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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION, Plaintiff,

v.

AFFORDABLE MEDIA, LLC; FINANCIAL GROWTH CONSULTANTS, LLC; STERLING MULTI-MEDIA CO.; VENTURE CAPITALIZATION CO.; ERIC STEVEN STEIN; INA LIBERTY BELL; RUTH STEIN, also known as RUTH GARCIA; DENYSE LINDAALYCE ANDERSON; MICHAEL K. ANDERSON; GEORGE JOHN McWILLIAMS; and EDWARD JAMES HALLY, Defendants.

CV-S-

COMPLAINT FOR INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("Commission"), by its undersigned attorneys, alleges as follows:

1. The Commission 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 secure a permanent injunction and other equitable relief, including rescission,

restitution, and disgorgement, against defendants for their violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and of the Commission's Telemarketing Sales Rule, 16 C.F.R. Part 310.

JURISDICTION AND VENUE

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

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

THE PARTIES

4. The Commission is an independent agency of the United States government created by the FTC Act, 15 U.S.C. §§ 41-58. The Commission enforces the FTC Act, which prohibits deceptive acts or practices in commerce, and the Telemarketing Sales Rule, which specifically prohibits deceptive or abusive telemarketing acts or practices. The Commission may initiate federal district court proceedings to enjoin violations of the FTC Act and of the Telemarketing Sales Rule, and to secure such equitable relief as is appropriate in each case, including restitution and disgorgement. 15 U.S.C. §§ 53(b), 57b, and 6105(b).

5. Defendant **Affordable Media, LLC ("Affordable Media")** is a Nevada limited liability company with offices at 4634 Maryland Parkway, Suite 101, Las Vegas, Nevada 89119. Affordable Media does business under the names **Sterling Group Media** and **The Sterling Group, LLC**. Affordable Media transacts or has transacted business in the District of Nevada.

6. Defendant **Financial Growth Consultants, LLC ("Financial Growth")** is a Wyoming limited liability company with offices at 1565 Hotel Circle South #300, San Diego, CA 92108. Financial Growth Consultants does business under the names **Sterling Marketing Group** and **Inter Com Business Consultants, LLC**. Financial Growth transacts or has transacted business in the District of Nevada.

7. **Sterling Multi-Media Co. ("Sterling Multi-Media")** is a partnership with offices at 44 Union Boulevard, Suite 110, Lakewood, CO 80228, and 4155 E. Jewell Ave., Denver, CO 80222. Sterling Multimedia transacts or has transacted business in the District of Nevada.

8. **Venture Capitalization Co. ("Venture Capitalization")** is a partnership with offices at 44 Union Boulevard, Suite 110, Lakewood, CO 80228. Venture Capitalization transacts

or has transacted business in the District of Nevada.

9. Defendant **Eric Steven Stein ("E. Stein")** is the Managing Director of Affordable Media. Individually, or in concert with others, E. Stein directs, controls, formulates, or participates in the acts and practices set forth herein. He resides and transacts business in the District of Nevada.

10. Defendant **Ruth Stein**, also known as Ruth Garcia **("R. Stein")**, is a manager of Affordable Media. She is the wife of defendant E. Stein. Individually, or in concert with others, R. Stein directs, controls, formulates, or participates in the acts and practices set forth herein. She resides and transacts business in the District of Nevada.

11. Defendant **Ina Liberty Bell** is a manager and the resident agent of Affordable Media. She is the daughter of defendants E. Stein and R. Stein. Individually, or in concert with others, defendant Bell directs, controls, formulates, or participates in the acts and practices set forth herein. She resides and transacts business in the District of Nevada.

12. Defendant **Denyse Lindaalyce Anderson ("D. Anderson")** is a manager of Financial Growth. Individually, or in concert with others, she directs, controls, formulates, or participates in the acts and practices set forth herein. She transacts business in the District of Nevada.

13. Defendant **Michael K. Anderson ("M. Anderson")** is a manager of Financial Growth. He is the husband of D. Anderson. Individually, or in concert with others, M. Anderson directs, controls, formulates, or participates in the acts and practices set forth herein. He transacts business in the District of Nevada.

14. Defendant **George John McWilliams** is a manager of Sterling Multimedia and Venture Capitalization. Individually, or in concert with others, he directs, controls, formulates, or participates in the acts and practices set forth herein. He transacts business in the District of Nevada.

15. Defendant **Edward James Hally** is a manager of Sterling Multimedia and Venture Capitalization. Individually, or in concert with others, he directs, controls, formulates, or participates in the acts and practices set forth herein. He transacts business in the District of Nevada.

DEFENDANTS' COURSE OF CONDUCT

16. Since at least March 1997, and continuing thereafter, defendants have offered for sale and sold investments to consumers residing across the United States, using telephone

sales presentations, written promotional materials and advertisements posted on the Internet.

17. Defendants offer and sell agreements between consumers and defendants Affordable Media or Sterling Multi-Media. Pursuant to the agreements, consumers receive one "Media Unit" for each $5,000 or $10,000 they invest.

18. Defendants describe Media Units as blocks of television commercials that promote various products with supposedly-proven market appeal. In the agreements, Affordable Media or Sterling Multi-Media promises consumers a share of the proceeds from the direct response sales generated by such commercials.

19. Telemarketers employed by defendants initiate the sales process by making unsolicited calls to consumers. If consumers express interest in the investment, defendants send marketing materials and a copy of the agreement for consumers to sign and return with their payment. The telemarketers then seek to close the sale with one or more additional telephone conversations.

20. Over the telephone and in writing, defendants and their agents represent to prospective investors that all previous investors earned returns of 50 percent or more, as well as the return of their principal, within 60-90 days of investing their money, and further represent that prospective investors are highly likely to enjoy similar returns. In many instances, defendants and their agents expressly guarantee that prospective investors will earn returns of at least 25 percent, as well as the return of their principal, within 90 days of investing their money.

21. However, many investors who purchased Media Units have not received any profits, or the return of their principal, well more than 90 days after such purchases. To the extent that some investors have received profits, it appears that such profits are derived wholly or in large part from money invested by later investors, not from the sale of products advertised on television.

22. Defendants' course of trade is in or affecting commerce, within the meaning of Section 4 of the FTC Act, 15 U.S.C. § 44.

COUNT ONE: DEFENDANTS' VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

23. Defendants represent, directly or by implication, that consumers who contract with Affordable Media or Sterling Multi-Media for the purchase of Media Units are highly likely to earn returns of 25 percent or more on their investments within a period of 90 days. In truth and in fact, consumers who contract with Affordable Media or Sterling

Multi-Media for the purchase of Media Units are not highly likely to earn returns of 25 percent or more on their investments within a period of 90 days.

24. Therefore, defendants' representation as set forth in the previous paragraph is false and misleading, and constitutes a deceptive act or practice in violation of the FTC Act, 15 U.S.C. § 45(a).

THE TELEMARKETING SALES RULE

25. Defendants are "sellers" or "telemarketers" engaged in "telemarketing" of "investment opportunities," as those terms are defined in the Telemarketing Sales Rule, 16 C.F.R. §§ 310.2(r), (t), (u), and (j).

26. The Telemarketing Sales Rule prohibits: "Misrepresenting, directly or by implication . . . any material aspect of an investment opportunity, including, but not limited to risk, liquidity, earnings potential, or profitability[.]" 16 C.F.R. § 310.3(a)(2)(vi).

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

COUNT TWO: DEFENDANTS’ VIOLATION OF THE TELEMARKETING SALES RULE

28. In the course of telemarketing, in numerous instances since December 31, 1995, defendants have misrepresented, directly or by implication, a material aspect of their investment opportunity, to wit: Defendants represent, directly or by implication, that consumers who contract with Affordable Media or Sterling Multi-Media for the purchase of Media Units are highly likely to earn returns of 25 percent or more on their investments within a period of 90 days. In truth and in fact, consumers who contract with Affordable Media or Sterling Multi- Media for the purchase of Media Units are not highly likely to earn returns of 25 percent or more on their investments within a period of 90 days.

29. Therefore, defendants’ representation as set forth in the previous paragraph, violate Section 310.3(a)(2)(vi) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(vi).

CONSUMER INJURY

30. Defendants' violations of Section 5(a) of the FTC Act and Section 310.3(a)(2)(vi) of the Telemarketing Sales Rule have injured and will continue to injure consumers.

Because of defendants' misrepresentations about their general partnership offerings, consumers have made and will continue to make investments that are likely to cause substantial financial injury, absent injunctive relief.

THIS COURT'S POWER TO GRANT RELIEF

31. Section 13(b) of the FTC Act empowers this Court to issue injunctive and other relief against violations of the FTC Act and, in the exercise of its equitable jurisdiction, to award redress to remedy the injury to consumers, to order disgorgement of monies resulting from defendants' unlawful acts or practices, and to order other ancillary equitable relief.

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

PRAYER FOR RELIEF

WHEREFORE, plaintiff requests that this Court:

(1) Award the Commission all temporary and preliminary injunctive and ancillary relief that may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserve the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions, and an order freezing each defendant's assets;

(2) Enjoin defendants permanently from violating Section 5(a) of the FTC Act and the Telemarketing Sales Rule, including committing such violations in connection with the advertising, offering for sale, or other promotion of investment opportunities;

(3) Award such relief as the Court finds necessary to redress injury to investors resulting from defendants' violations of Section 5(a) of the FTC Act and the Telemarketing Sales Rule, including, but not limited to, the rescission of contracts or refund of money, and the disgorgement of unlawfully obtained monies; and

(4) Award plaintiff the cost of bringing this action as well as such additional equitable relief as the Court may determine to be just and proper.

Respectfully submitted,

DATED:

DEBRA A. VALENTINE
General Counsel

GREGG SHAPIRO
JEFFREY S. GALVIN
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Federal Trade Commission

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