresenting, expressly or by implication, that consumers
21 will likely be able to purchase homes or other properties at tax sales;

22 2. representing, expressly or by implication, that consumers will
23 likely be able to purchase homes or other properties at tax sales, unless such
24 Defendants possess and rely upon a reasonable basis to substantiate the
25 representation at the time the representation is made;

26 3. misrepresenting, expressly or by implication, that consumers
27

1 will likely be able to purchase homes or other properties at tax sales in their area;

2 4. representing, expressly or by implication, that consumers will
3 likely be able to purchase homes or other properties at tax sales in their area, unless
4 such Defendants possess and rely upon a reasonable basis to substantiate the
5 representation at the time the representation is made;

6 5. misrepresenting, expressly or by implication, that consumers
7 will likely be able to purchase homes or other properties at tax sales for “pennies
8 on the dollar” or for substantially less than their market value;

9 6. representing, expressly or by implication, that consumers will
10 likely be able to purchase homes or other properties at tax sales for “pennies on the
11 dollar” or for substantially less than their market value, unless such Defendants
12 possess and rely upon a reasonable basis to substantiate the representation at the
13 time the representation is made;

14 7. misrepresenting, expressly or by implication, that consumers
15 will likely be able to purchase homes or other properties at tax sales “free and
16 clear” of all mortgages or liens;

17 8. representing, expressly or by implication, that consumers will
18 likely be able to purchase homes or other properties at tax sales “free and clear” of
19 all mortgages or liens, unless such Defendants possess and rely upon a reasonable
20 basis to substantiate the representation at the time the representation is made;

21 9. misrepresenting, expressly or by implication, that consumers
22 who purchase any product or service will likely be able to earn money by selling or
23 renting homes or other properties purchased at tax sales;

24 10. representing, expressly or by implication, that consumers who
25 purchase any product or service will likely be able to earn money selling or renting
26 homes or other properties purchased at government tax sales, unless such

1 Defendants possess and rely upon a reasonable basis to substantiate the
2 representation at the time the representation is made;

3 11. misrepresenting, expressly or by implication, that consumers
4 are able to purchase deeds at tax sales;

5 12. failing to disclose, prominently and conspicuously, in
6 connection with the advertising, marketing, promotion, offering for sale, or sale, of
7 any product or service related to tax-foreclosure sales, that in many if not most tax
8 jurisdictions, consumers are not able to purchase deeds at tax-foreclosure sales;

9 13. misrepresenting that consumers will be able to earn money by
10 purchasing liens or tax certificates at tax sales;

11 14. misrepresenting, expressly or by implication, the financial
12 success, wealth, or income that any Defendant has ever earned or achieved;

13 15. misrepresenting, expressly or by implication, the financial
14 success, wealth, or income that any other person has achieved;

15 16. representing, expressly or by implication, that any person has
16 achieved any level of financial success, or any level of income or wealth, unless
17 such Defendants possess and rely upon a reasonable basis to substantiate the
18 representation at the time the representation is made; and

19 17. misrepresenting, expressly or by implication, any other material
20 fact in connection with the sale of any product or service related to buying, selling
21 or renting real property, or acquiring or selling any interest or lien in real property.

22 C. Defendant John Alexander, Defendant Douglas Gravink, Defendant
23 Gary Hewitt, and the **Corporate Defendants**, as well as their officers, agents,
24 servants, employees, and attorneys, and all other **persons** or entities in active
25 concert or participation with any of them who receive actual notice of this Order by
26 personal service or otherwise, whether acting directly or through any corporation

1 or other entity, subsidiary, division, or other device, including but not limited to
2 fictitious business names, and each such **person**, in connection with the
3 advertising, promoting, offering for sale, or sale of any product or service related
4 to buying, selling or renting real property, or related to engaging in any real-estate
5 transaction, including through the use of **endorsements**, are hereby permanently
6 restrained and enjoined from misrepresenting, expressly or by implication, any
7 material fact.

8 D. Defendant Jeff Paul, Defendant Douglas Gravink, Defendant Gary
9 Hewitt, and the **Corporate Defendants**, as well as their officers, agents, servants,
10 employees, and attorneys, and all other **persons** or entities in active concert or
11 participation with any of them who receive actual notice of this Order by personal
12 service or otherwise, whether acting directly or through any corporation or other
13 entity, subsidiary, division, or other device, including but not limited to fictitious
14 business names, and each such **person**, in connection with the advertising,
15 promoting, offering for sale, or sale of any product or service, including through
16 the use of **endorsements**, are hereby permanently restrained and enjoined from:

17 1. misrepresenting, expressly or by implication, that consumers are
18 likely to earn money from internet businesses;

19 2. representing, expressly or by implication, that consumers are
20 likely to earn money from internet businesses, unless such Defendants possess and
21 rely upon a reasonable basis to substantiate the representation at the time the
22 representation is made;

23 3. misrepresenting, expressly or by implication, that consumers
24 are likely to receive proven or turnkey businesses;

25 4. representing, expressly or by implication, that consumers are
26 likely to receive proven or turnkey businesses, unless such **Defendants** possess

1 and rely upon a reasonable basis to substantiate the representation at the time the
2 representation is made; and

3 5. misrepresenting, expressly or by implication, in connection
4 with the advertising, promoting, offering for sale, or sale of any product or service
5 related to teaching marketing techniques, principles, or skills, any other material
6 fact.

7 E. Defendant Douglas Gravink; Defendant Gary Hewitt; and the
8 **Corporate Defendants** as well as their officers, agents, servants, employees, and
9 attorneys, and all other **persons** or entities in active concert or participation with
10 any of them who receive actual notice of this Order by personal service or
11 otherwise, whether acting directly or through any corporation or other entity,
12 subsidiary, division, or other device, including but not limited to fictitious business
13 names, and each such **person**, in connection with the advertising, promoting,
14 offering for sale, or sale of any product or service, including through the use of
15 **endorsements**, are hereby permanently restrained and enjoined from representing
16 that a product or service is offered on a “free,” “trial,” or “no obligation” basis, or
17 words of similar import, denoting or implying the absence of any obligation on the
18 part of the recipient of the offer to affirmatively act in order to avoid charges if, in
19 fact, a charge will be assessed pursuant to the offer unless the consumer takes
20 affirmative action to cancel.

21 F. Defendant Douglas Gravink, Defendant Gary Hewitt, and the
22 **Corporate Defendants**, as well as their officers, agents, servants, employees, and
23 attorneys, and all other **persons** or entities in active concert or participation with
24 any of them who receive actual notice of this Order by personal service or
25 otherwise, whether acting directly or through any corporation or other entity,
26 subsidiary, division, or other device, including but not limited to fictitious business
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1 names, and each such **person**, in connection with the advertising, promoting,
2 offering for sale, or sale of any product or service, including through the use of
3 **endorsements**, are hereby permanently restrained and enjoined from:

4 1. misrepresenting, expressly or by implication, that consumers
5 who purchase any product or service will earn back the cost or more than the cost
6 of such product or service; and

7 2. representing, expressly or by implication, that consumers who
8 purchase any product or service will earn back the cost or more than the cost of
9 such product or service, unless such Defendants possess and rely upon a reasonable
10 basis to substantiate the representation at the time the representation is made.

11 G. Defendant Gary Hewitt; Defendant Douglas Gravink; and the
12 **Corporate Defendants**, as well as its officers, agents, servants, employees, and
13 attorneys, and all other **persons** or entities in active concert or participation with it
14 who receive actual notice of this Order by personal service or otherwise, whether
15 acting directly or through any corporation or other entity, subsidiary, division, or
16 other device, including but not limited to fictitious business names, and each such
17 **person**, in connection with the advertising, marketing, **telemarketing**, promoting,
18 offering for sale, or sale of any product or service, are hereby permanently
19 restrained and enjoined from violating or **assisting others** in violating any
20 provision of the Telemarketing Sales Rule, 16 C.F.R. Part 310, as currently
21 promulgated or as hereinafter may be amended, including but not limited to:

22 1. violating Section 310.3(a)(1)(vii), of the Telemarketing Sales
23 Rule, 16 C.F.R. § 310.3(a)(1)(vii), by failing to disclose, or to disclose clearly and
24 conspicuously, before a consumer pays for goods or services offered, all **material**
25 terms and conditions of any **negative option feature** included in the offer,
26 including but not limited to the fact that the customer's account will be charged

1 unless the customer takes an affirmative action to avoid the charge(s), the date(s)
2 the charge(s) will be submitted for payment, and the specific steps the customer
3 must take to avoid the charge(s);

4 2. violating Section 310.4(a)(6) of the Telemarketing Sales Rule,
5 16 C.F.R. § 310.4(a)(6), by causing billing information to be submitted for
6 payment, directly or indirectly, without the express informed consent of the
7 customer or donor. In any **telemarketing** transaction, such Defendants shall
8 obtain the customer's or donor's express informed consent to be charged for the
9 goods or services or charitable contribution, and consent to be charged using the
10 identified account; and

11 3. violating Section 310.4(b)(1)(iii)(A) of the Telemarketing Sales
12 Rule, 16 C.F.R. § 310.4(b)(1)(iii)(A), by initiating or causing a telemarketer to
13 initiate an outbound telephone call to any consumer who has previously stated that
14 he or she does not wish to receive outbound telephone calls made by or on behalf
15 of such Defendants.

16 IV.

17 Required Disclosures

18 **IT IS FURTHER ORDERED** that in connection with the advertising,
19 **telemarketing**, promotion, offering for sale or sale of any product or service, by
20 telephone or otherwise in **commerce**, Defendant Gary Hewitt, Defendant Douglas
21 Gravink, and the **Corporate Defendants**, as well as their officers, agents, servants,
22 employees, and attorneys, and all other **persons** or entities in active concert or
23 participation with any of them who receive actual notice of this Order by personal
24 service or otherwise, whether acting directly or through any corporation or other
25 entity, subsidiary, division, or other device, including but not limited to, fictitious
26 business names, and each such **person**, shall disclose, **clearly and conspicuously**,

1 before consumers are asked to pay money, reveal **billing information**, or submit
2 consideration, or before any charge is incurred:

3 A. All fees and costs;

4 B. All **material** restrictions, limitations, or conditions applicable to the
5 purchase, receipt, or use of the product or service that is the subject of the offer
6 (including but not limited to any promotion associated with free products or
7 services, or products or services available on a trial basis);

8 C. All **material** terms and conditions of any cancellation or refund
9 policy, including but not limited to informing consumers if no cancellations or
10 refunds are permitted; and

11 D. All **material** terms and conditions of any offer with a **negative option**
12 **feature**, including but not limited to:

13 1. The dollar amount of the first payment and when it will be
14 charged, withdrawn, or become due; the dates or frequency (e.g., monthly,
15 quarterly) of all subsequent charges or payment(s); and the dollar amount or range
16 of costs of all subsequent charges or payment(s);

17 2. If a withdrawal will be made or a charge assessed at the end of
18 a trial period unless the consumer cancels: this fact; when the trial period begins;
19 the length of the trial period; the specific steps and means by which a cancellation
20 request must be submitted; and the date by or time period within which a
21 cancellation request must be received to avoid a charge;

22 3. If products are automatically shipped to a consumer, or a
23 membership, subscription, or agreement for products or services that are offered on
24 a periodic basis is automatically renewed unless the consumer provides notification
25 within a certain time not to ship or renew: this fact; the length of the subsequent
26 renewal period; the manner in which a notice not to ship or renew must be

1 submitted; the date by or time period within which a notice not to ship or renew
2 must be received to avoid shipment or renewal (e.g., two weeks after the consumer
3 is advised of an upcoming shipment); and the telephone number, email address, or
4 street address to which such notice must be directed;

5 4. All **material** conditions, limitations and restrictions on the
6 ability of the consumer to use any product or service that is offered as “free,” “risk-
7 free,” “without obligation,” or using words of similar import denoting or implying
8 the absence of any obligation; and

9 5. The minimum number of purchases or minimum service period
10 required by such Defendants, if any.

11 **V.**

12 **Express Informed Consent**

13 **IT IS FURTHER ORDERED** that in connection with the advertising,
14 **telemarketing**, promotion, offering for sale or sale of any product or service, by
15 telephone or otherwise in **commerce**, Defendant Gary Hewitt, Defendant Douglas
16 Gravink, and the Corporate Defendants, as well as their officers, agents, servants,
17 employees, and attorneys, and all other **persons** or entities in active concert or
18 participation with any of them who receive actual notice of this Order by personal
19 service or otherwise, whether acting directly or through any corporation or other
20 entity, subsidiary, division, or other device, including but not limited to, fictitious
21 business names, and each such **person**, are hereby permanently restrained and
22 enjoined from directly or indirectly using a consumer’s **billing information** to
23 obtain payment without first obtaining the consumer’s express informed consent,
24 which shall include express informed consent to be charged for the product or
25 service using a specified billing account, and the **clear and conspicuous** disclosure
26 of the information identified in the Section titled Required Disclosures, in close

1 proximity to the consumer's express consent to purchase such products or services.

2 A. In connection with the marketing of any product or service pursuant to
3 an offer or agreement with a **negative option feature**, the following requirements
4 must be met to ensure express informed consent:

5 1. The consumer's consent to be charged for the product or service
6 using a specified billing account must be either in writing or audio-recorded, and
7 must meet the following requirements:

8 a. If the consumer's consent is provided in written format,
9 such consent must include the **clear and conspicuous** disclosure of each item of
10 information set forth in the Section titled Required Disclosures, as well as the
11 consumer's signature (the term "signature" includes a verifiable electronic or
12 digital form of signature, to the extent such form of signature is recognized as a
13 valid signature under applicable federal law or state contract law);

14 b. If the consumer's consent is provided orally, such
15 consent shall be audio-recorded, as follows:

16 i. The recording must evidence that the consumer, during
17 that transaction, has provided at least the last four (4) digits of the account number
18 to be charged;

19 ii. The recording must evidence that the disclosure
20 requirements of the Section titled Required Disclosures have been complied with;

21 iii. The recording must include the entirety of the sales call
22 (and not merely the portion of the call after the consumer has indicated that he or
23 she desires to make a purchase);

24 iv. The recording can be identified and located by either the
25 consumer's name or telephone number; and

26 v. A copy of the recording must be provided upon request

1 to the consumer, the consumer's bank, credit or debit card company or other billing
2 entity, state attorney general or consumer protection agency, or the **Commission**.

3 2. For any transaction involving a service, within the lesser of ten
4 (10) days after the date of the transaction or half the time of any trial period, the
5 consumer must be sent written confirmation of the transaction that includes all of
6 the information required by the Section titled Required Disclosures and a **clear**
7 **and conspicuous** statement of the procedures by which the consumer can cancel or
8 obtain a refund. The written confirmation shall be sent via first class mail in an
9 envelope that **clearly and conspicuously** identifies the sender of the confirmation
10 and the service the consumer ordered;

11 3. For any transaction involving a product, the first product
12 shipment must contain written confirmation of the transaction that includes all of
13 the information that is required to be disclosed pursuant to the Section titled
14 Required Disclosures, and a **clear and conspicuous** statement of the procedures by
15 which the consumer can cancel or obtain a refund;

16 4. In the case of a membership, subscription, or agreement whose
17 term is less than sixty (60) days, at least fifteen (15) days prior to renewing a
18 consumer's membership, subscription, or agreement to purchase for any service
19 and prior to the submission for payment of a consumer's **billing information** for
20 such services, the consumer must be sent written confirmation of such renewal.
21 The written confirmation shall include all of the information required by the
22 Section titled Required Disclosures and a **clear and conspicuous** statement of the
23 procedures by which the consumer can cancel such renewal, and shall be sent via
24 first class mail in an envelope that **clearly and conspicuously** identifies the sender
25 of the confirmation and the service the consumer ordered; and

26 5. In the case of a membership, subscription, or agreement whose
27

1 term is more than sixty (60) days, at least thirty (30) days prior to renewing a
2 consumer's membership, subscription, or agreement to purchase for any service
3 and prior to the submission for payment of a consumer's **billing information** for
4 such services, the consumer must be sent written confirmation of such renewal.
5 The written confirmation shall include all of the information required by the
6 Section titled Required Disclosures and a **clear and conspicuous** statement of the
7 procedures by which the consumer can cancel such renewal, and shall be sent via
8 first class mail in an envelope that **clearly and conspicuously** identifies the sender
9 of the confirmation and the service the consumer ordered.

10 B. With respect to previous customers, **Defendants** shall not bill any
11 consumer or accept payment from any consumer who, as of the date of this Order,
12 has already been enrolled as a trial or paying customer of John Beck's "Property
13 Vault," John Alexander's "John's Club," or Jeff Paul's "Big League" or "Internet
14 Millionaires Club," unless and until **Defendants** obtain, after entry of this Order,
15 the consumer's express informed consent, as described in this Section.

16 **VI.**

17 **Order Provision Regarding Customer Information**

18 **IT IS FURTHER ORDERED** that **Defendants**, as well as their officers,
19 agents, servants, employees, and attorneys, and all other **persons** or entities in
20 active concert or participation with any of them who receive actual notice of this
21 Order by personal service or otherwise, and each such **person**, are hereby
22 permanently restrained and enjoined from:

23 A. Disclosing, using, or benefitting from customer information, including
24 name, address, telephone number, email address, Social Security number, other
25 identifying information, or any data that enables access to a customer's account
26 (including a credit card, bank account, or other financial account), of any **person**

1 that was obtained by any **Defendant** prior to entry of this Order in connection with
2 the sale of any product or service; and

3 B. Failing to dispose of such customer information in all forms in their
4 possession, custody, or control within thirty (30) days after entry of this Order.
5 Disposal shall be by means that protect against unauthorized access to the customer
6 information, such as by burning, pulverizing, or shredding any papers, and by
7 erasing or destroying any electronic media, to ensure that the customer information
8 cannot practicably be read or reconstructed.

9 *Provided, however*, that customer information need not be disposed of, and may be
10 disclosed, to the extent requested by a government agency or required by a law,
11 regulation, or court order.

12 **VII.**

13 **Monetary Judgment and Consumer Restitution**

14 **IT IS FURTHER ORDERED** that:

15 A. Judgment is hereby entered in favor of the **Commission** and against
16 Defendant John Beck, Defendant Douglas Gravink, Defendant Gary Hewitt, and
17 the **Corporate Defendants**, jointly and severally, for equitable monetary relief,
18 including but not limited to consumer redress, in the amount of one hundred
19 thirteen million, three hundred seventy-four thousand, three hundred five dollars
20 (\$113,374,305), which is the amount of injury suffered by consumers, or unjust
21 enrichment obtained by Defendants, in connection with the practices alleged in
22 Count 1 of the Complaint. Judgment shall be paid to the **Commission** within thirty
23 (30) days of entry of this Order.

24 B. Judgment is hereby entered in favor of the **Commission** and against
25 Defendant John Alexander, Defendant Douglas Gravink, Defendant Gary Hewitt,
26 and the **Corporate Defendants**, jointly and severally, for equitable monetary

1 relief, including but not limited to consumer redress, in the amount of eleven
2 million, six hundred sixty-four thousand, nine hundred forty dollars (\$11,664,940),
3 which is the amount of injury suffered by consumers, or unjust enrichment
4 obtained by Defendants, in connection with the practices alleged in Count 3 of the
5 Complaint. Judgment shall be paid to the **Commission** within thirty (30) days of
6 entry of this Order.

7 C. Judgment is hereby entered in favor of the **Commission** and against
8 Defendant Jeff Paul, Defendant Douglas Gravink, Defendant Gary Hewitt, and the
9 **Corporate Defendants**, jointly and severally, for equitable monetary relief,
10 including but not limited to consumer redress, in the amount of thirty-three million,
11 eight hundred three thousand, three hundred thirty-seven dollars (\$33,803,337),
12 which is the amount of injury suffered by consumers, or unjust enrichment
13 obtained by Defendants, in connection with the practices alleged in Count 5 of the
14 Complaint. Judgment shall be paid to the **Commission** within thirty (30) days of
15 entry of this Order.

16 D. Judgment is hereby entered in favor of the **Commission** and against
17 Defendant Douglas Gravink, Defendant Gary Hewitt, and the **Corporate**
18 **Defendants**, jointly and severally, for equitable monetary relief, including but not
19 limited to consumer redress, in the amount of forty million, nine thousand, six
20 hundred forty-eight dollars (\$40,009,648), which is the amount of injury suffered
21 by consumers, or unjust enrichment obtained by Defendants, in connection with
22 the practices alleged in Counts 2, 4, and 6 of the Complaint. Judgment shall be
23 paid to the **Commission** within thirty (30) days of entry of this Order.

24 E. Judgment is hereby entered in favor of the **Commission** and against
25 Defendant Douglas Gravink, Defendant Gary Hewitt, and the **Corporate**
26 **Defendants**, jointly and severally, for equitable monetary relief, including but not
27

1 limited to consumer redress, in the amount of two hundred eighty million, sixty-
2 seven thousand, five hundred thirty-five dollars (\$280,067,535), which is the
3 amount of injury suffered by consumers, or unjust enrichment obtained by
4 Defendants, in connection with the practices alleged in Count 7 of the Complaint.
5 Judgment shall be paid to the **Commission** within thirty (30) days of entry of this
6 Order.

7 F. All funds paid to or received by the **Commission** pursuant to this
8 Section shall be deposited into a fund administered by the **Commission** or its
9 agent. In the event that direct restitution to consumers is wholly or partially
10 impracticable or funds remain after restitution is completed, the Commission may
11 apply any remaining funds for such other equitable relief (including consumer
12 information remedies) as it determines to be reasonably related to **Defendants'**
13 practices as alleged in the Complaint. Any funds not used for such equitable relief
14 will be deposited with the United States Treasury as disgorgement. **Defendants**
15 shall have no right to challenge the **Commission's** choice of remedies under this
16 Section. **Defendants** shall have no right to contest the manner of distribution
17 chosen by the **Commission**.

18 VIII.

19 Order Acknowledgments

20 **IT IS FURTHER ORDERED** that **Defendants** obtain acknowledgments of
21 receipt of this Order:

22 A. Each **Defendant**, within ten (10) days of entry of this Order, must
23 submit to the **Commission** an acknowledgment of receipt of this Order sworn
24 under penalty of perjury.

25 B. For twenty (20) years after entry of this Order, Defendants Gravink
26 and Hewitt, and for ten (10) years after entry of this Order, Defendants Beck, Paul,

1 and Alexander, for any business that such **Defendant**, individually or collectively
2 with any other **Defendant**, is the majority owner or directly or indirectly controls,
3 and each **Corporate Defendant**, must deliver a copy of this Order to:

- 4 1. all principals, officers, directors, and managers;
- 5 2. all employees, agents, and representatives who participate in
6 conduct related to the subject matter of the Order; and
- 7 3. any business entity resulting from any change in structure as set
8 forth in the Section titled Compliance Reporting. Delivery must occur within ten
9 (10) days of entry of this Order for current personnel. To all others, delivery must
10 occur before they assume their responsibilities.

11 C. From each individual or entity to which a **Defendant** delivered a copy
12 of this Order, such **Defendant** must obtain, within thirty (30) days, a signed and
13 dated acknowledgment of receipt of this Order.

14 IX.

15 Compliance Reporting

16 **IT IS FURTHER ORDERED** that **Defendants** make timely submissions to
17 the **Commission**:

18 A. One hundred eighty (180) days after entry of this Order, each
19 **Defendant** must submit a compliance report, sworn under penalty of perjury.

- 20 1. Each **Defendant** must:
 - 21 a. designate at least one telephone number and an email,
22 physical, and postal address as points of contact, which representatives of the
23 Commission may use to communicate with such **Defendant**;
 - 24 b. identify all of such **Defendant's** businesses by all of their
25 names, telephone numbers, and physical, postal, email, and internet addresses;
 - 26 c. describe the activities of each business, including the

1 products and services offered, the means of advertising, marketing, and sales, and
2 the involvement of any other **Defendant** (which **Individual Defendants** must
3 describe if they know or should know due to their own involvement);

4 d. describe in detail whether and how such **Defendant** is in
5 compliance with each Section of this Order; and

6 e. provide a copy of each Order Acknowledgment obtained
7 pursuant to this Order, unless previously submitted to the **Commission**;

8 2. Additionally, each **Individual Defendant** must:

9 a. identify all telephone numbers and all email, internet,
10 physical, and postal addresses, including all residences;

11 b. identify all titles and roles in all business activities,
12 including any business for which such **Defendant** performs services, whether as an
13 employee or otherwise, and any entity in which such **Defendant** has any
14 ownership interest; and

15 c. describe in detail such **Defendant's** involvement in each
16 such business, including title, role, responsibilities, participation, authority, control,
17 and any ownership.

18 B. For twenty (20) years following entry of this Order, Gravink and
19 Hewitt, and for ten (10) years following entry of this Order, Beck, Paul, and
20 Alexander, must submit a compliance notice, sworn under penalty of perjury,
21 within fourteen (14) days of any change in the following:

22 1. Each **Defendant** must report any change in:

23 a. any designated point of contact; or

24 b. the structure of any **Corporate Defendant** or any entity
25 that such **Defendant** has any ownership interest in or directly or indirectly controls
26 that may affect compliance obligations arising under this Order, including:

1 creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or
2 affiliate that engages in any acts or practices subject to this Order.

3 2. Additionally, each **Individual Defendant** must report any
4 change in:

5 a. name, including aliases or fictitious name, or residence
6 address; or

7 b. title or role in any business activity, including any
8 business for which such **Defendant** performs services whether as an employee or
9 otherwise and any entity in which such **Defendant** has any ownership interest, and
10 identify its name, physical address, and internet address, if any.

11 C. Each **Defendant** must submit to the **Commission** notice of the filing
12 of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or
13 against such **Defendant** within fourteen (14) days of its filing.

14 D. Any submission to the **Commission** required by this Order to be
15 sworn under penalty of perjury must be true and accurate and comply with 28
16 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under
17 the laws of the United States of America that the foregoing is true and correct.
18 Executed on: _____" and supplying the date and the signatory's full name, title (if
19 applicable), and signature.

20 E. Unless otherwise directed by a **Commission** representative in writing,
21 all submissions to the **Commission** pursuant to this Order must be emailed to
22 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
23 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
24 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The
25 subject line must begin: FTC v. John Beck Amazing Profits, LLC, et al., Matter
26 no. X090068.

1 X.

2 **Recordkeeping**

3 **IT IS FURTHER ORDERED** that Gravink and Hewitt must create certain
4 records for twenty (20) years after entry of this Order, and Beck, Paul, and
5 Alexander must create records for ten (10) years after entry of this Order, and
6 retain each such record for five (5) years. Specifically, each **Corporate**
7 **Defendant** and each **Individual Defendant**, for any business in which such
8 **Defendant**, individually or collectively with any other **Defendants**, is a majority
9 owner or directly or indirectly controls, must maintain the following records:

10 A. Accounting records showing the revenues from all goods or services
11 sold, all costs incurred in generating those revenues, and the resulting net profit or
12 loss;

13 B. Personnel records showing, for each person providing services,
14 whether as an employee or otherwise, that person's: name, addresses, and
15 telephone numbers; job title or position; dates of service; and, if applicable, the
16 reason for termination;

17 C. Customer files obtained after entry of this Order showing the names,
18 addresses, telephone numbers, dollar amounts paid, and the quantity and
19 description of goods or services purchased;

20 D. Complaints and refund requests, whether received directly or
21 indirectly, such as through a third party, and any response;

22 E. All records necessary to demonstrate full compliance with each
23 provision of this Order, including all submissions to the **Commission**; and

24 F. A copy of each advertisement or other marketing material.

25 XI.

26 **Compliance Monitoring**

1 **IT IS FURTHER ORDERED** that for the purpose of monitoring
2 **Defendants'** compliance with this Order:

3 A. Within fourteen (14) days of receipt of a written request from a
4 representative of the **Commission**, each **Defendant** must: submit additional
5 compliance reports or other requested information, which must be sworn under
6 penalty of perjury; appear for depositions; and produce documents, for inspection
7 and copying. The Commission is also authorized to obtain discovery, without
8 further leave of court, using any of the procedures prescribed by Federal Rules of
9 Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and
10 69.

11 B. For matters concerning this Order, the **Commission** is authorized to
12 communicate directly with each **Defendant**. **Defendants** must permit
13 representatives of the **Commission** to interview any employee or other **person**
14 affiliated with any **Defendant** who has agreed to such an interview. The **person**
15 interviewed may have counsel present.

16 C. The **Commission** may use all other lawful means, including posing,
17 through its representatives, as consumers, suppliers, or other individuals or entities,
18 to **Defendants** or any individual or entity affiliated with **Defendants**, without the
19 necessity of identification or prior notice. Nothing in this Order limits the
20 **Commission's** lawful use of compulsory process, pursuant to Sections 9 and 20 of
21 the FTC Act, 15 U.S.C. §§ 49, 57b-1.

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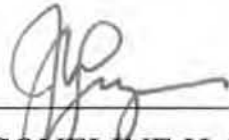
XII.

Retention of Jurisdiction

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

IT IS SO ORDERED.

DATED: August 21, 2012



HON. JACQUELINE H. NGUYEN*

* Circuit Judge, U.S. Court of Appeals for the Ninth Circuit, sitting by designation. Judge Nguyen presided over this case from December 16, 2009 to May 14, 2012 as a United States District Judge.