

UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

FEDERAL TRADE COMMISSION, and the
STATES OF ILLINOIS, KANSAS,
MINNESOTA, and NORTH CAROLINA,

Plaintiffs,

v.

AFFILIATE STRATEGIES, INC.,
LANDMARK PUBLISHING GROUP, L.L.C.,
(d/b/a G.F. INSTITUTE and GRANT
FUNDING INSTITUTE),
GRANT WRITERS INSTITUTE, L.L.C.,
ANSWER CUSTOMERS, L.L.C.,
APEX HOLDINGS INTERNATIONAL, L.L.C.,
BRETT BLACKMAN, individually and as an
officer, manager, and/or member of Affiliate
Strategies, Inc., Landmark Publishing Group,
L.L.C., Grant Writers Institute, L.L.C.,
Answer Customers, L.L.C., and Apex
Holdings International, L.L.C.,
JORDAN SEVY, individually and as a manager
of Landmark Publishing Group, L.L.C.,
JAMES RULISON, individually and as president
of Answer Customers, L.L.C.,
REAL ESTATE BUYERS FINANCIAL
NETWORK LLC (d/b/a GRANT WRITERS
RESEARCH NETWORK),
MARTIN NOSSOV, individually and as a
manager and member of Real Estate Buyers
Financial Network LLC,
ALICIA NOSSOV, individually and as a
manager and member of Real Estate Buyers
Financial Network LLC,
WEALTH POWER SYSTEMS, LLC,
ARIA FINANCIAL SERVICES LLC,
DIRECT MARKETING SYSTEMS, INC.,
JUSTIN ELY, individually and as an officer,
manager, and/or member of Wealth Power
Systems, LLC, Aria Financial Services LLC,
and Direct Marketing Systems, Inc., and
MEGGIE CHAPMAN, individually and d/b/a
Meggie Chapman & Associates,

Defendants.

Case No. 5:09-CV-04104-JAR-KGS

**SECOND AMENDED
COMPLAINT**

Pursuant to the Order of the Court dated June 4, 2010, granting leave to amend, Plaintiffs Federal Trade Commission (“FTC” or “the Commission”) and the States of Illinois, Kansas, Minnesota, and North Carolina, by and through their counsel and Attorneys General, for their Second Amended Complaint allege:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101 – 6108, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, disgorgement of ill-gotten gains, and other equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a) and in violation of the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310.

2. The State of Kansas, by and through its Attorney General, Steve Six, brings this action pursuant to the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, and the Kansas Consumer Protection Act, K.S.A. § 50-623, *et seq.*, in order to obtain injunctive relief, restitution for consumers, civil penalties, and other equitable relief.

3. The State of Minnesota, by and through its Attorney General, Lori Swanson, brings this action pursuant to the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, and Minn. Stat. §§ 8.01 & 8.31; the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-325D.48; Minn. Stat. § 325F.67; the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-325F.70; and Minn. Stat. § 325F.71, subd. 2 (2008), in order to obtain injunctive relief, restitution for consumers, civil penalties, and other equitable relief.

4. The State of North Carolina, by and through its Attorney General, Roy Cooper, brings this action pursuant to the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, and the North

Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*, in order to obtain injunctive relief, restitution for consumers, civil penalties, and other equitable relief.

5. The State of Illinois, by and through its Attorney General, Lisa Madigan, brings this action pursuant to the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, and the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.*, in order to obtain injunctive relief, restitution for consumers, civil penalties, and other equitable relief.

JURISDICTION AND VENUE

6. This Court has jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

7. This Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367 over the state law claims of the States of Kansas, Minnesota, North Carolina, and Illinois.

8. Venue is proper in this District under 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1391(b) and (c).

THE PARTIES

9. *Plaintiffs:* Plaintiff **FTC** is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission is charged, *inter alia*, with enforcing 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 FTC is also charged with enforcement of the Telemarketing Act, 15 U.S.C. §§ 6101 - 6108. Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

10. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR and to secure such equitable relief as

may be appropriate in each case, including restitution and disgorgement. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 6105(b).

11. Plaintiff **State of Kansas** is one of the 50 sovereign states of the United States, and by and through its Attorney General, Steve Six, it brings this action under the Kansas Consumer Protection Act, K.S.A. § 50-623, *et seq.* Pursuant to the authority found in the Telemarketing Act at 15 U.S.C. § 6103(a), Plaintiff Kansas is also authorized to initiate federal district court proceedings to enjoin telemarketing activities that violate the TSR, and in each such case, to obtain damages, restitution, and other compensation on behalf of Kansas residents. This Court has supplemental jurisdiction over Plaintiff Kansas's state law claims under 28 U.S.C. § 1367.

12. Plaintiff **State of Minnesota** is one of the 50 sovereign states of the United States, and by and through its Attorney General, Lori Swanson, it brings this action under Minn. Stat. §§ 8.01 & 8.31; the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-325D.48; Minn. Stat. § 325F.67; the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-325F.70; and Minn. Stat. § 325F.71, subd. 2 (2008). Pursuant to the authority found in the Telemarketing Act at 15 U.S.C. § 6103(a), Plaintiff Minnesota is also authorized to initiate federal district court proceedings to enjoin telemarketing activities that violate the TSR, and in each such case, to obtain damages, restitution, and other compensation on behalf of Minnesota residents. This Court has supplemental jurisdiction over Plaintiff Minnesota's state law claims under 28 U.S.C. § 1367.

13. Plaintiff **State of North Carolina** is one of the 50 sovereign states of the United States, and by and through its Attorney General, Roy Cooper, it brings this action under the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*

Pursuant to the authority found in the Telemarketing Act at 15 U.S.C. § 6103(a), Plaintiff North Carolina is also authorized to initiate federal district court proceedings to enjoin telemarketing activities that violate the TSR, and in each such case, to obtain damages, restitution, and other compensation on behalf of North Carolina residents. This Court has supplemental jurisdiction over Plaintiff North Carolina's state law claims under 28 U.S.C. § 1367.

14. Plaintiff **State of Illinois** is one of the 50 sovereign states of the United States, and by and through its Attorney General, Lisa Madigan, it brings this action under the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.* Pursuant to the authority found in the Telemarketing Act at 15 U.S.C. § 6103(a), Plaintiff Illinois is also authorized to initiate federal district court proceedings to enjoin telemarketing activities that violated the TSR, and in each such case, to obtain damages, restitution, and other compensation of behalf of Illinois residents. The Court has supplemental jurisdiction over Plaintiff Illinois's state law claims under 28 U.S.C. § 1367.

15. *Defendants:* Defendant **Affiliate Strategies, Inc.** ("ASI"), is a corporation incorporated under the laws of the State of Kansas with its principal place of business at 11644 West 75th Street Suite 104, Overland Park, Kansas 66214, and its official mailing address at P.O. Box 445, Paola, Kansas 66071. In connection with the matters alleged herein, Defendant ASI transacts or has transacted business in this District.

16. Defendant **Landmark Publishing Group, L.L.C.** ("Landmark Publishing"), also doing business as G.F. Institute and Grant Funding Institute, is a limited liability company organized under the laws of the State of Kansas with its principal place of business at 11644 West 75th Street Suite 104, Overland Park, Kansas 66214, and a mailing address at P.O. Box

445, Paola, Kansas 66071. In connection with the matters alleged herein, Defendant Landmark Publishing transacts or has transacted business in this District.

17. Defendant **Grant Writers Institute, L.L.C.** (“GWI”), is a limited liability company organized under the laws of the State of Kansas with its registered office at 9225 Indian Creek Parkway, Suite 1100, Overland Park, Kansas 66210, and a mailing address at P.O. Box 445, Paola, Kansas 66071. In connection with the matters alleged herein, Defendant Grant Writers Institute transacts or has transacted business in this District.

18. Defendant **Answer Customers, L.L.C.** (“Answer Customers”), is a limited liability company organized under the laws of the State of Kansas with its registered office at 9225 Indian Creek Parkway, Suite 1100, Overland Park, Kansas 66210. In connection with the matters alleged herein, Defendant Answer Customers transacts or has transacted business in this District.

19. Defendant **Apex Holdings International, L.L.C.** (“Apex Holdings”), is a limited liability company organized under the laws of the State of Kansas with its principal place of business at 11644 West 75th Street Suite 104, Overland Park, Kansas 66214. Apex Holdings is the majority member of Landmark Publishing. In connection with the matters alleged herein, Defendant Apex Holdings transacts or has transacted business in this District.

20. Defendant **Brett Blackman** is an officer, director, member, and/or manager of ASI, Landmark Publishing, GWI, Answer Customers, and Apex Holdings. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of ASI, Landmark Publishing, GWI, and Apex Holdings, including the acts and practices set forth in this

Complaint. Defendant Blackman resides in this District, and in connection with the matters alleged herein, transacts or has transacted business in this District.

21. Defendant **Jordan Sevy** is a manager of Landmark Publishing. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Landmark Publishing, including the acts and practices set forth in this Complaint. Defendant Sevy resides in this District, and in connection with the matters alleged herein, transacts or has transacted business in this District.

22. Defendant **James Rulison** is the president of Answer Customers. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Answer Customers, including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant James Rulison transacts or has transacted business in this District.

23. Defendant **Real Estate Buyers Financial Network LLC** (“REBFN”), d/b/a Grant Writers Research Network, is organized under the laws of the State of North Carolina with its registered office at 5984 B Six Forks Road, Raleigh, NC 27609. In connection with the matters alleged herein Defendant REBFN transacts or has transacted business in this District.

24. Defendant **Martin Nossov** is, or has been, an officer, director, member, and/or manager of REBFN. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of REBFN, including the acts and practices set forth in this Complaint. In

connection with the matters alleged herein, Defendant Martin Nossov transacts or has transacted business in this District.

25. Defendant **Alicia Nossov**, a/k/a Alicia Zika and Alicia Zika Nossov, is, or has been, an officer, director, member, and/or manager of REBFN. Defendant Alicia Nossov served as the organizer, sole member, and owner of REBFN in 2005, 2006, and 2007. Beginning in 2008 and through the present, Defendant Alicia Nossov has served as a member of REBFN along with her husband, Defendant Martin Nossov. In connection with the matters alleged herein, Defendant Alicia Nossov transacts or has transacted business in this District.

26. Defendant **Wealth Power Systems, LLC** (“Wealth Power Systems”), is a limited liability company organized under the laws of the State of Utah with its registered office at 6543 South 700 E., Suite 200, Sandy, Utah 84070. In connection with the matters alleged herein, Defendant Wealth Power Systems transacts or has transacted business in this District.

27. Defendant **Aria Financial Services LLC** (“Aria Financial”) is a limited liability company organized under the laws of the State of Utah with its registered office at 6543 South 700 E., Suite 200, Sandy, Utah 84070. In connection with the matters alleged herein, Defendant Aria Financial transacts or has transacted business in this District.

28. Defendant **Direct Marketing Systems, Inc.** (“Direct Marketing”), is a corporation incorporated under the laws of the State of Utah with its registered office at 711 South Carson Street, Suite 4, Carson City, Nevada 89701. In connection with the matters alleged herein, Defendant Direct Marketing transacts or has transacted business in this District.

29. Defendant **Justin Ely** is, or has been, an officer, director, member, and/or manager of Wealth Power Systems, Aria Financial, and Direct Marketing. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled,

had the authority to control, or participated in the acts and practices of Wealth Power Systems, Aria Financial, and Direct Marketing, including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant Ely transacts or has transacted business in this District.

30. Defendant **Meggie Chapman**, also d/b/a Meggie Chapman & Associates, at all times material to this Complaint, acting alone or in concert with others has assisted and facilitated the acts and practices set forth in this Complaint. Meggie Chapman & Associates is a sole proprietorship with a trade name owned by Meggie Chapman and registered under the laws of the State of Arizona with its registered address at 20987 North John Wayne Parkway, Suite B-104 PMB 230, Maricopa, Arizona 85239. In connection with the matters alleged herein, Defendant Chapman transacts or has transacted business in this District.

COMMON ENTERPRISE

31. Defendants Affiliate Strategies, Landmark Publishing, GWI, Answer Customers, and Apex Holdings (the “**ASI Defendants**”) operate and have operated as a common enterprise while engaging in the unlawful acts and practices alleged in this Complaint. The ASI Defendants have conducted the business practices described below through an interrelated network of companies that have common ownership, officers, directors, members, managers, office locations, and mailing addresses. Because these Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Individual Defendant Brett Blackman formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the corporate defendants that comprise the common enterprise.

COMMERCE

32. At all times relevant to this Complaint, the Defendants have maintained a substantial course of trade or business in the offering for sale and sale of goods or services, often via the telephone, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ BUSINESS PRACTICES

33. Since at least January 2007, and continuing thereafter, the ASI Defendants and Defendants Blackman, Sevy, Rulison, REBFN, Martin Nossov, Alicia Nossov, Wealth Power Systems, Aria Financial, Direct Marketing, and Justin Ely (collectively the “**Primary Defendants**”) have engaged in a plan, program, or campaign to sell grant-related goods and services such as a guide that purportedly shows consumers how to obtain grants, as well as grant research and/or writing or coaching services, via mass mailings and telephone calls to consumers throughout the United States, including, but not limited to, Kansas, Minnesota, North Carolina, and Illinois. The Primary Defendants use or have used a variety of deceptive tactics to induce consumers to pay for their goods and services.

34. The Primary Defendants have engaged in telemarketing by a plan, program, or campaign conducted to induce the purchase of goods or services by use of one or more telephones and which involves more than one interstate telephone call.

35. Plaintiffs incorporate by reference the Memorandum in Support of Plaintiffs Motion for a Temporary Restraining Order (“TRO Memo”) filed in this action and all of the exhibits thereto.

THE GRANT GUIDE

36. In or about 2007, the ASI Defendants commissioned the writing of a book entitled “Professional Grant Writer ‘The Definitive Guide to Grant Writing Success’” (“Grant Guide”). Landmark Publishing holds all copyright rights to the Grant Guide and serves as the sole marketer and seller of the Grant Guide.

37. The ASI Defendants advertise and market the Grant Guide by mass mailing postcards and flyers (“ASI Mailing(s)”) to consumers throughout the United States, including elderly and disabled consumers as defined in K.S.A. § 50-676 and senior citizens and disabled persons as defined in Minn. Stat. § 325F.71, subs. 1(a) & (b).

38. To induce consumers to purchase the Grant Guide, the ASI Defendants disseminate or cause to be disseminated the ASI Mailings, including but not limited to those attached as Attachments A & B, which are incorporated herein by reference. These ASI Mailings contain, among other things, the following statements:

“You are Guaranteed a \$25,000 Grant from the U.S. Government”

Att. A.

“Official Information re: \$25,000.00 Grant from U.S. Government”
“APPROVED”

“Funds may be used at your discretion (bill payment, travel, continuing or advanced education, healthcare)”

“FUNDING AVAILABLE AS GRANTS AND WILL NEVER HAVE TO BE REPAYED AT ANY TIME”

Att. B.

39. The ASI Mailings instruct consumers to call a telephone number. Upon connecting to the telephone number provided on the ASI Mailing, consumers hear a voice

recording (*see* transcription attached as Attachment C, which is incorporated herein by reference) making claims such as the following:

“Congratulations you have just taken your first step to receive 25,000 dollars or more in free government grant money, guaranteed. If you’ve been reading the papers you know that recently our government released over 700 billion dollars into the private sector. What you probably don’t know is there is another 300 billion dollars that must be given away this year to people just like you. And if you are one of the lucky few who know how to find and apply for these grants, you will receive a check for 25,000 dollars or more, and we guarantee it.”

“Three hundred billion dollars of free government grant money is available right now to anyone who applies for it.”

“Your grant guide gives you everything you need to easily find these grants and apply for a check written in your name for 25,000 dollars or more. Can it happen to you? We guarantee it or you pay nothing for this information . It really is simple when you know how, but you have to make the first move.”

“If you don’t get a government check for 25,000 dollars or more, you pay nothing.”

Att. C.

40. At the end of the voice recording, the call connects to a telemarketer who urges the consumer to purchase the Grant Guide for \$59 plus \$10 in shipping and handling. The telemarketer then requests the consumer to furnish credit card, debit card, or checking account information.

GRANT RESEARCH

41. To induce consumers to purchase additional services, the ASI Defendants advertise additional grant related services to consumers who purchase the Grant Guide, including elderly and disabled consumers as defined in K.S.A. § 50-676 and senior citizens and disabled persons as defined in Minn. Stat. § 325F.71, subds. 1(a) & (b). These advertisements, bound in the Grant Guide, include, but are not limited to, the advertisement attached as Attachment D, which is incorporated herein by reference and which states that GWI’s “grant writers have been

able to produce a 70% success rate in receiving grant funding” and provides a telephone number for interested consumers to call.

42. The names of consumers who purchase the Grant Guide are used as leads by the ASI Defendants to sell grant-related services, including grant research services. These additional grant research services typically cost \$995.

43. In numerous instances, the ASI Defendants conduct telemarketing or cause telemarketing to be conducted through third-party agents to sell their grant-related services.

44. As agents of the ASI Defendants, Defendants REBFN and the Nossovs conducted telemarketing in the name of Grant Writers Institute to sell GWI’s grant-related services.

45. As agents of the ASI Defendants, Defendants Wealth Power Systems, Aria Financial, Direct Marketing, and Justin Ely conducted telemarketing in the name of Grant Writers Institute to sell GWI’s grant-related services.

46. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of the ASI Defendants’ grant research services, the Primary Defendants have represented to consumers that the research services will identify grants for which the consumer is eligible to apply and to receive grant monies.

47. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of the ASI Defendants’ grant research services, the Primary Defendants have represented to consumers that they will likely obtain grant monies as a result of their purchase of the research services.

48. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of the ASI Defendants’ grant research services, the Primary Defendants have represented to consumers that Grant Writers Institute has achieved a “70% success rate”

with their past customers. *See, e.g.*, TRO Memo Ex. 16, p. 14; TRO Memo Ex. 18, p. 1; TRO Memo Ex. 33, Dec. 30, 2008, Sworn Statement of Peter Coir, p. 8; TRO Memo Ex. 40, Affidavit of Paul G. Kraetsch, ¶ 5, pp. 2-3. Daniel Declaration, ¶¶ 10-11, Att. F, TRO Memo Ex. 49, p. 36, 39, 42, 44 (March 16, 2009 Letter from counsel for REBFN, and attachments thereto, responding to letter from NC Attorney Gen.).

49. The ASI Defendants admit they do not collect any information which would substantiate this purported success rate. In response to official inquiries by the State of Kansas and Minnesota and a letter request from the State of North Carolina, the ASI Defendants admit that they do not track whether their customers receive grant funding. *See, e.g.*, TRO Memo Ex. 47, Hogan Decl. ¶ 8, Att. D, p. 53, ¶ 26 (ASI Defendants Sept. 15, 2008, subpoena response to State of Kansas; TRO Memo Ex. 49, Daniel Decl. ¶ 16, Att. K ¶ 4 (Mar. 24, 2009, GWI letter to State of North Carolina) and ¶ 19, Att. N, ¶ 2 (Apr. 23, 2009, GWI letter to State of North Carolina); TRO Memo Ex. 48, Affidavit of Shannon M. Harmon in Support of Plaintiffs' Motion for Temporary Restraining Order ¶ 12, Att. K, p. 136 (May 27, 2009, LPG's Answers to Interrogatories and Request for Documents).

50. In connection with the advertising, marketing, promotion, offering for sale or sale of the ASI Defendants' grant research services, the Primary Defendants collected personal information regarding consumers, including but not limited to their age, and financial information, whether the consumer is disabled.

51. The ASI Defendants enlisted Defendant Meggie Chapman to provide a product to consumers who purchased their grant research and writing services. Defendant Chapman was involved in the business operations of the ASI Defendants and knew or consciously avoided knowing that they marketed grant-related services to consumers by claiming a high success rate

in obtaining grant funding, including their claim of achieving a 70% success rate in obtaining grant funding.

52. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of the ASI Defendants' grant research services, the ASI Defendants provide consumers only a grant research list, created by Defendant Chapman, that often includes, among other things, grants, contests, loans, entitlement programs, and social welfare programs.

53. In numerous instances, Defendant Chapman assisted and facilitated the ASI Defendants by creating the grant research lists provided to purportedly grant-eligible consumers.

GRANT WRITING

54. The ASI Defendants further solicit consumers who purchase the Grant Guide and/or grant research services to purchase from GWI grant writing services, which cost approximately \$265 per page, and grant coaching services, which cost approximately \$1,000.

55. The ASI Defendants conduct telemarketing or cause telemarketing to be conducted in order to sell their grant writing and coaching services.

56. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of Defendant GWI's grant writing services, the Primary Defendants represent or have represented to consumers that "[w]e have a 70% success rate...." *See, e.g.*, TRO Memo, Ex. 30, Dec. 30, 2008, Sworn Statement of William Boeckman, p. 6; TRO Memo Ex. 40, Affidavit of Paul G. Kraetsch, ¶ 5, pp. 2-3; Daniel Declaration, ¶¶ 10-11, Att. F, TRO Memo Ex. 49, pp. 36, 39, 42, 44; Monroe Declaration, ¶ 2 TRO Memo Ex. 42, p. 1 ("90% chance").

57. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale or sale of Defendant GWI's grant writing services, the Primary Defendants solicit consumers to pay GWI to write multiple grant proposals.

58. In numerous instances, Defendant Chapman assisted and facilitated the ASI Defendants by creating the written grant proposals and other grant materials provided to consumers that would purportedly enable consumers to obtain grant monies.

59. In numerous instances, consumers who pay for Defendant GWI's grant research, writing, and/or coaching services do not receive grant monies.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

61. Misrepresentations or deceptive omissions of material fact constitute unfair or deceptive acts or practices prohibited by Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT I

By Plaintiff Federal Trade Commission against the ASI Defendants and Defendants Blackman, Sevy, and Rulison

62. In numerous instances, in connection with the offering for sale or sale of the Grant Guide, the ASI Defendants and Defendants Blackman, Sevy, and Rulison represent, directly or indirectly, expressly or by implication, that consumers are guaranteed or highly likely to obtain a \$25,000 grant from the U.S. Government.

63. The representation set forth in Paragraph 62 is false and misleading and unsubstantiated.

64. Therefore, the making of the representation as set forth in Paragraph 62 of this Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

By Plaintiff Federal Trade Commission against the Primary Defendants

65. In numerous instances, in connection with the offering for sale or sale of the grant research and writing services, the Primary Defendants have represented, directly or indirectly, expressly or by implication, that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase Defendants' services.

66. The representation set forth in Paragraph 65 of this Complaint is false and misleading and unsubstantiated.

67. Therefore, the making of the representation as set forth in Paragraph 65 of this Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

By Plaintiff Federal Trade Commission against the Primary Defendants

68. In numerous instances, the Primary Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase the ASI Defendants' goods and services are likely to receive grant monies.

69. The representation set forth in Paragraph 68 is false and misleading and unsubstantiated.

70. Therefore, the making of the representation as set forth in Paragraph 68 of this Complaint constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE

71. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. §§ 6101 - 6108, in 1994. On August 16, 1995, the FTC adopted the Telemarketing Sales Rule (the “Original TSR”), 16 C.F.R. Part 310, which became effective on December 31, 1995. On January 29, 2003, the FTC amended the TSR by issuing a Statement of Basis and Purpose (“SBP”) and the final amended TSR (the “TSR”). 68 Fed. Reg. 4580, 4669.

72. Defendants are “seller[s]” or “telemarketer[s]” engaged in “telemarketing,” as defined by the TSR, 16 C.F.R. §§ 310.2(z), (bb), and (cc).

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

74. The TSR also prohibits a person from providing “substantial assistance or support” to any seller or telemarketer when that person “knows or consciously avoids knowing” that the telemarketer is engaged in acts or practices that violate § 310.3(a) of the TSR. 16 C.F.R. § 310.3(b). Such conduct constitutes a deceptive telemarketing act or practice and a violation of the TSR.

75. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV

By all Plaintiffs against the Primary Defendants

76. In numerous instances, in the course of telemarketing grant-related goods and services, the Primary Defendants have misrepresented, directly or indirectly, material aspects of the performance, efficacy, nature, or central characteristics of the grant-related services they sell, including: (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; and (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies.

77. The Primary Defendants' practice as alleged in Paragraph 76 is a deceptive telemarketing practice that violates Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

COUNT V

By all Plaintiffs against Defendant Chapman

78. In numerous instances, in connection with creating grant research lists, grant writing proposals, and other grant-related services for consumers on behalf of the ASI Defendants, Defendant Chapman provided substantial assistance or support to sellers or telemarketers who she knew or consciously avoided knowing misrepresented material aspects of the performance, efficacy, nature, or central characteristics of the grant-related services they sold.

79. Defendant Chapman's acts and practices as alleged in Paragraph 78 constitute deceptive telemarketing acts or practices that violates Section 310.3(b) of the TSR, 16 C.F.R. § 310.3(b).

KANSAS STATE LAW CLAIMS

COUNT VI

**By Plaintiff State of Kansas against the ASI Defendants and
Defendants Blackman, Sevy, and Rulison**

80. In numerous instances, in connection with the offering for sale or sale of the Grant Guide, the ASI Defendants and Defendants Blackman, Sevy, and Rulison made willful use of exaggeration, falsehood, innuendo or ambiguity as to a material fact, specifically that consumers are guaranteed to obtain a \$25,000 grant from the U.S. Government.

81. The representation set forth in Paragraph 80 is false and misleading.

82. Therefore, the making of the representation as set forth in Paragraph 80 of this Complaint constitutes a deceptive act or practice in violation of the Kansas Consumer Protection Act, K.S.A. § 50-626(b)(2).

COUNT VII

By Plaintiff State of Kansas against the Primary Defendants

83. In numerous instances, in the course of telemarketing grant-related goods and services, the Primary Defendants have represented, directly or by implication, that the uses, benefits or characteristics of the ASI Defendants' goods and services have been proven or otherwise substantiated, specifically (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; and (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies.

84. The Primary Defendants do not collect, nor do the Primary Defendants possess, the type and amount of proof to substantiate such representations, as set forth in Paragraph 83 of this Complaint.

85. Therefore, the making of the representations as set forth in Paragraph 83 of this Complaint constitutes a deceptive act or practice in violation of the Kansas Consumer Protection Act, K.S.A. § 50-626(b)(1)(G).

COUNT VIII

By Plaintiff State of Kansas against the Primary Defendants

86. In numerous instances, in the course of telemarketing grant-related goods and services, the Primary Defendants charged Kansas consumers' credit cards, for the purchase of the Grant Guide, prior to receiving signed confirmations from these consumers disclosing in full the terms of the transaction, as required by the Kansas Consumer Protection Act, K.S.A. § 50-672.

87. The practice set forth in Paragraph 86 of this Complaint constitutes an unconscionable act or practice in violation of the Kansas Consumer Protection Act, K.S.A. § 50-675(b).

COUNT IX

By Plaintiff State of Kansas against the Primary Defendants

88. In numerous instances, in the course of telemarketing grant-related goods and services, the Primary Defendants charged Kansas consumers' credit cards, for the purchase of grant-related services, prior to receiving signed confirmations from these consumers that comply with the requirements of K.S.A. § 50-672(b), and in violation of K.S.A. § 50-672(c).

89. The practice set forth in Paragraph 88 of this Complaint constitutes an unconscionable act or practice in violation of the Kansas Consumer Protection Act, K.S.A. § 50-675(b).

COUNT X

By Plaintiff State of Kansas against the Primary Defendants

90. Plaintiff State of Kansas hereby incorporates all prior paragraphs of this Complaint, specifically Counts IV, VI, VII, VIII and IX.

91. In numerous instances, in the course of telemarketing grant-related goods and services, the Primary Defendants have solicited, or otherwise engaged in consumer transactions with, elder or disabled persons, as defined in the Kansas Consumer Protection Act, K.S.A. § 50-676, using the same course of conduct set forth in Paragraphs 33 through 59 of this Complaint.

92. The Primary Defendants' conduct, as set forth in Paragraphs 33 through 59 and as alleged in Counts IV, VI, VII, VIII and IX of this Complaint, caused the elder and disabled to suffer: (a) loss of or encumbrance upon the elder and disabled persons' principal source of income; (b) loss of property set aside for retirement or for personal or family care and maintenance; and/or (c) loss of assets essential to the health and welfare of the elder or disabled persons.

93. Therefore, the Court should impose an additional civil penalty, not to exceed \$10,000.00, for each violation of the Kansas Consumer Protection Act committed against such persons, pursuant to K.S.A. § 50-677.

MINNESOTA STATE LAW CLAIMS

COUNT XI

By Plaintiff State of Minnesota against the Primary Defendants

94. Plaintiff State of Minnesota hereby incorporates by reference all prior paragraphs of this Complaint.

95. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale and sale of grant-related goods and services, the Primary Defendants have engaged in deceptive trade practices by causing a likelihood of confusion or of misunderstanding as to their goods and services and misrepresented the source, sponsorship, approval, certification, affiliation, connection, association, characteristics, uses, or benefits of their goods and services, including: (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies; and (d) that the advertised grants are related to the U.S. Government.

96. The representations set forth in Paragraph 95 are false and misleading and unsubstantiated.

97. The Primary Defendants' conduct as alleged in Paragraph 95 constitutes multiple, separate deceptive trade practices in violation of Minn. Stat. § 325D.44, subd. 1(2), (3), (5) and (13) (2008).

COUNT XII

By Plaintiff State of Minnesota against the Primary Defendants

98. Plaintiff State of Minnesota hereby incorporates by reference all prior paragraphs of this Complaint.

99. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale and sale of grant-related goods and services, the Primary Defendants made, published, disseminated, circulated or placed before the public, or caused, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in Minnesota

advertisements containing untrue, deceptive, and misleading assertions, misrepresentations or statements of fact. Specifically, Primary Defendants have, with the intent to sell grant-related goods and services, have circulated or placed before the public postcards and other advertisements indicating: (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; and (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies.

100. The representations set forth in Paragraph 99 are false and misleading and unsubstantiated.

101. The Primary Defendants' conduct as alleged in Paragraph 99 constitutes multiple, separate acts of false advertisement in violation of Minn. Stat. § 325F.67 (2008).

COUNT XIII

By Plaintiff State of Minnesota against the Primary Defendants

102. Plaintiff State of Minnesota hereby incorporates by reference all prior paragraphs of this Complaint.

103. In numerous instances, in connection with the sale of grant-related goods and services, the Primary Defendants have employed fraud, false pretense, false promise, misrepresentation, misleading statements and/or deceptive practices with the intent that others rely thereon by indicating: (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; and (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies.

104. The representations set forth in Paragraph 103 are false and misleading and unsubstantiated.

105. The Primary Defendants' conduct as alleged in Paragraph 103 constitutes multiple violations of Minn. Stat. § 325F.69, subd. 1 (2008).

COUNT XIV

By Plaintiff State of Minnesota against the Primary Defendants

106. Plaintiff State of Minnesota hereby incorporates by reference all prior paragraphs of this Complaint, specifically including Counts IV, XI, XII and XIII.

107. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale and sale of grant-related goods and services, the Primary Defendants have engaged in deceptive trade practices, false advertising and/or consumer fraud, specifically as alleged in Counts XI, XII and XIII, against senior citizens who are persons 62 years of age or older, or disabled persons, using the same course of conduct described in Paragraphs 33 through 59.

108. As described in Paragraph 50, the Primary Defendants obtained age and disability information from consumers and, therefore, knew or should have known that their conduct was directed to one or more senior citizens or disabled persons.

109. The Primary Defendants' conduct caused one or more senior citizens or disabled persons to suffer: (1) loss or encumbrance of a primary residence, principal employment or source of income; (2) substantial loss of property set aside for retirement or for personal or family care and maintenance; (3) substantial loss of payments received under a pension or retirement plan or a government benefits program; or (4) loss of assets essential to the health or welfare of the senior citizen or disabled person.

110. One or more senior citizens or disabled persons are more vulnerable to Primary Defendants' conduct than other members of the public because of age, poor health or infirmity, impaired understanding, restricted mobility, or disability, and actually suffered physical, emotional or economic damage resulting from the Primary Defendants' conduct.

111. The Primary Defendants' conduct as described above constitutes multiple, separate violations of Minn. Stat. § 325F.71, subd. 2 (2008), and the Primary Defendants are, therefore, liable for an additional civil penalty not to exceed \$10,000 for each violation.

NORTH CAROLINA STATE LAW CLAIMS

COUNT XV

By Plaintiff State of North Carolina against the Primary Defendants

112. Plaintiff State of North Carolina reincorporates all factual allegations set forth above and alleges further that the Primary Defendants have engaged in a practice of misrepresentation in the advertising, marketing, promotion, offering for sale and sale of grant-related goods and services. These misrepresentations include, but are not limited to, representations (a) that consumers are guaranteed or highly likely to receive a \$25,000 grant; (b) that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services; (c) that consumers who use the ASI Defendants' grant-related services are likely to receive grant monies; and (d) that their not being "matched" with a grant would be rare. The making of representations that have the tendency or capacity to deceive, or that are misleading, false, and/or unsubstantiated, constitute unfair and deceptive trade practices and therefore, Defendants have violated N.C. Gen. Stat. § 75-1.1 ("Unfair or Deceptive Acts or Practices in or Affecting Commerce").

113. The Primary Defendants have knowingly and willfully engaged in acts or practices that constitute unfair or deceptive trade practices, including but not limited to, violations of the FTC's Telemarketing Sales Rule, 16 C.F.R. Part 310.

ILLINOIS STATE LAW CLAIMS

COUNT XVI

**By Plaintiff State of Illinois against the ASI Defendants and
Defendants Blackman, Sevy, and Rulison**

114. In numerous instances, in connection with the offering for sale or sale of the Grant Guide, the ASI Defendants and Defendants Blackman, Sevy, and Rulison represent, directly or by implication, that consumers are guaranteed or highly likely to obtain a \$25,000 grant from the U.S. Government.

115. The representation set forth in Paragraph 114 is false and misleading, and unsubstantiated.

116. Therefore, the making of the representations as set forth in Paragraph 114 of this Complaint constitutes a deceptive act or practice in violation of Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2). The ASI Defendants and Defendants Blackman, Sevy, and Rulison have engaged in a practice of misrepresentation in the advertising, marketing, promotion, offering for sale and sale of grant-related goods and services. The making of representations that are misleading, false, and/or unsubstantiated constitute unfair and deceptive trade practices and therefore, the ASI Defendants and Defendants Blackman, Sevy, and Rulison have violated Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2).

COUNT XVII

By Plaintiff State of Illinois against the Primary Defendants

117. In numerous instances, in connection with the offering for sale or sale of the grant research and writing services, the Primary Defendants have represented, directly or indirectly, expressly or by implication, that Grant Writers Institute has a 70% success rate in obtaining grant funding for the consumers who purchase the ASI Defendants' services.

118. The representation set forth in Paragraph 117 of this Complaint is false and misleading and unsubstantiated.

119. Therefore, the making of the representation as set forth in Paragraph 117 of this Complaint constitutes a deceptive act or practice in violation of Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2).

COUNT XVIII

By Plaintiff State of Illinois against the Primary Defendants

120. In numerous instances, the Primary Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase the ASI Defendants' goods and services are likely to receive grant monies.

121. The representation set forth in Paragraph 120 is false and misleading and unsubstantiated.

122. Therefore, the making of the representation as set forth in Paragraph 120 of this Complaint constitutes a deceptive act or practice in violation of Section 2 of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2).

CONSUMER INJURY

123. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

124. 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 halt and redress violations of the FTC Act.

125. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including, rescission of contracts, restitution, and the disgorgement of ill-gotten monies, to prevent and remedy any violations of any provision of law enforced by the FTC.

126. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the TSR, including the rescission and reformation of contracts, and the refund of money.

127. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow Plaintiff, the State of Kansas, to enforce its state law claims under the Kansas Consumer Protection Act, K.S.A. §§ 50-623, *et seq.*, against Defendants in this Court. To ensure compliance and to remedy violations of the Kansas Consumer Protection Act, K.S.A. § 50-632 authorizes the Court to enter a temporary restraining order and preliminary and permanent injunctions, and order the restoration of any money or property obtained by a defendant as a

result of any violation. Under K.S.A. § 50-636(a), the Court may award the State of Kansas up to \$10,000.00 for each violation. Under K.S.A. § 50-677, the Court may award additional civil penalties, not to exceed \$10,000.00, for each violation committed against an elder or disabled person, as defined by K.S.A. § 50-676. The Court may also award reasonable expenses and investigation fees to the State of Kansas. K.S.A. § 50-632(a)(4).

128. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow Plaintiff, the State of Minnesota, to enforce its state law claims under the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-325D.48; Minn. Stat. 325F.67 (false advertising); and the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-325F.70, against Defendants in this Court. To ensure compliance and to remedy violations of these provisions, Minn. Stat. §§ 8.31, subd. 3; 325F.67; and 325F.70, subd. 1, authorize the Court to grant injunctive relief. The Court may also allow the recovery of damages under Minn. Stat. § 8.31, subd. 3a, and common law. Under Minn. Stat. § 8.31, subd. 3, the Court may award the State of Minnesota up to \$25,000 for each violation of these provisions. Under Minn. Stat. § 325F.71, subd. 2(a), the Court may award additional civil penalties, not to exceed \$10,000 for each violation committed against one or more senior citizens or disabled persons, as defined by Minn. Stat. § 325F.71, subd. 1(a) & (b). Pursuant to Minn. Stat. § 8.31, subd. 3a, the Court may also award reasonable costs and disbursements, including costs of investigation and reasonable attorneys' fees to the State of Minnesota.

129. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow Plaintiff, the State of North Carolina, to enforce its state law claims under the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*, against Defendants in this Court. To ensure compliance and to remedy violations of the North Carolina Unfair and

Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-14 authorizes the Court to enter a temporary restraining order and preliminary and permanent injunctions. N.C. Gen. Stat. § 75-15.1 empowers the Court to cancel any contract and order the restoration of any money or property obtained by a defendant as a result of any violation. Under N.C. Gen. Stat. § 75-15.2, a court may award the State of North Carolina up to \$5,000 for each violation. N.C. Gen. Stat. § 75-16.1 authorizes an award of attorneys' fees.

130. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction to allow Plaintiff, the State of Illinois, to enforce its state law claims under the Illinois Consumer Fraud and Deceptive Business Practices Act 815 ILCS 505/2 *et seq.*, against Defendants in this Court. To ensure compliance and to remedy violations of these provisions, Section 7 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/7) authorizes the Court to enter preliminary and permanent injunctions, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or associations, suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution as a result of any violation. In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act, or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation. If a person is found by the court to have engaged in any method, act, or practice declared unlawful under this Act, and the violation was committed against a person 65 years of age or older, the court may impose an additional civil penalty not to

exceed \$10,000 for each violation. Section 10 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/10), allows the recovery of costs for use of the state of Illinois in any action brought under the provisions of this Act.

PRAYER FOR RELIEF

Wherefore, Plaintiff Federal Trade Commission, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. § 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers; Plaintiff State of Kansas pursuant to the Kansas Consumer Protection Act, K.S.A. §§ 50-623 *et seq.*, Section 4(a) of the Telemarketing Act, 15 U.S.C. § 6103(a), and the Court's own equitable powers; Plaintiff State of Minnesota pursuant to the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. § 325F.67, the Minnesota Prevention of Consumer Fraud Act, and Minn. Stat. § 325F.71, Section 4(a) of the Telemarketing Act, 15 U.S.C. § 6103(a), and the Court's own equitable powers; Plaintiff State of North Carolina pursuant to the North Carolina Unfair and Deceptive Trade Practices Act, Section 4(a) of the Telemarketing Act, 15 U.S.C. § 6103(a), and the Court's own equitable powers; and Plaintiff State of Illinois pursuant to the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.*, Section 4(a) of the Telemarketing Act, 15 U.S.C. § 6103(a), and the Court's own equitable powers, requests that the Court:

1. Award Plaintiffs such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, a temporary restraining order, a preliminary injunction, an order freezing assets, immediate access to the ASI Defendants' business premises, and appointment of a receiver;

2. Enter a permanent injunction to prevent future violations by Defendants of the FTC Act, the Telemarketing Act and the TSR, the Kansas Consumer Protection Act, the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. § 325F.67, the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. § 325F.71; the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*; and the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.*;

3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' unlawful conduct, including, but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

4. Award Plaintiffs the costs of bringing this action, civil penalties under applicable state claims, and such other and additional equitable relief as the Court may determine to be just and proper.

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Signatures continue . . .

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ATTACHMENT A

FINAL NOTICE

DEADLINE: January 21, 2008

PRESORTED
FIRST CLASS MAIL
US POSTAGE PAID
MAILED FROM 66071
PERMIT # 150

RESERVATION CODE:



Urgent: Read Immediately

Our office has been trying to contact you.
You are Guaranteed a \$25,000 Grant from the
Government.

Use your money to:

- Pay bills
- Start or expand a business
- Pay for your children's education
- Help you purchase or fix up your own home
- Travel the world

Call Toll Free: 1-877-810-7908

*Official Form Number:
ASI8234-2007



G.F. Institute
Kansas City Kansas
"Your Access to Government Funds"

APPROVED

IMPORTANT RELEASE OF GOVERNMENT FUNDS PENDING

To: [REDACTED]

Release Code: 3300

Deadline for response: 36 hours from receipt

Message:

Our office is attempting to reach you <stop>. Urgent matter regarding upcoming release of Government Funds <stop>. Estimate of funds pending: \$25,000.00 (Twenty-Five Thousand Dollars) <stop>.

Funds may be used at your discretion (bill payment, travel, continuing or advanced education, healthcare) <stop>.

IMMEDIATE ACTION: To confirm your interest in these funds, please call number below <stop>. This is a TOLL-FREE CALL <stop>. You do not pay for this call <stop>.

CALL THIS NUMBER TO VERIFY YOUR INTEREST IN \$25,000.00

1-866-576-9176

PLEASE QUOTE RELEASE CODE ABOVE.

063784

Additional Details:

1. G. F. INSTITUTE CREATED TO ASSIST AMERICAN RESIDENTS ACCESS GOVERNMENT FUNDS.
2. FUNDING AVAILABLE AS GRANTS AND WILL NEVER HAVE TO BE REPAID AT ANY TIME.
3. FUNDS AVAILABLE FROM FOUR LEVELS OF GOVERNMENT: FEDERAL, STATE, COUNTY AND LOCAL.
4. G. F. INSTITUTE EXPERTS BRING INSIDER KNOWLEDGE OF GRANT WRITING PROCESS AND LITTLE KNOWN AND/OR LITTLE PUBLICIZED GRANT OPPORTUNITIES TO THE PUBLIC.
5. YOU ARE UNDER NO OBLIGATION TO PAY A PERCENTAGE OF ANY GRANT YOU RECEIVE, NO MATTER HOW LARGE, TO G. F. INSTITUTE AS ADDITIONAL COMPENSATION FOR THEIR SERVICES.
6. ALL GRANT MONEY YOU RECEIVE IS YOURS TO USE AT YOUR DISCRETION IN ANY WAY YOU SEE FIT.
7. RESPOND IMMEDIATELY TO:

1-866-576-9176

FOR OFFICE USE ONLY

(Do not write in this box)

Pending Amount:

\$25,000.00

Agency Access:

G. F. Institute

Release Approval:

Pending

Verified and Authenticated by:

JD

Form Number:

25K - GFI-0809 //PEND

Prep Dept.:

Fund Release



G.F. Institute
Kansas City Kansas
"Your Access to Government Funds"

PRESORTED
STANDARD
US POSTAGE
PAID
CAROL STREAM, IL
PERMIT 1514

OFFICIAL INFORMATION RE:

\$25,000.00 Grant
from U.S. Government

APPROVED

Prepared for....

Release Code: 3300



Action required ASAP for Release.
Open / Read.

T216 063784



OFFICIAL TRANSCRIPT PROCEEDING

FEDERAL TRADE COMMISSION

MATTER NO. 0923136

TITLE GRANT WRITERS INSTITUTE, LLC

**DATE RECORDED: JUNE 24, 2009
TRANSCRIBED: JULY 6, 2009**

PAGES 1 THROUGH 12

**TELEPHONE CALL MADE TO 866-576-9176
CONVERSATION WITH CRYSTAL (OPERATOR 976)**

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FEDERAL TRADE COMMISSION

I N D E X

TELEPHONE CONTACT:

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Telephone call made to 866-576-9176

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FEDERAL TRADE COMMISSION

In the Matter of:)
Grant Writers Institute, LLC) Matter No. 0923136
)
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June 24, 2009

The following transcript was produced from a digital file provided to For The Record, Inc. on June 29, 2009.

ON BEHALF OF THE FEDERAL TRADE COMMISSION:

DANI SCHNEIDER, INVESTIGATOR

Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580
(202) 326-2137

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P R O C E E D I N G S

TELEPHONE CALL MADE TO 866-576-9176

MALE RECORDING: Congratulations, you have just taken your first step to receive \$25,000 or more in free government grant money guaranteed. If you've been reading the papers, you know that recently our government released over \$700 billion into the private sector. What you probably don't know is there's another \$300 billion that must be given away this year to people just like you. And if you are one of the lucky few who know how to find and apply for these grants, you will receive a check for \$25,000 or more and we guarantee it.

Ask yourself, what would you do with a government check for \$25,000? Purchase a house, buy a

1 new car, send your kids to college or maybe just help out
2 your community? \$300 billion of free government grant
3 money is available right now to anyone who applies for
4 it. Unfortunately, most people just don't know where to
5 start. That's why we broke down the process into simple
6 steps and created the easy-to-follow, 126-page government
7 grant guide. Your grant guide gives you everything you
8 need to easily find these grants and apply for a check
9 written in your name for \$25,000 or more.

10 Can it happen to you? We guarantee it or you
11 pay nothing for this information. It really is simple
12 when you know how, but you have to make the first move.
13 Order the professional grant guide right now. It's 100
14 percent risk-free. Just a small one-time fee of \$59 is
15 all it takes to find out how to get the money that you
16 deserve.

17 To take advantage of our \$25,000 government
18 grant money guarantee, simply press one on your phone now
19 and give the grant specialist the release code that's
20 located on your postcard. This code will authorize us to
21 rush you a copy of the professional grant guide at no
22 risk to you at all. If you don't get a government check
23 for \$25,000 or more, you pay nothing. So, what are you
24 waiting for? Press one now.

25 **(Number pressed.) (Brief pause.)**

1 MS. SCHNEIDER: This is Dani Schneider. The
2 time is approximately 11:38 a.m. This concludes the
3 taping session.

4 **(The recording was concluded.)**

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C E R T I F I C A T I O N O F T Y P I S T

MATTER NUMBER: 0923136
CASE TITLE: GRANT WRITERS INSTITUTE, LLC
TAPING DATE: JUNE 24, 2009
TRANSCRIPTION DATE: JULY 6, 2009

I HEREBY CERTIFY that the transcript contained herein is a full and accurate transcript of the tapes transcribed by me on the above cause before the FEDERAL TRADE COMMISSION to the best of my knowledge and belief.

DATED: JULY 6, 2009

ELIZABETH M. FARRELL

C E R T I F I C A T I O N O F P R O O F R E A D E R

I HEREBY CERTIFY that I proofread the transcript for accuracy in spelling, hyphenation, punctuation and format.

WANDA J. RAVER

ATTACHMENT D



Grant Writers Institute

Grant Writers Institute LLC (GWI) was founded with the vision of helping individuals, foundations and government organizations to more efficiently and successfully receive grant funding for projects. GWI understands how difficult grant proposals can be, and knows that not every person completely understands how the process works. With the help of GWI many organizations are able to not only reduce their cost of writing the grant proposal, but historically the grant writers have been able to produce a 70% success rate in receiving grant funding. The knowledge and experience that GWI has allows companies to truly be able to outsource their grant proposal to individuals who write grant proposals every day.

For more information contact GWI at

1-877-296-9387 or go to www.grantwritersinstitute.org