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11 UNITED STATES DISTRICT COURT
12 DISTRICT OF ARIZONA

13 JEN MANN, a California resident, JOHN
14 LEACH, a Virginia resident, and DAVID
15 FERGUSON, a Canada resident, on behalf of
themselves and all others similarly situated,

16 Plaintiffs,

17 v.

18 LIBERTY LEAGUE INTERNATIONAL,
LLC., an Arizona Corporation; BEYOND
19 FREEDOM PUBLISHING, LLC, an Arizona
Corporation; BRENT PAYNE, an individual;
20 SHANE KRIDER, an individual; LIBERTY
LEAGUE HOLDINGS, LLC, an Arizona
21 Corporation, formerly known as BIG ASS
BRITCHES HOLDINGS, LLC, an Arizona
22 Corporation; and Does 1-100, inclusive,

23 Defendants.

Case No.

CLASS ACTION COMPLAINT

1. Violation of RICO Through Transporting and Receiving Stolen Money 18 U.S.C. §1962(c) - (d);
2. Violation of RICO Through Mail and Wire Fraud 18 U.S.C. §1962(c) - (d);
3. Violation of Consumer Protection Statutes;
4. Violation of State and Federal Anti-pyramid Statutes; and
5. Unjust Enrichment.

JURY TRIAL DEMANDED

1 Plaintiffs Jen Mann, John Leach, and David Ferguson (“Plaintiffs”), on behalf of themselves
2 and all others similarly situated, file this Class Action Complaint:

3 **INTRODUCTION**

4 1. This class action challenges Defendants’ unlawful and unethical scheme to
5 unlawfully and wrongfully promote their multi-level marketing scheme to consumers in Arizona,
6 throughout the United States and in Canada.

7 2. Plaintiffs bring this action on behalf of themselves and other similarly situated United
8 States and Canadian consumers who decided to join Liberty League’s multi-level marketing scheme
9 within the applicable statutory limitations period.

10 3. Defendants induce consumers into joining their multi-level marketing scheme through
11 uniform representations that consumers will earn lucrative compensation and attain a lavish lifestyle.
12 The profit-making potential of Defendants’ scheme is dependent upon consumers continually
13 recruiting additional consumers into the Liberty League Program (the “Program”) and encouraging
14 them to purchase Defendants’ products.

15 4. Defendants promote and sell their multi-level marketing scheme primarily through
16 the Liberty League website and use of their Advisors and Associates who are authorized retailers of
17 Defendants’ personal development products and conferences.

18 5. Defendants induce consumers to join the Program by misrepresenting the nature of
19 the multi-level marketing scheme and omitting material facts about the Program which are necessary
20 for consumers to make an informed decision about whether to join the Program.

21 6. Defendants fail to disclose to consumers that there is no legitimate basis for their
22 uniform representations about consumers’ ability to succeed in the Program and earn lucrative
23 compensation. Defendants are aware, and fail to disclose to consumers, that very few consumers
24 earn significant compensation through the Liberty League Program. Based on information and
25 belief, most consumers earn very little or nothing in the Program. And, in fact, most consumers lose
26 substantial sums of money through their involvement in the Program.

27 7. Defendants also fail to fully or adequately disclose that a consumer’s ability to earn
28 meaningful compensation through the Program is dependent on the consumer actually spending

1 substantial amounts of money individually, including purchasing the Liberty League products,
2 including conference tickets, which have a total cost in excess of \$22,500, and incurring thousands
3 of dollars in monthly service and marketing fees.

4 8. Further, despite Defendants' representations that the only "required" purchase is the
5 "New Associate Business Development Kit" ("Start-Up Kit") for \$49.95, Defendants fail to inform
6 consumers that Defendants directly and through their Associates and Advisors, engage in high-
7 pressure sales tactics to convince consumers to buy additional products at a substantial cost.

8 9. Relying on Defendants' representations of lucrative compensation and attaining a
9 lavish lifestyle, Plaintiffs and other similarly situated consumers, joined the Liberty League Program.

10 10. Defendants have profited from their wrongful conduct, and continue to do so, by
11 collecting revenues from consumers who join the Liberty League Program which they would not
12 otherwise have done absent Defendants' uniform omissions and misrepresentations, including that
13 by joining the Program consumers can earn lucrative compensation and attain a lavish lifestyle. In
14 addition, Defendants have profited, and continue to do so, by collecting revenues from monthly
15 service and lead generation fees consumers become obligated to pay in return for the opportunity to
16 join the Program and recruit others to join the Program.

17 11. Defendants' sales practices alleged herein violate the federal Racketeer Influenced
18 and Corrupt Organizations Act, ("RICO"), 18 U.S.C. §1961 *et seq.* Defendants' practices also
19 constitute violations of consumer protection and anti-pyramid statutes and unjust enrichment.

20 12. This action seeks to enjoin Defendants from further engaging in their unethical and
21 unconscionable sales practices. It also seeks to compensate consumers who invested in this scheme
22 and penalize Defendants for their knowingly wrongful practices.

23 13. Consequently, Plaintiffs and the Class, as defined below, seek all available damages
24 and equitable relief, including an award of attorneys' fees and costs.

25 **JURISDICTION & VENUE**

26 14. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1331 (federal
27 question) because the claims asserted herein arise under the federal Racketeer Influenced and
28

1 Corrupt Organizations Act (“RICO”), 18 U.S.C. § 1961, *et seq.* This Court also has diversity
2 jurisdiction over this action pursuant to 28 U.S.C. §1332(a).

3 15. The amount in controversy exceeds \$75,000 for Plaintiffs, exclusive of interest and
4 costs, and includes the combined loss of the payments for Defendants’ products and required
5 monthly charges and service fees and Plaintiffs’ pro rata share of punitive damages, injunctive and
6 equitable relief and attorney-fees, in which Plaintiffs and each Class member have an undivided
7 interest.

8 16. Plaintiffs further allege that this Court has original jurisdiction over this class action
9 under 18 U.S.C. §1332(d), which under the provisions of the Class Action Fairness Act (“CAFA”)
10 explicitly provide for the original jurisdiction of the federal court in any class action in which any
11 member of the Class is a citizen of a state different from any Defendant, and in which the matter in
12 controversy exceeds the sum of \$5,000,000, exclusive of interest and costs. Plaintiffs allege that the
13 total claims of individual class members in this action are well in excess of \$5,000,000 in the
14 aggregate, exclusive of interest and costs, that less than one-third of all Class Members reside in the
15 State of Arizona and that the total number of Class members is greater than 100, as required by 28
16 U.S.C. § 1332(d)(2), (5). As set forth below, Plaintiffs are citizens of California, Virginia and
17 Canada, whereas Defendants are citizens of Arizona.

18 17. This Court has supplemental jurisdiction over the state law consumer protection, anti-
19 pyramid and unjust enrichment claims pursuant to 28 U.S.C. § 1367.

20 18. Venue lies within this District pursuant to 28 U.S.C. § 1391(b), (c) in that:
21 Defendants conduct business within this District; certain acts giving rise to the claims asserted in this
22 Complaint occurred within this District; and the illegal actions of Defendants, as alleged in this
23 Complaint, caused damage to Class members within this District.

24 **PARTIES**

25 19. Plaintiff Jen Mann is a resident of California. Ms. Mann joined the Liberty League
26 Program and purchased Liberty League’s products and conference tickets during the Class period
27 and has suffered injury in fact and lost money and property as a result of the fraudulent, unfair and
28 deceptive acts and practices described herein.

1 20. Plaintiff John Leach is a resident of Virginia. Mr. Leach joined the Liberty League
2 Program and purchased Liberty League’s products and conference tickets during the Class period
3 and has suffered injury in fact and lost money and property as a result of the fraudulent, unfair and
4 deceptive acts and practices described herein.

5 21. Plaintiff David Ferguson is a resident of Canada. Mr. Ferguson joined the Liberty
6 League Program and purchased Liberty League’s products and conference tickets during the Class
7 period and has suffered injury in fact and lost money and property as a result of the fraudulent, unfair
8 and deceptive acts and practices described herein.

9 22. Defendant Liberty League International (“Liberty League Int’l”), LLC is an Arizona
10 corporation with its principal place of business located at 14300 N. Northsight Blvd., #210,
11 Scottsdale, Arizona 85260. At all relevant times, Liberty League Int’l was in the business of
12 marketing and selling personal development products and conference tickets.

13 23. Defendant Beyond Freedom Publishing, LLC, is an Arizona corporation. At all
14 relevant times, Beyond Freedom Publishing owned the copyrights for the personal development
15 products utilized and sold by Liberty League Int’l.

16 24. Defendant Big Ass Britches Holdings, LLC, now known as Liberty League Holdings,
17 LLC, (“LL Holdings”), is a Arizona Corporation. At all relevant times, LL Holdings was a manager
18 of Liberty League International, LLC. As such, it directed, managed and controlled the operations of
19 defendant Liberty League International, LLC.

20 25. Defendants Brent Payne (“Payne”) and Shane Krider (“Krider”) are and were, at all
21 relevant times, co-founders and managers of defendants Liberty League Int’l, Beyond Freedom
22 Publishing and LL Holdings. As such, they directed, managed and controlled the operations of all
23 defendant entities.

24 26. Defendants Liberty League Int’l, Beyond Freedom Publishing, LL Holdings, Brent
25 Payne, and Shane Krider, shall be hereinafter referred to collectively as “Liberty League.”
26
27
28

1 **FACTUAL ALLEGATIONS**

2 ***Defendants' Products***

3 27. Defendants induce consumers to join the Liberty League Program by representing
4 that through the Program consumers will earn lucrative compensation and attain a lavish lifestyle.
5 Their website represents that the Program is the "Road to Success," providing consumers with an
6 "income opportunity that is designed to provide both personal and financial freedom" by working
7 from home just "1-4 hours/day, 4-5 days per week."

8 28. In reality, the Program is a multi-level marketing scheme akin to a pyramid scheme
9 which is designed to deceive consumers into believing they will earn lucrative compensation and
10 attain financial freedom. The profit-making potential of the scheme is dependent upon consumers
11 continually recruiting additional consumers into the Program and pressuring them to purchase
12 Defendants' products.

13 29. Defendants market three exorbitantly-priced "personal development" products: (1)
14 the Beyond Freedom Home Study Course, a 90-day personal development course; (2) the Liberty
15 Conference, a three-day personal development conference; and (3) the Summit Conference, a five-
16 day personal finance and development conference.

17 30. The Beyond Freedom Home Study Course, which retails for approximately
18 \$1,495.00, is described on Defendants' website (www.libertyleague.com) as a "multimedia personal
19 development program produced by Company founders, Brent Payne and Shane Krider." The
20 "Program" includes a DVD and a set of three CD's entitled, "The Conscious Mind," "The
21 Subconscious Mind," and "Purity of Purpose." The Course also includes a 90-page Personal
22 Development Workbook, the chapters of which correspond to the DVD and CD; a blank journal,
23 three laminated cards labeled, "Long-term goals," "Medium-term goals," and "Short-term goals"; a
24 4" x 4" pad of paper and two pens.

25 31. Defendants' Liberty Conference, which retails for approximately \$7,995.00 per
26 person, is a three-day conference in such locations as Cancun, Mexico, Oahu, Hawaii and Fajardo,
27 Puerto Rico. On their website, Defendants describe the Liberty Conference as "continuing education
28 in the innovative BEYOND FREEDOM program." The website also states that "the Liberty

1 Conference builds upon the foundation of the groundbreaking BEYOND FREEDOM program with
2 meaningful and life-enhancing conferences and networking opportunities.” Defendants represent
3 that during the Liberty conference, participants may attend conferences wherein they listen to
4 motivational speakers, nutritional educators, and/or management consultants.

5 32. Defendants’ Summit Conference, which sells for \$12,995.00 per person, is a five-day
6 conference that was held in various locations, including Athens, Greece, the Fiji Islands and Sidney,
7 Australia. Defendants state on their website that “the elite Summit Conference focuses on the
8 accumulation of personal wealth.” Defendants also represent that the topics to be discussed at the
9 Summit Conference include: (1) advanced business principles; (2) secrets to managing large incomes;
10 (3) achievable high returns on investments; (4) asset protection; (5) tax reduction; and (6) multiple
11 source income principles.

12 33. Defendants also have miscellaneous “products,” including one-day “Super Saturday”
13 events, various telephone and web conferences, and other back office supplies. Only after joining
14 the Program are consumers told they cannot attain the represented lucrative compensation without
15 expending substantial sums of money on these items.

16 ***Defendants’ Solicitation Plan***

17 34. Defendants’ website and presentation materials deceptively represent that consumers
18 will succeed in the Program by uniformly misrepresenting and falsely promising that “anyone will
19 have results, as long as they follow our system,” the “system and compensation plan are proven” to
20 succeed, and through the Program you can “turn your annual income into a monthly income.” Other
21 examples of representations Defendants make to induce consumers into joining the Program include
22 that the Program is easy to sell and involves “no telling, no selling, or explaining,” that three (3) out
23 of every one hundred (100) leads will generate a sale and that “financial freedom” can be achieved in
24 just a few short hours/days per week by working from home.

25 35. Defendants’ website also attempts to induce consumers into joining the Program by
26 presenting various testimonials regarding the success of some Liberty League members. Various
27 Associates and Advisors offer testimonials regarding how they have supposedly become successful
28 in the program representing that multiple Associates have earned as much as \$181,000 in one

1 month less than one-year after joining Liberty League by following Defendants' Program. Even
2 Defendants Payne and Krider offer testimonials on their success and how the same success is
3 available to all Liberty League members.

4 36. Defendants-sponsored websites represent that consumers can "create massive
5 duplication so that you're pocketing multiple \$1,000 profits daily" and "create cash on demand"
6 through Liberty League. In addition, in attempting to recruit new Associates, Defendants'
7 Associate/Advisors are tutored to make inflated representations about their own current earnings, as
8 well as about what new Associates will earn.

9 37. Defendants provide Associates and Advisors with sample newspaper advertisements
10 on their Online Business Center website for use in recruiting consumers by similarly uniformly
11 misrepresenting that consumers will earn lucrative compensation and attain a lavish lifestyle in the
12 Program. Those sample ads include the following:

13 A Real Opportunity to Earn a Massive Income.
14 No Personal Selling. Not MLM! Cal 1-800-xxxxxxx

15 Real profits, right now.
16 Incredible income potl.
Free 24hr msg. 1-800-xxxxxxx

17 Learn to make your annual income a monthly income.
Training, no exp. Nec. Call now, 2 min mess: 1-800-xxxxxxx

18 Learn to earn Executive Level Pay from home now.
19 We train: 888-888-8888

20 Get paid like a professional athlete while
Working from home in your pajamas. Call now: 800-000-0000

21 38. Defendants' Start-Up Kit, which all Associates are required to purchase, includes a
22 script which Defendants uniformly require their Associates and Advisors to use when recruiting new
23 Associates into the Program. The script is known as the "Call Back Script with Presentation Call"
24 demonstrates the uniform high pressure sales tactics Defendants instruct their Advisors to use to
25 induce consumers to join the Program.

26 39. The Call Back Script specifically instructs Associates to ask consumers: "What would
27 your goal income/ideal income be for the next twelve months if there were no limitations placed on
28 you?" The script then states, "Their answer should be \$100K or more per year. If it isn't say, 'I'm

1 sorry but that answer doesn't qualify for my time.” Should a consumer respond with a certain
2 income figure, the script instructs the Associate to say, “I can definitely tell you that earning \$200k
3 in the next twelve months with this company is very attainable.”

4 40. A Follow-Up Script asks: “Let me ask you it this way just to make sure I am
5 spending my time with the right person, say from 1-10...where do you think you are? [Interest level
6 should [be] 8-9-10[.] If they are a 7 or below you say” with absolute disbelie[f]....7!!). 7 does not
7 qualify for my time.”

8 41. Defendants knew, or should have known, that their representations of success and
9 lucrative compensation had no basis in fact as Defendants are aware that very few consumers earn
10 significant compensation through the Liberty League Program. Based on information and belief,
11 Plaintiffs allege that the undisclosed statistics which Defendants have access to demonstrate that
12 most consumers earn very little or nothing in the Program. And, in fact, most consumers lose
13 substantial sums of money through their involvement in the Program.

14 42. Defendants fail to fully disclose that based on facts in their possession, it is very
15 unlikely that a consumer will actually earn any compensation, let alone lucrative compensation,
16 through the Program and that the ability to earn any compensation is completely dependent on the
17 consumer actually spending significant amounts of money, including purchasing the Liberty League
18 products totaling in excess of \$22,500 and incurring thousands of dollars in monthly service and
19 marketing fees.

20 43. Defendants and their website inform consumers that the only “required” purchase is
21 the Start-Up Kit for \$49.95. However, Defendants fail to inform consumers that Defendants
22 directly, or through their trained Associates and Advisors, engage in high-pressure sales tactics to
23 convince consumers to buy the additional products at a substantial cost. Despite Defendants’
24 representations to the contrary, consumers must purchase the products themselves in order to have a
25 chance to earn the essentially unattainable, promised lucrative compensation.

26 44. Defendants have prepared a number of high-pressure and deceptive sales techniques
27 to be used by Liberty League Associates. For example, Defendants have developed what is known
28 as the “Three-Way Call.” Defendants instruct Liberty League Associates to solicit consumers to

1 participate in three-way sales calls, which include the consumer, the soliciting-Associate, and the
2 Associates up-line Advisor. The Advisor and Associate then team-up to entice the consumer to join
3 Liberty League by adhering to deceptive uniform sales scripts developed by Defendants. The
4 “Three-Way Call” script is contained in the Start-Up Kit. This script uniformly provides Associates
5 and Advisors with techniques for persuading consumers to purchase Defendants’ products, and for
6 responding to common objections that the consumer may raise. These uniform sales scripts
7 developed by Defendants are deceptive and omit material facts necessary for consumers to make an
8 informed decision about joining and purchasing Liberty League products. When using Defendants’
9 prefabricated sales materials, Liberty League Associates and Advisors are required to adhere to the
10 scripts provided by Defendants.

11 45. Associates consistently are told by their Advisors, who receive compensation from
12 their sales, “If you don’t buy the product, how can you convince others to buy it?” and “you won’t
13 succeed unless you are in a position to profit from your sales by buying the high price conference
14 tickets.” Defendants use, and uniformly instruct their Associates and Advisors to use, these high
15 pressure sales tactics to extract huge sums of money from vulnerable consumers who have already
16 invested large sums of money into the Program. By doing so, Defendants deceptively induce
17 consumers to leverage the money they have invested into the Program in order to attain an even
18 higher level of financial success.

19 46. In addition, Defendants’ “training calls” and “Business Plan Meetings” are high
20 pressure sales events during which Advisors are uniformly instructed to encourage new Associates to
21 purchase Liberty League conference tickets. New Associates are told to borrow from family or
22 against their home, or they are not “serious about investing in their success.”

23 47. Advisors are uniformly trained to convince Associates that in order to achieve success
24 and “financial freedom and independence” in the Program they must purchase tickets for and attend
25 the Liberty and Summit Conferences, in addition to Super Saturday events, by making such
26 statements as “purchasing a conference ticket is a must for positioning a higher commission level.”
27 These events require the Associates to expend thousands of dollars.
28

1 48. In addition to the high-pressure sales tactics used to induce Associates to purchase
2 additional products, Defendants fail to fully disclose all the additional costs Associates are required
3 to incur in order to work the Program itself. Defendants' Start-Up Kit instructs new Associates to
4 set up an 800 number (\$15-\$30 per month), a long distance phone plan (\$25-45 per month), a
5 business website, and an account with Pro-link (Liberty League's conference call provider) (\$33 per
6 month).

7 49. Defendants also strongly encourage Associates and Advisors to advertise in
8 newspapers and on the internet to generate "Leads," or names of prospective new Associates.
9 Associates and Advisors must either use the sample advertisements provided by Defendants or
10 submit their proposed advertisements for Defendants' approval.

11 50. In addition, Defendants encourage Associates to purchase lists of leads from various
12 lead generating companies, including an Arizona corporation known as Extreme Leads, Inc., which
13 Defendants refer to as their "featured on-line lead generation source." Extreme Leads, Inc., is owned
14 and managed by Defendants Krider and Payne. All advertising costs are incurred by the individual
15 Associates. The total of all additional fees Associates incur in order to work the Program can cost
16 hundreds to thousands of dollars a month.

17 ***Defendants' "Compensation Structure"***

18 51. Defendants' compensation structure is akin to that of a pyramid scheme. Associates
19 and Advisors earn compensation through recruiting other consumers into the Program.

20 52. "Associates" purchase Defendants' products from their "Advisor," paying the "retail
21 price." The retail price of each product is the sum of the "wholesale price" charged by Defendants
22 for the product and the "profit," which is the amount retained by the Advisor who sold the product to
23 the Associate. The breakdown of retail price, wholesale price and profit for each product is as
24 follows:

<u>Product</u>	<u>Wholesale Price</u>	<u>Retail Price</u>	<u>"Profit" to Advisor</u>
Beyond Freedom	\$495	\$1,495	\$1,000
Liberty Conference	\$2,995	\$7,995	\$5,000
Summit Conference	\$4,995	\$12,995	\$8,000

1 53. In order to have the potential to earn any income through Defendants' compensation
2 structure, Associates must qualify as Advisors with respect to each product. To qualify as an
3 Advisor, the Associate must "participate" in making five (5) training sales. None of the
4 commissions generated from the first five (5) "training sales" of each product go to the Associate
5 but rather go directly to the Associate's Advisor. Once the sales are made, the Associate attains the
6 level of Advisor and only then does he or she have the potential to earn compensation from the
7 future sale of products.

8 54. To induce consumers into the Program, Defendants misrepresent and falsely promise
9 that no product purchases, beyond the Start-Up Kit, are required to earn compensation and achieve
10 "financial freedom." Further, Defendants misrepresent that Associates who purchase the products
11 themselves can increase the speed in which they are qualified for the potential to earn compensation
12 knowing that many Associates will never become qualified to earn compensation. For example,
13 Associates who do not purchase the Beyond Freedom product themselves must make the initial five
14 (5) training sales by themselves. Commissions from those five (5) sales are paid directly to that
15 Associates' Advisor. Associates who purchase the Beyond Freedom product themselves, however,
16 are able to participate in "Team Qualification."

17 55. Team Qualification allows an Associate to qualify as an Advisor through combining
18 their own sales with the sales of their Advisor. For example, an Associate who purchases the
19 product counts his/her own purchase as one (1) sale. Should the Associate make two (2) additional
20 "training sales" and his/her Advisor makes two (2) sales, the Associate qualifies as having made five
21 (5) sales and becomes a Beyond Freedom Advisor. An Advisor is qualified to earn compensation on
22 future sales made by him/her as well as "training sales" made by any new Associates that s/he
23 recruits into the Program as an Advisor. Advisors who do not purchase the product themselves earn
24 commissions only on their individual sales. Team Qualification provides additional benefits to
25 Associates, such as assistance and guidance from an Advisor that is not otherwise available to
26 Associates.

27 56. Each Beyond Freedom Advisor develops a "register" of Associates. A register is
28 comprised of all new Associates that Advisor recruits into the Program as well as all "training sales"

1 those new Associates make during Team Qualification. Advisors qualify for additional
2 compensation and bonuses based on the size of their individual register. Advisors can qualify to
3 earn more lucrative compensation by recruiting additional Associates to purchase the Liberty League
4 products and thereby expanding their registers.

5 57. Beyond Freedom Advisors may attain the level of Liberty Advisor by either (1)
6 selling five (5) of the Liberty Conference products to Associates in his/her own register, or (2)
7 purchasing a ticket to a Liberty Conference and participating in Team Qualification as explained
8 above. After the initial five (5) training sales are made, a Liberty Advisor who participated in Team
9 Qualification earns \$5,000 on each conference ticket either sold by him/her or sold by an Associate
10 in his/her register. Liberty Advisors who do not purchase a conference ticket are not Team Qualified
11 and earn commissions only on their own sales.

12 58. Liberty Advisors may attain the level of Summit Advisor by (1) selling five (5) of the
13 Summit Conference products to Associates in his/her own register, or (2) purchasing a ticket to a
14 Summit Conference and participating in Team Qualification as explained above. After the initial
15 five (5) training sales are made, a Summit Advisor who participates in Team Qualification earns
16 \$8,000 on each conference ticket sold by him/her or sold by an Associate in his/her register. Summit
17 Advisors who do not purchase a conference ticket are not Team Qualified and earn commissions
18 only on their own sales.

19 59. Thus, although Defendants represent that the only required product purchase is the
20 "Start-Up Kit," in order to become fully qualified to sell and earn compensation on sales of all 3
21 (three) of the Liberty League products, an Associate must either make five (5) sales of each product
22 (totally in excess of \$112,500 in sales) or participate in Team Qualification which requires the
23 Associate to purchase all three (3) products for in excess of \$22,500. An overwhelming majority of
24 Associates purchase the products themselves in hopes of maximizing the speed at which they are
25 qualified to earn compensation. This is especially true given the high-pressure sales tactics
26 Defendants use to encourage and induce participation in Team Qualification.

27
28

1 ***Arizona Attorney General Action***

2 60. In response to consumer complaints, the Arizona Attorney General's office
3 investigated Defendants' multi-level marketing scheme and the related practices described above.
4 As a result of their investigation, in May 2006, the Arizona Attorney General filed a complaint
5 against Liberty League International, Liberty League Holdings, Brent Payne and Shane Krider¹ in
6 Maricopa County Superior Court.

7 61. In November 2006, the Court in the Arizona Attorney General's action entered a
8 Consent Order making various findings of fact confirming, *inter alia*, the facts set forth above
9 regarding Defendants' products, compensation structure and marketing program.

10 62. For example, the Court found that Defendants' Start-Up Kit included a Call Back
11 Script specifically instructing Associates to ask Leads about their goal income and to assure
12 Associates that earning that goal income "in the next twelve months with this company is very
13 attainable."

14 63. In addition, the Court found the "script contains pointers for persuading the Lead to
15 purchase defendants' products, and for responding to common objections that the Lead may raise.
16 For example, if the Lead indicates that they cannot afford to purchase defendants' products, the
17 caller is advised to say, "It's not the money, it's the decision. Are you ready to have the results I'm
18 having? Then make it happen. I'm penciling you in my register now. Can you get the money
19 together in 48 hours?"

20 64. The Court also confirmed that statements such as the ones set forth above are
21 "deceptive statements and/or misrepresentations [that] have been made by Defendants or their
22 representatives."

23 65. The Court found that Defendants' conduct "constitute[s] deceptive acts and practices,
24 fraud, false pretenses, false promises, misrepresentations and the concealment, omission and
25 suppression of material facts" in violation of Arizona's Consumer Fraud Act. The Court also found

26 _____

27 ¹ Julia Payne and Michelle Krider were also named in the Arizona Attorney General's action for
28 community property purposes only.

1 that Defendants' conduct "allows for the payment of compensation which is derived from the
2 introduction of persons into the Program rather than the retail sale of the product" in violation of
3 Arizona's Pyramid Promotional Scheme statute.

4 66. Based on these findings, the Court ordered Defendants' to pay in excess of \$300,000
5 in restitution to certain Eligible Consumers who had previously filed a complaint with an Attorney
6 General's office, Better Business Bureau or other law enforcement office in Arizona or any other
7 state.

8 67. The Court also enjoined Defendants from further engaging in such wrongful conduct
9 including, *inter alia*, "establishing, maintaining, operating or participating" in any program in which
10 "participants pay consideration of the opportunity to receive compensation which is derived
11 primarily from any person's introduction of other persons into" the program or any program which
12 pays compensation related to recruitment or sale of products "based on false or misleading
13 representations" to consumers. In addition, Defendants were enjoined from "making or assisting in
14 the making of, expressly or by implication, orally or in writing, any statement or representation that
15 is false, deceptive, or misleading" including, *inter alia*, any statement that "persons who participate
16 in a marketing program will receive substantial income" and failing to disclose all material
17 information to consumers necessary for them to make a decision about whether to participate in the
18 Program, including the percentage of current participants who have made a profit from the Program
19 and the average profit made.

20 **PLAINTIFFS' SPECIFIC FACTS REGARDING**
21 **DEFENDANTS' WRONGFUL CONDUCT**

21 ***Jen Mann***

22 68. In May 2005, while residing in Arizona, Plaintiff Mann expressed interest in the
23 Liberty League Program by contacting a Liberty League Associate, Russell Clark, through the
24 Associate's website. Mr. Clark called Plaintiff to discuss the Program. After the initial discussion,
25 Mr. Clark conferenced in "Nila," another Liberty League representative, to further explain the
26 Program. Mr. Clark and "Nila" represented that by working just 25 hours a week Plaintiff would be
27 successful in the Program, describing the Program as a "Plug and Play" program that essentially sells
28 itself. Plaintiff Mann was told to run a three line ad and call those who left a message. The average

1 advertisement budget would be \$200-300 per month. For every 100 leads, Plaintiff was told she
2 would get 2-3 sales.

3 69. Believing the representations of the Liberty League Advisors, on May 9, 2005,
4 Plaintiff Mann decided to join Liberty League. She was told that the only product she was required
5 to purchase was the Starter Kit. However, if she wanted to be successful in the program, she would
6 need to purchase the Beyond Freedom program. Plaintiff Mann decided to purchase the Liberty
7 League starter kit and the Beyond Freedom Home Study Course for \$1,520. On May 10, 2005, she
8 forwarded a money order to Liberty League.

9 70. On May 12, 2005, Plaintiff Mann was encouraged by Ryan Deegan (her Liberty and
10 Summit Advisor) to attend the Super Saturday event in Dallas, Texas. Plaintiff was told that the
11 event would be helpful to business development and her success. Believing that attending Super
12 Saturday would further her success in the program, Plaintiff Mann spent \$1,100 on Super Saturday
13 tickets and travel arrangements and attended the event on May 14, 2005.

14 71. In fact, the Super Saturday event was a high pressure sales conference wherein
15 Liberty League representatives, including Defendants Payne and Krider, strongly encouraged
16 Associates to purchase the Liberty and Summit Conference tickets. Plaintiff Mann also learned for
17 the first time that if she did not purchase the conference tickets she would not be qualified to earn the
18 profitable commissions. Plaintiff did not purchase the conference tickets at the Super Saturday
19 event.

20 72. Thereafter, on May 17, 2005, Plaintiff had a conference call with Ryan Deegan (her
21 Advisor), "Aaron" and another associate. Although the conference call was supposed to be to
22 discuss her Business Plan, in reality it was another high pressure attempt to encourage Plaintiff to
23 purchase the Liberty and Summit conference tickets. For several days following the conference call,
24 Plaintiff Mann received additional calls from Mr. Deegan continuing to encourage her to buy the
25 conference tickets.

26 73. On June 9, 2005, Plaintiff purchased the Liberty League conference ticket and
27 Summit Conference ticket at \$7,995 and \$12,995, respectively.
28

1 74. After purchasing the conference tickets, Plaintiff Mann did not receive any additional
2 communications, advice and/or assistance from Mr. Deegan or any other Liberty League
3 representative.

4 75. Over the next year, Plaintiff Mann attended the Liberty Conference in Puerto Rico in
5 July 2005, a Super Saturday event in Phoenix in August 2005, the Summit Conference in Whistler
6 BC in December 2005 and another Liberty Conference in Cancun, Mexico in March 2006.
7 Defendants Payne and Krider were present at each of these events.

8 76. Despite following the Program, the advice offered by her Liberty League Advisors
9 and on the Liberty League website, the training modules and engaging in advertising, Plaintiff failed
10 to succeed in the Program and only made approximately four sales.

11 77. Had Plaintiff Mann known about Liberty League's misrepresentations and material
12 omissions, she would not have purchased Liberty League's products or induced others to purchase
13 the products.

14 78. Plaintiff was harmed by Liberty League's conduct because she spent over \$70,000 on
15 Liberty League products and conference tickets, advertising and business costs without seeing any
16 success in the program. The only benefits from these transactions accrued to Liberty League in the
17 form of profits resulting from the sale of Liberty League's products to Plaintiff.

18 ***John Leach***

19 79. During December 2004, Plaintiff Leach expressed interest in the Liberty League
20 Program to a new Liberty League Associate. Following his initial conversation with the Associate,
21 he was connected to a Liberty League Advisor who further explained the Program and represented
22 that he received lucrative compensation as a result of his involvement in the Program and in January
23 2005 alone earned \$100,000.

24 80. Based on Liberty League's representations of the Program, in January 2005, Plaintiff
25 Leach decided to join Liberty League. He was told that the only product he was required to purchase
26 was the Starter Kit. However, if he wanted to be successful in the program, he would need to
27 purchase the Beyond Freedom Home Study Course.

28

1 81. Plaintiff Leach decided to purchase the Liberty League starter kit and the Beyond
2 Freedom Home Study Course for \$1,500. He was encouraged to quit his job in order to be
3 successful in the Program and to encourage others to do whatever was necessary to purchase the
4 Liberty League products, including going into debt.

5 82. After joining Liberty League, Plaintiff Leach was strongly encouraged to purchase a
6 Liberty conference ticket. Plaintiff Leach learned for the first time that if he did not purchase the
7 conference ticket he would not be qualified to earn the profitable commissions, *i.e.*, the “big bucks”.
8 In January 2005, Plaintiff Leach purchased a Liberty conference ticket for approximately \$8,000.
9 He was told that by purchasing the ticket he would be able to make higher commissions.

10 83. Plaintiff Leach attended the Liberty Conference. Defendants Payne and Krider were
11 present at the conference.

12 84. Having not been successful in the Program, Plaintiff Leach decided to purchase a
13 Summit conference ticket in the Spring of 2005 for approximately \$13,000. Plaintiff Leach attended
14 the Summit conference. Defendants Payne and Krider were present at the conference.

15 85. Despite following the Program, the advice offered by his Liberty League Advisors
16 and the Liberty League website and engaging in advertising, Plaintiff failed to succeed in the
17 Program.

18 86. Had Plaintiff Leach known about Liberty League’s misrepresentations and material
19 omissions, he would not have purchased Liberty League’s products or induced others to purchase the
20 products.

21 87. Plaintiff was harmed by Liberty League’s conduct because he spent over \$40,000 on
22 Liberty League products and conference tickets, advertising and business costs without seeing any
23 success in the program. The only benefits from these transactions accrued to Liberty League in the
24 form of profits resulting from the sale of Liberty League’s products to Plaintiff.

25 ***David Ferguson***

26 88. In February 2005, Plaintiff Ferguson researched the Liberty League Program online.
27 His research led him to a Liberty League website hosted by Liberty League Associate, Don
28 Glanville. Plaintiff contacted Mr. Glanville about the Program. Through a telephone conference,

1 Mr. Glanville and other Liberty League representatives determined Plaintiff Ferguson was
2 “qualified” to become involved in Liberty League because he was motivated to be a successful. The
3 Associates described the Program to Plaintiff Ferguson and represented that success was simple so
4 long as he followed the step-by-step Program. Plaintiff Ferguson was assured he would earn a six
5 figure income in less than six months. In fact, during a 45-minute conference call, Plaintiff heard
6 testimonials of several people, including Mr. Glanville, who represented they were each earning six-
7 figure incomes in less than 3-6 months of becoming involved in the Program.

8 89. Believing Liberty League’s representations, shortly thereafter Plaintiff Ferguson
9 decided to join Liberty League. He was told that the only product he was required to purchase was
10 the Starter Kit. However, if he wanted to be successful in the program, he would need to purchase
11 the Beyond Freedom Home Study Course. Plaintiff Ferguson decided to purchase the Liberty
12 League starter kit and the Beyond Freedom Home Study Course for approximately \$1,500.

13 90. After joining Liberty League, Plaintiff Ferguson was encouraged to attend the Super
14 Saturday event in Dallas, Texas. Plaintiff was told that the event would be helpful to business
15 development and his success. Believing that attending Super Saturday would further his success in
16 the program, Plaintiff Ferguson spent over \$5,000 for him and his wife to attend to attend Super
17 Saturday.

18 91. In fact, the Super Saturday event was a high pressure sales conference wherein
19 Liberty League strongly encouraged Associates to purchase the Liberty and Summit Conference
20 tickets. Plaintiff Ferguson also learned for the first time that if he did not purchase the conference
21 tickets he would not be qualified to earn the profitable commissions. Defendants Payne and Krider
22 were present at the conference.

23 92. On May 19, 2006, Plaintiff purchased the conference tickets for approximately
24 \$21,000.

25 93. Despite following the Program, the advice offered by his Liberty League Advisors
26 and the Liberty League website and engaging in advertising, Plaintiff failed to succeed in the
27 Program.

28

1 94. Had Plaintiff Ferguson known about Liberty League's misrepresentations and
2 material omissions, he would not have purchased Liberty League's products or induced others to
3 purchase the products.

4 95. Plaintiff was harmed by Liberty League's conduct because he spent over \$35,000 on
5 Liberty League products and conference tickets, advertising and business costs without seeing any
6 success in the program. The only benefits from these transactions accrued to Liberty League in the
7 form of profits resulting from the sale of Liberty League's products to Plaintiff.

8 **EQUITABLE TOLLING**

9 96. Defendants have affirmatively and wrongfully concealed their unlawful scheme,
10 conspiracy and course of conduct from Plaintiffs and Class members including misrepresenting the
11 nature of the multi-level marketing scheme and omitting material facts about the Program which are
12 necessary for consumers to make an informed decision about whether to join the Program.

13 97. Due to Defendants' concealment of the nature of the Liberty League Program,
14 Plaintiffs and other Class members did not know and could not reasonably have known of
15 Defendants' wrongful scheme, nor could they have reasonably discovered the same until shortly
16 before the filing of this Complaint.

17 98. To this day, Defendants continue to conceal their practices from the Class and public
18 alike. Throughout this time period, Defendants have refused to release or provide information about
19 their practices in a way that Plaintiffs and/or the Class could have discovered Defendants' scheme
20 and practices. Although the initial decisions to engage in these practices were made years ago,
21 Defendants have repeatedly decided since to continue concealing their unlawful practices.

22 99. Defendants have uniformly trained their sales force and other representatives not to
23 disclose their wrongful practices described herein. Defendants did not disclose their practices in any
24 of their marketing materials to Plaintiffs and the Class.

25 100. As a result of the foregoing, Plaintiffs and the Class could not reasonably discover the
26 unlawful and unethical practices described herein and did not do so until just recently. The vast
27 majority of Class members still do not know that they have been injured by Defendants' conduct.

28