

FTC Exhibit 4

4. Since the underlying contempt proceeding began in September 2007, Trudeau has also been systematically concealing substantial assets through various means, and dissipating assets on extravagant personal expenses.
5. Thus, Trudeau is in contempt of the Supplemental Order, and he cannot establish an inability to pay.
6. Moreover, Trudeau's complete failure to pay, his extensive history of failing to obey the Court's orders, and the Court's prior findings regarding his total lack of credibility, demonstrate that he will not comply with the Court's Order unless he is coerced to do so by incarceration.
7. Accordingly, the FTC moves to: (1) hold Trudeau in contempt for failing to pay the \$37,616,161 contempt sanction; (2) immediately incarcerate him to coerce his compliance; and (3) order that he remain incarcerated until he purges his contempt by paying the sanction in full, with interest, and failing that, until he fully accounts for and turns over all assets directly or indirectly held by him or for his benefit.

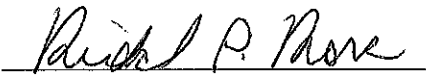
Attachments

8. Attached hereto as **Attachment A** is a true and accurate copy of email correspondence I received from Trudeau counsel Marc Lane dated Oct. 12-13, 2011.
9. Attached hereto as **Attachment B** is a true and accurate copy of a compliance report submitted the FTC on behalf of Trudeau, dated Nov. 28, 2011.
10. Attached hereto as **Attachment C** is a true and accurate copy of a sworn financial statement submitted to the FTC by Kevin Trudeau dated April 26, 2009, and Exhibit F to that financial statement.
11. Attached hereto as **Attachment D** are true and accurate copies of two letters from Trudeau counsel Kimball Anderson to the FTC and the Illinois Attorney Registration and Disciplinary Commission dated May 2 and May 17, 2012, alleging that FTC counsel Michael Mora engaged in unethical conduct by supervising an undercover law enforcement investigation of Trudeau's activities in connection with his multilevel marketing scheme, Global Information Network.
12. Attached hereto as **Attachment E** are true and accurate copies of arbitration statements from counsel for Global Information Network Foundation to FTC counsel, invoking arbitration against the FTC and its investigator Ronald Lewis regarding the FTC's undercover law enforcement investigation of Trudeau's activities in connection with his multilevel marketing scheme, Global Information Network.

13. Attached hereto as **Attachment F** is a true and accurate copy of an excerpt from the transcript of the FTC's deposition of Suneil Sant in this action, conducted on Jan. 28, 2008, which was admitted into evidence in the underlying contempt proceeding.
14. Attached hereto as **Attachment G** are true and accurate copies of the Irrevocable Deed of Settlement of the KMT Fiduciary Trust, and other documents related thereto, produced by Kevin Trudeau to the FTC in discovery in this action.
15. Attached hereto as **Attachment H** is a true and accurate copy of a notice submitted by Kevin Trudeau to the FTC regarding the proposed sale of the assets of Natural Cures Holdings, Inc. to a purportedly unrelated, newly formed company in the United Kingdom, dated April 5, 2012.
16. Attached hereto as **Attachment I** are true and accurate copies of two charts produced by Kevin Trudeau to the FTC in discovery in this action, showing the then-existing ownership connection among Kevin Trudeau and his affiliated entities as of Dec. 10, 2007, which were admitted into evidence in the underlying contempt proceeding.
17. Attached hereto as **Attachment J** is a true and accurate copy of a letter dated June 21, 2010 from attorney Daniel Hurtado submitted to the FTC on behalf of Kevin Trudeau, on Website Solutions USA Inc. letterhead.

I declare under penalty of perjury that the statements made in this Declaration are true and correct.

Executed on: July 13, 2012


Michael P. Mora

FTC Exhibit 4

Attachment A

Mora, Michael

From: Marc J. Lane <mlane@marcjlane.com>
Sent: Wednesday, October 12, 2011 2:52 PM
To: Mora, Michael
Cc: Kaye, Robert S.
Subject: RE: FTC v Trudeau

Thanks, Mickey.

As you know, Mr. Trudeau's resources are very limited. That being the case, would Mr. Kaye and you be willing to meet with me in Chicago?

Marc

Marc J. Lane
The Law Offices of Marc J. Lane, P.C.
www.MarcJLane.com

 Please consider the environment before printing this e-mail.



180 North LaSalle Street
Suite 2100
Chicago, IL 60601-2701
Illinois: (312) 372-1040
Nationally: (800) 372-1040
Fax: (312) 346-1040

From: Mora, Michael [<mailto:mmora@ftc.gov>]
Sent: Wednesday, October 12, 2011 12:44 PM
To: 'Marc J. Lane (mlane@marcjlane.com)'
Cc: Kaye, Robert S.
Subject: FTC v Trudeau

Marc: Regarding your request for a meeting in your most recent letter, myself and my Assistant Director/manager on this case in the FTC's Division of Enforcement, Robert Kaye, can meet with you at our office in Washington, DC. Please let me know when you'd like to schedule the meeting.

Best regards,

Michael P. Mora
Division of Enforcement
Federal Trade Commission
600 Pennsylvania Ave N.W., M-8102B
Washington, DC 20580
Phone (202) 326-3373
Cell (202) 642-8112

mmora@ftc.gov

Mora, Michael

From: Marc J. Lane <mlane@marcjlane.com>
Sent: Thursday, October 13, 2011 2:10 PM
To: Mora, Michael
Cc: Kaye, Robert S.
Subject: RE: FTC v Trudeau

Mickey,

A telephone conference would probably not be practical or adequate given the depth and complexity of the issues presented and the significant time it will likely take to address them. If we are to meet in Washington, Mr. Trudeau, who may wish to join us, would need at least several days' notice, especially since the financial situation in which he finds himself may require that he drive.

When might you and Mr. Kaye make yourselves available for two to three days of meetings?

Marc

Marc J. Lane
The Law Offices of Marc J. Lane, P.C.
www.MarcJLane.com

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180 North LaSalle Street
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Chicago, IL 60601-2701
Illinois: (312) 372-1040
Nationally: (800) 372-1040
Fax: (312) 346-1040

From: Mora, Michael [<mailto:mmora@ftc.gov>]
Sent: Wednesday, October 12, 2011 3:09 PM
To: 'Marc J. Lane'
Cc: Kaye, Robert S.
Subject: RE: FTC v Trudeau

Sorry Marc, we disagree with your stated premise, but putting that aside, we can meet you in DC for the meeting you requested but not Chicago. Perhaps we can have a phone conference instead? Let me know.

Michael P. Mora
Division of Enforcement
Federal Trade Commission
600 Pennsylvania Ave N.W., M-8102B

Washington, DC 20580
Phone (202) 326-3373
Cell (202) 642-8112
mmora@ftc.gov

From: Marc J. Lane [<mailto:mlane@marcjlane.com>]
Sent: Wednesday, October 12, 2011 2:52 PM
To: Mora, Michael
Cc: Kaye, Robert S.
Subject: RE: FTC v Trudeau

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Marc

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www.MarcLane.com

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Suite 2100
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Illinois: (312) 372-1040
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From: Mora, Michael [<mailto:mmora@ftc.gov>]
Sent: Wednesday, October 12, 2011 12:44 PM
To: 'Marc J. Lane (mlane@marcjlane.com)'
Cc: Kaye, Robert S.
Subject: FTC v Trudeau

Marc: Regarding your request for a meeting in your most recent letter, myself and my Assistant Director/manager on this case in the FTC's Division of Enforcement, Robert Kaye, can meet with you at our office in Washington, DC. Please let me know when you'd like to schedule the meeting.

Best regards,

Michael P. Mora
Division of Enforcement
Federal Trade Commission
600 Pennsylvania Ave N.W., M-8102B

Washington, DC 20580
Phone (202) 326-3373
Cell (202) 642-8112
mmora@ftc.gov

FTC Exhibit 4

Attachment B

November 28, 2011

Via UPS Overnight Delivery

Associate Director for Enforcement
Federal Trade Commission
601 New Jersey Ave., N.W.
Suite NJ-2122
Washington, D.C. 20001

Re: *FTC v. Kevin Trudeau, Civil Action No. 03-3904*

Dear Madam or Sir:

We submit this compliance report on behalf of Kevin Trudeau pursuant to Part IV.B of the Corrected Supplemental Order entered in the above-named case on June 2, 2010.

1. Defendant Trudeau's then-current residence address, mailing addresses, and telephone numbers.

Residence address: 60 Sherbakova, Apt. 57, Kyiv, Ukraine 04111
Mailing address: c/o 130 Quail Ridge Drive, Westmont, IL 60559.
Business telephone number: (630) 468-2460
Mr. Trudeau may also be contacted through his counsel, the undersigned.

2. Defendant Trudeau's then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that Defendant Trudeau is affiliated with, employed by, or performs services for; a detailed description of the nature of the business; and a detailed description of Defendant Trudeau's duties and responsibilities in connection with the business or employment.

Mr. Trudeau is not currently employed by any entity. He performs services as described below.

F:\Law Offices\Clients\Trudeau, Kevin\FTC\2011 Letters\FTC_ComplianceReport_11.21.11.LTR.doc



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Associate Director for Enforcement
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Natural Cures, Inc. of 130 Quail Ridge Drive, Westmont, IL 60559, publishes an informational newsletter and operates a website. Mr. Trudeau furnishes content for its website and newsletter and does promotional activities.

KT Radio Network Inc. of 28 E. Jackson Street, Building #10-A940, Chicago, IL 60604, produces a syndicated radio talk show and operates a website. Mr. Trudeau hosts the radio talk show and develops content for the website.

Trudeau Approved Products Inc. of 3 Grant Square, #332, Hinsdale, IL 60521, distributes nutritional supplements. Mr. Trudeau markets its products.

Global Information Network Fdn, c/o Geoffery Romany, Esq., R.G. Solomon Arcade Unit #17, P.O. Box 859, Charlestown, Nevis, St. Kitts and Nevis, is a Nevis multiform foundation that provides self-improvement advice, by various methods and in various media, to individuals who purchase memberships. Mr. Trudeau performs consulting services and, from time to time, serves as a motivational speaker and writer.

Natural Cures Health Institute, 130 Quail Ridge Drive, Westmont, IL 60559, operates a website and a legal defense fund to support the legal defense of advocates of natural cures including Mr. Trudeau. Mr. Trudeau develops content for its website and performs certain promotional activities for the entity.

3. A copy of each acknowledgment of receipt of the Final Order and this Corrected Supplemental Order, obtained pursuant to Part VI.

Copies of the acknowledgments that were obtained from the past year are enclosed.

4. A copy of any Performance Bond obtained pursuant to Part III of this Corrected Supplemental Order.

No such performance bond has been obtained.

5. Copies of all then-current advertisements, promotional materials, sales scripts, training materials, or other marketing materials utilized by Defendant Trudeau in the advertising, marketing, promotion, offering for sale, distribution, or sale of any book, newsletter, or other informational publication in any format.

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November 28, 2011
Page 3

Copies of such materials are enclosed and include a DVD that contains video content.

6. Any other changes required to be reported under subpart A of this Part.

We have previously informed you of the following changes which have taken place over the last year to the corporate structure of various entities which Mr. Trudeau directly or indirectly controls:

- a. TRUCOM, L.L.C., a Nevada limited liability company of which Mr. Trudeau is the manager, formed a 100% owned subsidiary, Trudeau Approved Products Inc., a Delaware corporation, which in turn formed a 100% owned subsidiary, 0913376 B.C. Ltd., a British Columbia corporation.
- b. Natural Cures, Inc. ("Old Natural Cures"), a Delaware corporation which is 97.7% owned by TRUCOM, L.L.C., changed its name to Natural Cures Holdings Inc. Natural Cures Holdings Inc., in turn, formed a 100% owned subsidiary, Natural Cures, Inc. ("New Natural Cures"), a Delaware corporation. New Natural Cures itself formed a 100% subsidiary, 0913372 B.C. Ltd., a British Columbia corporation.

There have been no other changes during the past year required to be reported under subpart A.

Please let me know if you require additional information in connection with Part IV.B of the Corrected Supplemental Order.

Very truly yours,


MARC J. LANE

I declare under penalty of perjury that, to the best of my knowledge, the foregoing is true and correct.



Kevin Trudeau

Attachment B

FTC Exhibit 4

Attachment C

FILED UNDER SEAL

FTC Exhibit 4

Attachment D

WINSTON & STRAWN LLP

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Kimball R. Anderson
Partner
312-558-5858
kanderson@winston.com

May 2, 2012

VIA FEDERAL EXPRESS

Willard K. Tom
General Counsel
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: FTC v. Kevin Trudeau (No. 12) of Ill., No. 03-C-3904

Dear Mr. Tom:

We represent Kevin Trudeau, the defendant in the above-referenced lawsuit pending in the United States District Court for the Northern District of Illinois. On or about April 16, 2010, the District Court entered judgment against Mr. Trudeau in the amount of \$37,616,161. Since then, FTC attorney Michael Peter Mora has been engaged in asset discovery in an effort to collect the judgment. We write today because Mr. Mora's conduct raises serious questions under the applicable rules of professional responsibility.

We believe that Mr. Mora caused the issuance of a subpoena for the financial records of the Global Information Network ("GIN"), an organization that Mr. Mora apparently believed (incorrectly) held funds belonging to Mr. Trudeau, the judgment debtor. On March 1, 2012, GIN, through its counsel, moved to quash this subpoena. (D.I. 1, Case No. 12-mc-22 (S.D. Ohio).) Then, on March 22, 2012, the FTC filed an opposition to GIN's motion to quash, relying on a declaration of an FTC investigator, Ronald Lewis. (D.I. 3, Case No. 12-mc-22 (S.D. Ohio).) A copy of Mr. Lewis's declaration is enclosed with this letter. In his declaration, Mr. Lewis admits to essentially hacking into the GIN computer network by using a fictitious name and fictitious email account. You also should be aware that, to gain access to the GIN computer network, Mr. Lewis had to affirm that he was not employed by any federal, state, or other government agency and that he would only use information obtained from GIN for his own personal information and education. Mr. Lewis' affirmations were false.

May 2, 2012

Page 2

When we learned of Mr. Lewis' activities, we wrote Mr. Mora, whom we knew to be directing the FTC's asset collection efforts against Mr. Trudeau. (See enclosed email.) We asked Mr. Mora if it was true that he directed and supervised Mr. Lewis' conduct. In response, Mr. Mora did not deny that he did so. Instead, he replied that his activities were "authorized."

We are unaware of any authorization for a lawyer admitted to practice before the United States District Court for the Northern District of Illinois (Mr. Mora is admitted *pro hac vice*) and the Supreme Court of Illinois¹ to engage in dishonesty, fraud, deceit, or misrepresentation. Counsel of record in matters pending before the United States District Court for the Northern District of Illinois must comply with the ABA Model Rules of Professional Conduct. See N.D. Ill. L.R. 83.50. The ABA Model Rules, in turn, prohibit a lawyer from engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation. See Model Rule 8.4(c). As a member of the Illinois bar, Mr. Mora also must comply with the Illinois Rules of Professional Conduct, which similarly prohibit lawyers from engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation.²

Although a few jurisdictions have adopted limited exceptions to the rule that lawyers must refrain at all times from engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation,³ neither the Northern District of Illinois, the American Bar Association, nor the Supreme Court of Illinois have seen fit to do so. Those jurisdictions that have not adopted any exceptions to the ABA Model Rule 8.4 have found ethics violations where lawyers engaged in dishonesty, fraud, deceit, or misrepresentation under the guise of some kind of investigation. See *Philadelphia Bar Ass'n Prof'l Guidance Comm.*, Op. 2009-02 (2009) (finding unethical an attorney's use of an investigator to gather information on a witness through a social networking website when the investigator misrepresented his or her purpose and identity); N.Y. City Bar Ass'n Comm. On Prof'l & Judicial Ethics, Formal Op. 2010-2 (lawyer cannot either personally or through an agent create a pseudonymous profile on Facebook for purposes of attempting to "friend" an adversary to gain information that would otherwise be shielded from view); *Midwest Motor Sports v. Artic Cat Sales, Inc.*, 347 F.3d 693 (8th Cir. 2003) (lawyer sanctioned for involvement in deceptive pretextual investigation); *Allen v. Int'l Truck & Engine*, 2006 U.S. Dist. LEXIS 63720 (S.D. Ind. 2006) (lawyers cannot employ investigators to trick people); *In re*

¹ Michael Peter Mora was admitted to practice in Illinois in 1988 and he remains a member of the Illinois bar.

² Rule 8.4, Illinois Rules of Professional Conduct, provides in pertinent part: "It is professional misconduct for a lawyer to: (a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another; (b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness, or fitness as a lawyer in other respects; (c) engage in conduct involving dishonesty, fraud, deceit, or misrepresentation...." Furthermore, Illinois Rule 8.3 states that "a lawyer who knows that another lawyer has committed a violation of . . . [Illinois] Rule 8.4(c) shall inform the appropriate professional authority."

³ See, e.g., Oregon Rules of Prof'l Conduct R. 8.4(b)(2009) ("it shall not be professional misconduct for a lawyer to advise clients or others about or to supervise lawful covert activity in the investigation of violations of civil or criminal law . . ."); Wis. Rules of Prof'l Conduct R. 20:4.1(b)(2010).

May 2, 2012

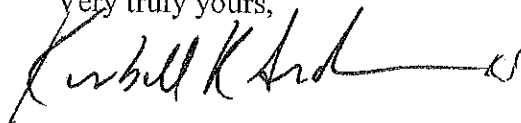
Page 3

Ostis, 40 P.3d 500 (Or. 2002) (imposing reprimand on attorney who employed investigator to pose as a journalist to glean information from adversary); *In re Gatti*, 8 P.3d 966 (Or. 2000) (rejecting exceptions to permit deception prohibited by the ethics rules even for governmental lawyers); *In re Friedman*, 392 N.E.2d 1333, 1398-99 (Ill. 1979) (attorney found in violation of ethical rules for instructing a witness to lie under oath to prosecute bribery case against corrupt lawyer); *In re Pautler*, 47 P.3d 1175, 1176 (Colo. 2002) (en banc) (finding that “[p]urposeful deception by an attorney licensed in our state is intolerable,” regardless of the underlying reason); ABA Formal Op. No. 336 (1974) (“a lawyer must comply at all times with all applicable disciplinary rules of the Code of Professional Responsibility whether or not he is acting in his professional capacity”); Review Bd. of Ill. Attorney Registration & Disciplinary Comm’n, Disciplinary Op. No. 91 CH 348, 1994 WL 929289, at 1 (1994) (drafting a phony court order constituted unethical deception; the Rule’s prohibition of deception contains no express or implied exceptions).

Mr. Mora’s communications to us also rely on the terms of the 2004 Stipulated Order in the *FTC v. Trudeau* case, which allowed the FTC to “pos[e] as consumers and suppliers to” entities “managed or controlled in whole or in part by Trudeau, Shop America USA, Shop America Marketing or TruStar Global, without the necessity of identification or prior notice” (Order, Case No. 03-cv-3904, Docket Entry 256 at 23). Mr. Mora’s reliance is misplaced. Nothing in that Order authorizes the violation by FTC attorneys of the applicable rules of professional conduct governing lawyers. Moreover, the terms of the 2004 Order make clear that they have no application to Mr. Mora’s direction to Mr. Lewis to engage in misrepresentation in an attempt to collect the \$37,616,161 judgment. To our knowledge, no corporate affiliation exists between GIN and the companies specifically covered by the Order. Nor to our knowledge is Mr. Trudeau an owner, director, or officer of GIN. Additionally, Mr. Lewis did more than simply pose as a consumer in this case “without the necessity of identification or prior notice.” He affirmatively misrepresented material facts so that he could gain unauthorized access to the GIN computer network. Such conduct is outside the scope of the Court’s 2004 Stipulated Order.

We have reported this matter to you because we understand that your office is charged with enforcing the ethical obligations of FTC employees. If we are mistaken, please direct us to another appropriate supervisory authority at the FTC. By copy of this letter, we separately are reporting this matter to the Administrator of the Attorney Registration and Disciplinary Commission of the Supreme Court of Illinois.

Very truly yours,



Kimball R. Anderson

May 2, 2012
Page 4

cc: Via Federal Express

Michael Mora
600 Pennsylvania Avenue
N.W. M-8102B
Washington, DC 20580

Administrator, Illinois Attorney Registration and Disciplinary Commission
of the Supreme Court of Illinois
One Prudential Plaza
130 E. Randolph Drive
Suite 1500
Chicago, IL 60601-6219

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May 17, 2012

VIA FEDERAL EXPRESS

John Seeba
Inspector General
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: FTC v. Kevin Trudeau (N.D. of Ill., No. 03-C-3904)

Dear Mr. Seeba:

We represent Kevin Trudeau, the defendant in the above-referenced lawsuit pending in the United States District Court for the Northern District of Illinois. On or about April 16, 2010, the District Court entered a judgment against Mr. Trudeau in the amount of \$37,616,161. Since then, FTC attorney Michael Peter Mora has been engaged in asset discovery in an effort to collect the judgment. We wrote a letter to FTC General Counsel Willard Tom, dated May 2, 2012, because we believe that Mr. Mora's conduct raises serious questions under the applicable rules of professional responsibility. Mr. Tom responded in a letter dated May 14, 2012.

In defense of Mr. Mora's conduct, Mr. Tom admits that Mr. Mora engaged in the challenged conduct. He attempts, however, to excuse the conduct on the ground that it was "authorized." We disagree. Because we believe that the conduct at issue violates the applicable rules of professional responsibility governing lawyers, we are writing to you in your capacity as Inspector General seeking an independent review of the conduct. A copy of our original correspondence with Mr. Tom and Mr. Tom's response are enclosed with this letter to provide you with some context.

As stated in our original correspondence with Mr. Tom, we believe that Mr. Mora's conduct at issue violates Rule 8.4 of the Illinois Rules of Professional Responsibility and

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Page 2

ABA Model Rule 8.4. Mr. Mora is admitted to practice law in Illinois and practices before the U.S. District Court for the Northern District of Illinois. Rule 8.4(c) prohibits a lawyer from engaging in conduct involving “dishonesty, fraud, deceit or misrepresentation.” Both Mr. Tom and Mr. Mora concede that Mr. Mora, under the auspices of an investigator employed by the FTC, engaged in conduct involving dishonesty, fraud, deceit or misrepresentation. Basically they hacked into a private website (owned and operated by the Global Information Network (“GIN”)) by making misrepresentations.¹

The excuse for this misconduct, according to Mr. Tom, is that “Mr. Mora’s authorization of Mr. Lewis’s [the investigator] legitimate investigative activities does not constitute misconduct of any kind.” Mr. Tom argues that “a number of states . . . specifically recognize a law enforcement exception to the prohibition on making misrepresentations.” That may be true, but Illinois is not one of them. In fact, neither the Illinois Rules nor the ABA Model Rules recognize the exception urged by Mr. Tom. If Mr. Mora and Mr. Tom disagree with the operation of the Illinois Rules or the ABA Model Rules, they should petition for the exception urged by Mr. Tom. But it is not within their province to simply take the law into their own hands and self-declare an exemption from the applicable rules.

Mr. Tom also argues that the District Court’s 2004 Stipulated Order, as amended by the Supplemental Order dated June 2, 2010, fully authorized Mr. Mora’s and Mr. Lewis’s conduct. Careful review of the Stipulated Order reveals that Mr. Tom is mistaken. The 2004 Stipulated Order only allowed the FTC to “pos[e] as consumers and suppliers to” entities “managed or controlled in whole or in part by Trudeau, Shop America USA, Shop America Marketing or TruStar Global, without the necessity of identification or prior notice.” (Order, Case No. 03-cv-3904, Docket Entry 256 at 23.) The Order does not mention GIN. Moreover, nothing in the Order allows the FTC to take the law into its own hands by unilaterally determining, without notice to Mr. Trudeau or the Court, that Mr. Trudeau somehow manages or controls GIN. In fact, no corporate affiliation exists between GIN and the companies specifically covered by the Order. Nor to our knowledge is Mr. Trudeau an owner, director, or officer of GIN. That Mr. Trudeau may be one of the founding members, according to Mr. Tom, does not suffice under the Court’s Order. Finally, and perhaps most importantly, even if Mr. Trudeau manages or controls GIN (he says he does not), the Order only allows the FTC to pose as a consumer or supplier to an entity owned or controlled by Mr. Trudeau. Nothing in the Order

¹ By way of background, Mr. Mora caused the issuance of a subpoena for the financial records of GIN, an organization that Mr. Mora apparently believed (incorrectly) held funds belonging to Mr. Trudeau, the judgment debtor. On March 1, 2012, GIN, through its counsel, moved to quash this subpoena. (D.I. 1, Case No. 12-mc-22 (S.D. Ohio).) Then, on March 22, 2012, the FTC filed an opposition to GIN’s motion to quash, relying on a declaration of an FTC investigator, Ronald Lewis. (D.I. 3, Case No. 12-mc-22 (S.D. Ohio).) In his declaration, Mr. Lewis admits to essentially hacking into the GIN computer network by using a fictitious name and fictitious email account. You also should be aware that, to gain access to the GIN computer network, Mr. Lewis had to affirm that he was not employed by any federal, state, or other government agency and that he would only use information obtained from GIN for his own personal information and education. Mr. Lewis’s affirmations were false.

May 17, 2012

Page 3

allows the FTC to hack into a website using false representations for the purpose of collecting a judgment debt owed by Mr. Trudeau.

Indeed, the clear purpose of the 2004 Stipulated Order provision cited by Mr. Tom was to permit the FTC to monitor compliance with the terms of the Order, which constrains Mr. Trudeau from engaging in certain marketing activities. But that is not what Mr. Mora and his investigator were doing. Rather, Mr. Mora, through his investigator Mr. Lewis, hacked into the GIN website under false pretenses as part of the FTC's efforts (led by Mr. Mora) to collect a judgment owed by Mr. Trudeau to the FTC.

Furthermore, Mr. Tom's reliance on various bar opinions and judicial decisions is misplaced. D.C. Bar Opinion 323, for example, is inapplicable on its face. That opinion states only that "[l]awyers employed by government agencies who act in a *non-representational official capacity* in a manner they reasonably believe to be authorized by law do not violate Rule 8.4 if, in the course of their employment, they make misrepresentations that are reasonably intended to further the conduct of their official duties." *Id.* (emphasis added). Mr. Mora, however, was acting in a *representational capacity* when he authorized Mr. Lewis to access the GIN website for purposes of collecting the judgment against Mr. Trudeau. Indeed, Mr. Mora represents the FTC before the U.S. District Court for the Northern District of Illinois (FTC v. Trudeau, No. 1:03-cv-03904) and was conducting asset discovery in an attempt to collect a money judgment. In addition, D.C. Bar Opinion 323 is clearly directed to intelligence or national security-type conduct that is authorized by statute or executive order. No such authorization exists here.

Similarly misplaced is Mr. Tom's reliance on *United States v. Walker*, 760 F.2d 144 (7th Cir. 1985). That case involved a determination of whether disclosures made by a defendant to an IRS agent posing as a prospective purchaser of property were obtained involuntarily in violation of the defendant's Fifth Amendment rights. No one is accusing Mr. Lewis of violating GIN's or Mr. Trudeau's Fifth Amendment rights. Rather, the issue is whether Mr. Mora violated Illinois Rule 8.4 and/or ABA Model Rule 8.4 by engaging in deceptive conduct.

Mr. Tom also takes issue with the authorities that we cited. He states that "[m]ost of the cases and ethics opinions cited in your May 2, 2012, letter for the proposition that lawyers cannot make misrepresentations through third parties are easily distinguishable, as they fall outside of the scope of misrepresentations made as part of a legitimate law enforcement investigation." As noted above, however, we disagree with the premise of Mr. Tom's argument, namely that Mr. Mora is a law enforcement officer conducting an investigation authorized by statute or other lawful directive. Instead, Mr. Mora is an FTC staff attorney engaged in collecting a money judgment owed to the FTC. Neither the applicable rules governing his conduct as a lawyer nor the Federal Trade Commission Act authorized Mr. Mora to engage in fraudulent conduct as means of collecting a civil judgment entered as part of a final judgment after the investigation of any alleged wrongdoing was over.

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Mr. Tom also argues that *Friedman*, *Pautler*, *Gatti*, and *In re John Matthew Chancey*, four cases that we cited that involve restrictions on the conduct of government lawyers, are distinguishable from the instant case. We disagree. In *Friedman*, although the court noted that no sanction should be imposed because the lawyer acted without guidance of precedent and because there was a belief in the community that the lawyer acted properly, the Illinois Supreme Court nevertheless found that the government attorney had violated the rules of professional responsibility. *In re Friedman*, 392 N.E.2d 1333, 1398-99 (Ill. 1979). The *Friedman* case now serves as the type of “guidance of precedent” necessary to find future Illinois lawyers in violation of the professional responsibility rules for deceptive conduct. The *Gatti* case also does not support Mr. Tom’s position. In that case, the court held broadly that attorneys, including government attorneys, are prohibited from engaging in dishonesty, deceit, and misrepresentations under any circumstances. *In re Gatti*, 8 P.3d 966, 975-76 (Or. 2000). The fact that the Oregon Bar later amended the rules to create an express investigation exception only underscores the fact that those jurisdictions that have not adopted such an exception have made the conscious decision to prohibit attorney deception, even in the course of investigations. Likewise, while the facts of *Pautler* may not be identical to those in our case, the Colorado court held broadly that “[p]urposeful deception by an attorney licensed in our state is intolerable,” regardless of the underlying reason. *In re Pautler*, 47 P.3d 1175, 1176 (Colo. 2002) (en banc). Lastly, in *Chancey*, the Review Board of the Illinois Attorney Registration & Disciplinary Commission made clear that Rule 8.4(c)’s prohibition of deception does not contain any exceptions. *In re Chancey*, No. 3122262, 1994 WL 929289, at *5 (Ill. Atty. Reg. Disciplinary Comm’n 1994). Therefore, Mr. Tom’s attempt to distinguish these cases fails because these cases stand for the broad proposition – not limited to the facts of the cases – that lawyers have an unswerving duty to avoid involvement in conduct involving dishonesty, fraud, deceit or misrepresentation. These four cases, as well as others that we cite,² demonstrate that the implied exception to Illinois Rule 8.4(c) and ABA Model Rule 8.4(c), as urged by Mr. Tom, simply does not exist.

Finally, Mr. Tom argues that Mr. Mora is excused from compliance with the applicable professional responsibility rules because he sought advice from Mr. Tom’s office before authorizing Mr. Lewis to infiltrate the GIN computer network under false pretenses. To be sure, ABA Model Rule 5.2(b) and Illinois Rule 5.2(b) provide that “[a] subordinate lawyer

² See *Philadelphia Bar Ass’n Prof’l Guidance Comm.*, Op. 2009-02 (2009) (finding unethical an attorney’s use of an investigator to gather information on a witness through a social networking website when the investigator misrepresented his or her purpose and identity); *N.Y. City Bar Ass’n Comm. On Prof’l & Judicial Ethics*, Formal Op. 2010-2 (lawyer cannot either personally or through an agent create a pseudonymous profile on Facebook for purposes of attempting to “friend” an adversary to gain information that would otherwise be shielded from view); *Midwest Motor Sports v. Arctic Cat Sales, Inc.*, 347 F.3d 693 (8th Cir. 2003) (lawyer sanctioned for involvement in deceptive pretextual investigation); *Allen v. Int’l Truck & Engine*, 2006 U.S. Dist. LEXIS 63720 (S.D. Ind. 2006) (lawyers cannot employ investigators to trick people); *In re Ositis*, 40 P.3d 500 (Or. 2002) (imposing reprimand on attorney who employed investigator to pose as a journalist to glean information from adversary); ABA Formal Op. No. 336 (1974) (“a lawyer must comply at all times with all applicable disciplinary rules of the Code of Professional Responsibility whether or not he is acting in his professional capacity”).

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does not violate the Rules of Professional Conduct if that lawyer acts in accordance with a supervisory lawyer's reasonable resolution of an arguable question of professional duty." To the extent that Mr. Tom approved of Mr. Mora's conduct, however, that was not a reasonable resolution of an arguable question of professional duty. The ABA Model Rules, the Illinois Rules, and the Supreme Court of Illinois have not adopted Mr. Tom's position. Moreover, the jurisprudence applying the Illinois Rules and the ABA Model Rules does not contain even a hint that Mr. Mora could comfortably ignore the plain language of the applicable rules. It was not "reasonable," therefore, to advise Mr. Mora that he would not violate the plain language of ABA Model Rule 8.4 and/or Illinois Rule 8.4.

Rule 5.2 is not intended to immunize lawyers from accountability for their misconduct. *See* Comment [1] to Illinois Rule 5.2.³ We respectfully suggest that even minimal research would have revealed that Mr. Mora's conduct is not sanctioned in Illinois. *See In re Lightfoot*, 217 F.3d 914, 917 (7th Cir. 2000) ("Reliance on a supervisor's orders is a defense to a charge of misconduct only when reasonable . . .") (citing ABA Model Rule 5.2(b) and reprimanding attorney for filing misleading document with court despite the fact that attorney had followed the advice of her superiors); *see also In re Ockrassa*, 799 P.2d 1350, 1353 (Ariz. 1990) (lawyer disciplined for serving as prosecutor in case against defendant for whom he previously served as defense counsel in related matter; although lawyer's superiors did not believe this violated ethics rules, "[e]ven minimal research would have disclosed" violation of Rule 1.9); *Kelley's Case*, 627 A.2d 597, 600 (N.H. 1993) (rule is no defense to conflicts charge when conflict would be fundamental and clear to disinterested lawyer); *In re Howes*, 940 P.2d 159, 164 (N.M. 1997) (assistant U.S. attorney not absolved from responsibility for violating ethics rules merely because he relied upon advice of supervisory lawyers; "ABA Comment to Model Rule 5.2 makes it clear that the rule, taken as a whole, is not meant to immunize attorneys from accountability for their misconduct"); *Disciplinary Counsel v. Smith*, 918 N.E.2d 992, 997-98 (Ohio 2009) (inexperienced lawyer disciplined for charging, at direction of supervisor, fee that violated fee agreement and New York insurance law; Rule 5.2(b)'s safe harbor provision did not absolve lawyer of duty to research fee issue even after raising issue with supervisor who said he would look into it); *In re Rivers*, 331 S.E.2d 332, 332-33 (S.C. 1984) (inexperienced lawyer prepared questions for private investigator's interviews of prospective jurors in reliance on senior partner's assurance that practice ethical if jurors not told name of case; lawyer held to same standard as experienced colleagues but inexperience was mitigating factor); Pa. Ethics Op. 2001-23 (2001) (government lawyer may not comply with directive of nonlawyer agency executive to prosecute matter if lawyer believes no probable cause exists; lawyer should bring issue to supervising lawyer for resolution; if supervisor agrees with executive, lawyer may not abide by decision unless it is reasonable and resolves arguable question of ethics). Here, Mr. Mora does not contend that he is some inexperienced lawyer who innocently followed Mr. Tom's direction

³ Comment [1] states, in pertinent part: "Although a lawyer is not relieved of responsibility for a violation by the fact that the lawyer acted at the direction of a supervisor, that fact may be relevant in determining whether a lawyer had the knowledge required to render conduct a violation of the Rules. For example, if a subordinate filed a frivolous pleading at the direction of a supervisor, the subordinate would not be guilty of a professional violation unless the subordinate knew of the document's frivolous character."

WINSTON & STRAWN LLP

May 17, 2012

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to engage in the deceptive conduct at issue after Mr. Tom reasonably concluded, based on the applicable Illinois authorities, that such deceptive conduct was permissible under the Illinois rules.

In summary, we believe that Mr. Mora, with the apparent blessing of the FTC's General Counsel, has self-declared an exemption from the applicable rules of professional conduct that cannot be found in the ABA Model Rules, the Illinois Rules, or the decisions of the Supreme Court of Illinois. Because it has become clear that the General Counsel's office was directly implicated in the conduct at issue, we turn to you for an independent investigation. Thank you for your attention to this matter.

Very truly yours,



Kimball R. Anderson

cc: Via Federal Express

Willard K. Tom

General Counsel

Federal Trade Commission

600 Pennsylvania Avenue, NW

Washington, DC 20580

Michael Mora ✓

Federal Trade Commission

600 Pennsylvania Avenue, NW

M-8102B

Washington, DC 20580

Administrator, Illinois Attorney Registration and
Disciplinary Commission of the Supreme Court of Illinois

Attention: Wendy Muchman

One Prudential Plaza

130 E. Randolph Drive

Suite 1500

Chicago, IL 60601-6219

FTC Exhibit 4

Attachment E

FARUKI IRELAND & COX P.L.L.

ATTORNEYS AT LAW

TRUSTED WISDOM. EXTRAORDINARY RESULTS.

Respond to Cincinnati Office

Daniel J. Donnellon
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May 31, 2012

VIA FEDERAL EXPRESS

Michael Mora, Esq.
Stephen Dowdell, Esq.
Federal Trade Commission
600 Pennsylvania Ave., NW M-8102B
Washington, DC 20580

Re: Arbitration Statement of Global Information Network Foundation Against
Ronald C. Lewis and the Federal Trade Commission

Gentlemen:

On behalf of Global Information Network ("GIN"), we write to inform you that, pursuant to the terms of GIN's Affiliate Agreement and Membership Agreement (collectively the "Agreements"), GIN is hereby commencing binding arbitration against Ronald C. Lewis and the Federal Trade Commission ("FTC") for taking actions that go against provisions of the Agreements. We enclose the Arbitration Statement of GIN, which, along with this notice, formally commences the arbitration process.

Under the terms of the Agreements, the arbitration hearing must be held within 14 business days. We are available on the following days to conduct the hearing: June 5th, 6th, 7th, 8th, 11th, 13th, 14th, 15th, 18th, 19th, or 20th. Please let us know which days you are available in order to set up a hearing date with the arbitrator, Dr. Henry Browne.

As Mr. Lewis's Declaration was appended to the FTC's Response in Opposition to GIN's Motion to Quash, we assume that Mr. Mora or Mr. Dowdell, or both, will be representing Mr. Lewis in this matter, in addition to representing the FTC. Although the arbitration provisions do not specify any method for service of process, we presume serving the FTC's active counsel in this dispute is sufficient. However, if Mr. Lewis will be obtaining separate

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FARUKI IRELAND & COX P.L.L.

Michael Mora, Esq.
Stephen Dowdel, Esq.
May 31, 2012
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counsel to represent him, or you wish us to send the arbitration statement to some other branch of the FTC, then please let us know as soon as possible.

If you have any questions, please feel free to contact me.

Very truly yours,



Daniel J. Donnellon

DJD/kdn
Enclosure
cc: Dr. Henry Browne, Arbitrator

623240.1

IN RE: : (Arbitrator Dr. Henry Browne)

ARBITRATION OF CLAIM OF GLOBAL : **ARBITRATION STATEMENT OF**
INFORMATION NETWORK : **MOVANT GLOBAL INFORMATION**
FOUNDATION AGAINST RONALD C. : **NETWORK FOUNDATION**
LEWIS AND THE UNITED STATES OF :
AMERICA FEDERAL TRADE :
COMMISSION :
:

Individual Ronald C. Lewis, and vicariously his employer and agent, the United States of America Federal Trade Commission ("FTC"), have violated the very fundamental "secret" nature of the Global Information Network Foundation ("GIN") and took actions that go against both the core values of GIN and the contractual agreement Lewis, on behalf of the FTC, executed with GIN. When agreeing to become part of GIN, Mr. Lewis, and thus the FTC, agreed to be bound by an arbitration provision to govern disputes such as this.

The goals of GIN, as a secret society, is to provide a safe haven where members can build mutually beneficial long-term relationships to help one another better achieve their respective goals, desires, and dreams. The belief is that this rare and unique ability to associate confidentially and in secrecy with people from around the world allows each member special advantages that they would not have as isolated individuals. Lewis and the FTC ignored these values when the FTC directed Lewis, in the scope and course of his employment, to pose as an interested member of GIN, to gather information regarding GIN, and then disclosed such information in the public sphere. Lewis made specific representations and warranties to GIN that: (1) he was not an imposter; (2) he was interested in joining GIN for his own personal use and education with no untoward purpose; and (3) that he was not an "employee, agent or other representative of any federal, state or other governmental agency, including without limitation

the Federal Trade Commission or the Food and Drug Administration." All of these representations have proven to be false and directly contradict the principals of fairness and equality that govern this arbitration.

Accordingly, the Arbitrator should force Lewis and the FTC to reveal Lewis' username information associated with GIN so that the account can be cancelled, to return all information that they obtained regarding GIN, and to reveal any other employees or parties that became members of GIN at the direction of the FTC. The Arbitrator should also grant to GIN any additional damages that the Arbitrator finds appropriate.

I. BACKGROUND

This case involves misrepresentations made by Lewis, on behalf of the FTC, to GIN and a plain breach of the affiliate agreement sworn to by Lewis and the FTC when Lewis surreptitiously chose to infiltrate GIN. The FTC is an agency of the United States government whose mission is to prevent business practices that are anticompetitive or deceptive or unfair to consumers. GIN is a Multi-Form Foundation organized in the country of St. Kitts and Nevis. GIN is a well-known secret society that was conceived by a group of individuals who wished to empower people to know secrets of creating the life they want and enjoy freedom, pursuing happiness, and achieving all their dreams and desires. Its goal is to provide a safe haven where members can build mutually beneficial long-term relationships to help one another better achieve their respective goals, desires, and dreams. It wishes to be the worldwide communication center that will spread previously secret and hidden knowledge similar to knowledge and power shared by other secret organizations such as The Brotherhood, The Council on Foreign Relations, and Yale University's Skull and Bones.

GIN's website and promotional materials state that its members include highly accomplished leaders from a large variety of industrial, financial, social and political sectors. Many members have major professional accomplishments, academic accolades and worldwide reputations. Members share a desire to help other members share knowledge, connections, and expertise, and mentor those members who are serious about taking charge of their own destinies, achieving wealth, gaining financial freedom, experiencing dynamic health, and reaching high levels of overall emotional well-being.

GIN creates this safe haven by keeping its membership list confidential and can only survive in its mission as long as its members agree to such secrecy as well. GIN is designed to allow members to share their knowledge and information with one another, and to withhold the information from non-members. GIN wishes to remain outside of government review and requires, and has always required, its new members to certify that they are not impostors or affiliated with the U.S. government in any official capacity.

The FTC has been involved in litigation in the United States with Kevin Trudeau, an American author and radio personality. The litigation involved allegations against Trudeau for allegedly deceptive infomercial advertising and on June 2, 2010, the United States District Court for the Northern District of Illinois imposed a \$37.6 million sanction on Trudeau, which was affirmed by the Seventh Circuit Court of Appeals.

The FTC has made it a mission to go after Mr. Trudeau; and, anyone that is in anyway affiliated with Trudeau is now in the FTC's sights. Ronald Lewis has been an investigator with the FTC since 1984 and is currently a Supervisory Investigator in the Enforcement Division of the FTC's Bureau of Consumer Protection. Under the direction of the

FTC and by his own admission, Lewis "used an undercover name and an associated email account to pose as a consumer interested in joining GIN." Declaration of Ronald D. Lewis in support of Federal Trade Commission's Response in Opposition to Motion of Non-Party Global Information Network to Quash Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises ("Lewis Decl.") (attached as Exhibit 1), ¶ 4. Lewis also admitted to submitting the undercover email address to GIN's website and being placed on GIN's email distribution list. *Id.* He then used GIN's confidential information, such as internal email correspondence, to assist the FTC in issuing a subpoena to Fifth Third Bancorp, requesting financial information regarding GIN. Lewis Decl.; FTC's Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises ("Subpoena") (attached as Exhibit 2).

II. THE FTC BREACHED THE AGREEMENT WITH GIN AND AGREED TO ARBITRATE THIS DISPUTE

A. The Affiliate/Membership Agreement Applies to This Dispute

When joining GIN, people must become either an Affiliate or Member and must consent to GIN's Affiliate Agreement or Membership Agreement, respectively. Affiliate Agreement (attached as Exhibit 3); Membership Agreement (attached as Exhibit 4). After consenting to one of the agreements, new Affiliates and Members are added to the GIN email distribution list; this is the only manner by which anyone can be added to the GIN email distribution list.

Lewis' declaration makes no mention of whether Lewis joined GIN as an Affiliate or a Member, and GIN cannot confirm Lewis' membership status as the FTC has concealed any information "that would reveal [Mr. Lewis'] undercover investigatory identity." Lewis Decl., ¶

4. He does, however, admit to being placed on GIN's email distribution list. Id. As only Affiliates and Members are added to GIN's email distribution list, Lewis agreed to the terms of either the Affiliate Agreement or the Membership Agreement. Accordingly, the terms of the Affiliate Agreement or Membership Agreement apply to this dispute. Both Agreements contain identical language relating to the necessary representations and warranties to become part of GIN and identical operative arbitration provisions that provide jurisdiction for this arbitration and guidance for the remedies awarded.

B. This Dispute has been Properly Brought Before the Arbitrator as Both the Affiliate Agreement and Membership Agreement Contain an Arbitration Clause

The agreement executed by Lewis and the FTC contains a binding arbitration provision which governs this dispute. Both the Affiliate Agreement and Membership Agreement state, in relevant part:

"If either party ever has a disagreement regarding any issue, both parties agree to try to work out such disagreements in a fair and reasonable manner. If the parties cannot work out their disagreements, your only remedy is to request a binding arbitration with a single arbitrator.

The party that wants to initiate arbitration shall call a well-established arbitration organization in the country of Nevis and request arbitration with a single arbitrator to begin on a date and time that is mutually agreeable to both parties and the arbitrator, but no later than fourteen business days from the date of the request."

Affiliate Agreement; Membership Agreement.

Under both membership agreements, GIN "reserves the right to cancel your affiliation at any time for any reason or no reason at all, in its sole discretion." Id. Here, GIN wishes to exercise its right to cancel Lewis's membership with the organization. Lewis and the

FTC, however, refuse to disclose Lewis's undercover email address that Lewis used to sign up with GIN. Lewis Decl., ¶ 4.

Lewis and the FTC have publicly disclosed in U.S. federal court proceedings a number of emails that were intended only for GIN Affiliates and Members. Lewis Decl., ¶ 4. GIN has no first-hand knowledge of other improper uses of its confidential and secret information and can only be made whole by requiring Lewis and the FTC to disclose all such information and to return to GIN all emails, documents and other information improperly obtained from this secret society. GIN seeks to prevent Lewis and the FTC from further disclosing secret information that they have obtained through Lewis' – and any other FTC employees' – membership with GIN.

As the parties have not been able to resolve the foregoing disagreements, GIN properly requests binding arbitration.

The agreements state that the arbitration shall be performed by a "well-established arbitration organization in the country of Nevis," but after reaching out to numerous international arbitration organizations, counsel for GIN have not located any such organizations. However, GIN's counsel was able to contact Mr. John Tyme, Solicitor General for the country of St. Kitts and Nevis, to discuss a potential arbitrator for the dispute. Solicitor General Tyme mentioned that he is unaware of any arbitration organizations in St. Kitts & Nevis, but he personally recommended Dr. Henry Browne, who has been admitted to practice in St. Kitts & Nevis, Anguilla, St. Vincent, and Trinidad & Tobago. Dr. Browne holds a LLB, LEC and a PhD, and has been a member of the Organization of Eastern Caribbean States Bar Association since 1975. Dr. Browne's most recent experience involves his representation of Hensley Daniel, Deputy

Premier of the Nevis Reformation Party, in arguing that the July, 2011, Nevis island election, which Mr. Daniel won, was fair and valid. Pursuant to Solicitor General Tyme's recommendation, Dr. Browne is the best candidate under the language of the arbitration clauses in the Affiliate Agreement and Membership Agreement.

For the foregoing reasons, this dispute has been properly brought to arbitration and Dr. Henry Browne is the most qualified candidate to act as the arbitrator for this matter.

C. Standard of Review and Binding Effect of Arbitration

Pursuant to both the Affiliate Agreement and Membership Agreement, the arbitrator is "required to base his decision not on the technicalities of the law, or the technicalities of the wording in any specific contract, but he will base his decision on 'fairness and equality', and 'under the spirit of true justice and original intention', and what is 'fair' for all parties concerned." Affiliate Agreement; Membership Agreement.

Thus, the Arbitrator shall concentrate on the facts of this dispute, as opposed to applying any substantive laws, to determine the fairness and equality of the parties' actions.

The agreements also state:

"Each party will privately discuss with the arbitrator the facts as they see it, and their viewpoint regarding the disagreement.

The arbitrator will listen to both parties and ask questions or request information to clarify or verify facts.

The arbitrator will then take all the facts and make a decision, which will be binding, within 24 hours

The arbitration award shall be final and binding upon both parties and may be enforced in any court of competent jurisdiction."

Id.

The parties are therefore given a fair opportunity to be heard by the Arbitrator and agree to be bound by the Arbitrator's decision. By agreeing to either the Affiliate Agreement or Membership Agreement, Lewis agreed to be legally bound and that he "fully understand[s] and agree[s] to all of the [] terms and conditions [of the agreement]." Id.

D. Lewis Breached the Specific Language of His Agreement with GIN and Made Misrepresentations of Fact to GIN's Detriment

Lewis made several specific representations and warranties to GIN, namely that:

(1) he was interested in joining GIN for his own personal use and education with no untoward purpose; (2) he was not an imposter and not a FTC employee; and (3) that he would not jeopardize the reputation of GIN. All of these representations have proven to be false and directly contradict the principals of fairness and equality that govern this arbitration.

1. Lewis Improperly Used GIN's Information by Providing Emails and Documents to the FTC

When joining GIN, new Affiliates or Members must agree online to the following clause: "information contained on this site, as well as any other information provided directly or indirectly by GIN, is for your personal information and education only." Affiliate Agreement; Membership Agreement.

Mr. Lewis admitted to submitting his undercover email address to GIN's website and that he was placed on GIN's email distribution list. Lewis Decl., ¶ 4. As mentioned previously, GIN places only Affiliates and Members on the email distribution list. Lewis, therefore, agreed to become an Affiliate or Member of GIN. Contrary to the language in the Affiliate Agreement and Membership Agreement, Lewis falsely represented to GIN that he was willing to keep its information exclusively within GIN's network, as opposed to public records

filed with a court. Lewis Decl., ¶ 4. Lewis and the FTC undermined the core purpose and values of GIN membership and collected emails and documents from GIN and its members for purposes of furthering the FTC's agenda. The facts conceded in the Lewis Declaration and the exhibits attached thereto confirm that neither Lewis nor the FTC had any intention of maintaining the secrecy or upholding the values of the organization. By using internal emails and documents that contain membership information in order to help the FTC, Lewis ignored the purpose of GIN and the privacy that its Affiliates and Members expect.

Therefore, this Arbitrator should force Lewis and the FTC to return all information, including, but not limited to, emails and documents, that it has obtained as a result of Lewis' membership with GIN. It is also possible, and likely, that the FTC has directed other employees or parties to join GIN. This arbitrator should therefore force the FTC to return all information, including, but not limited to, emails and documents, that it has obtained as a result of the FTC directing any other employee or party to become a member of GIN.

2. Lewis Falsely Claimed that he was not a FTC Employee

Both the Affiliate Agreement and Membership Agreement expressly provide that "You represent and warrant that you are not an employee, agent or other representative of any federal, state or other governmental agency, including without limitation the Federal Trade Commission or the Food and Drug Administration." Affiliate Agreement; Membership Agreement.

Lewis misrepresented the fact that that he was not an employee or agent of the FTC, despite being a FTC supervisory investigator. GIN wishes to remain outside of government review and requires, and has always required, its new members to certify that they

are not impostors. These requirements are common sense to preserve the very nature of a "secret society" and foster free sharing of information among the society members without a chilling effect of exposure to outsiders, particularly governmental agencies. Lewis and the FTC disregarded the clear language in the Affiliate Agreement and Membership Agreement when Lewis, under the FTC's direction, decided to join GIN.

Accordingly, the Arbitrator should force Lewis to reveal his GIN membership information to GIN so that the account can be removed. The Arbitrator should also force the FTC to reveal GIN membership information of any and all other employees or agents so that those accounts can also be removed.

3. Lewis Jeopardized GIN's Reputation

The Affiliate Agreement and Membership Agreement also state that the Affiliate or Member "agree[s] to never jeopardize the reputation of GIN, any of its Members and Affiliates, staff, speakers, and presenters." Id.

By disclosing information intended solely for Affiliates and Members, Lewis jeopardized the reputation of GIN. GIN is a well-known secret society and its goal is to provide a safe haven where members can build mutually beneficial long-term relationships to help one another better achieve their respective goals, desires, and dreams. GIN allows Affiliates and Members to share information in a private setting by agreeing that GIN membership is confidential and that GIN respects the privacy of each Affiliate and Member. GIN's reputation to maintain the privacy and confidentiality of its Affiliates and Members is significantly jeopardized by the fact that Lewis, a FTC employee, continues to have access to and discloses publicly internal communications and documents.

The Arbitrator should therefore award any additional damages that the Arbitrator finds appropriate. As the Affiliate Agreement and Membership Agreement expressly permit "compensatory damages and legal fees, as he or she deems appropriate," GIN requests for such damages as the Arbitrator finds appropriate.

III. CONCLUSION

For the foregoing reasons, GIN requests that this Arbitrator force Lewis to reveal his GIN membership information to GIN so that the account can be removed. The Arbitrator should also force the FTC to reveal GIN membership information of any and all other employees or agents so that those accounts can also be removed. Third, GIN requests that the Arbitrator prevent Lewis and the FTC from further disclosing secret information that they have obtained through Lewis' – and any other FTC employees' – membership with GIN. The Arbitrator should also force Lewis and the FTC to return all information, including, but not limited to, emails and documents, that it has obtained from within GIN's network or, alternatively, that Lewis and the FTC destroy all copies in its possession. Finally, this Arbitrator should grant to GIN compensatory damages, attorneys' fees, and any additional damages, including the costs of arbitration, which the Arbitrator finds appropriate.

Respectfully submitted,



Daniel J. Donnellon (Ohio Bar #0036726)

Kenjiro D. LeCroix (Ohio Bar #0087922)

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Attorneys for Global Information Network
Foundation

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Arbitration Statement of Movant Global Information Network Foundation has been served via Federal Express, with a courtesy copy served electronically, upon counsel for Ronald D. Lewis and the Federal Trade Commission, and upon the Arbitrator, in accordance with the notification requirements of the arbitration agreement, on this 31st day of May, 2012:

Michael Mora, Esq.
Stephen Dowdell, Esq.
Federal Trade Commission
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June 14, 2012

Willard K. Tom
General Counsel
Federal Trade Commission
Washington, DC 20580

Re: Global Information Network Request for Arbitration

Dear Mr. Tom:

On behalf of the Global Information Network Foundation (“GIN”), I am writing in response to your June 5, 2012, letter regarding the Federal Trade Commission’s (“FTC”) objection to participating in the arbitration process. As set forth below, the FTC's reasons to resist the binding contractual arbitration are without merit. We firmly believe that the FTC should admit the impropriety of its hacking into the GIN membership and, at the very minimum, offer to compromise the dispute by returning the ill-gotten material and disclosing the identity Mr. Lewis uses in order for GIN to cancel his membership. It is embarrassing that a sophisticated governmental entity would have an agent make binding contractual promises, representations and warranties and completely disregard those obligations when the impropriety is discovered. GIN has every right to control its membership and the right to refrain from sharing its secrets with those who do not support its agenda. It is surprising that an entity tasked with the responsibilities of the FTC would so blatantly disregard the formation of an online contractual agreement as these are now so commonplace in American commerce on the internet.

In your letter, you argue that the contract between the FTC and GIN is unenforceable. Mr. Ronald Lewis, however, undisputedly executed an on line contract to become an Affiliate of GIN. Even if this infiltration was under the guise of assisting the FTC in its debt collection efforts, the use of a pseudonym to hide Mr. Lewis's true identity does not negate the simple offer, acceptance and consideration that forms a binding and enforceable agreement. The purpose of Mr. Lewis' conduct was not, as you mistakenly suggest, supporting an “authorized law enforcement investigation.” The FTC’s official investigation of Kevin

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FARUKI IRELAND & COX P.L.L.

Willard K. Tom
June 14, 2012
Page 2

Trudeau led to the ruling by the United States District Court for the Northern District of Illinois that imposed sanctions upon Trudeau. The FTC's subsequent efforts were taken in its roles as a debt collector and were not an extension of any law enforcement investigation. Accordingly, just as GIN's Affiliate and Membership Agreements (the "Agreements") are enforceable upon, in your words, "anyone else in the general public who simply fills out a form on [GIN's] website," the Agreements are also enforceable against Mr. Lewis and, vicariously, the FTC.

Furthermore, you argue that (1) GIN purportedly did not establish any cognizable financial loss as a result of the FTC's actions, (2) the arbitration provisions are unenforceable, and (3) GIN had no right for a unilateral designation of Dr. Henry Browne as the arbitrator. I will address each argument in turn.

First, the FTC's actions have jeopardized GIN's reputation and it is up to the arbitrator's discretion with regards to potential damages that GIN may recover. To the extent that your contention is correct that GIN has not proven, and cannot prove, damages, then the appropriate place to make this argument is in an arbitration statement and not in a letter to counsel.

Second, the arbitration provisions in the Agreements are in compliance with Chapter 3.01 of the Laws of St. Christopher and Nevis (the "Arbitration Act"), which, in turn, provides that the Arbitration Act, 1950, of the Parliament of the United Kingdom ("U.K. 1950 Arbitration Act") controls. The arbitration provisions in the Agreements do not violate any part of the U.K. 1950 Arbitration Act and are therefore enforceable. Your argument that the Agreements are unenforceable due to the fact that there is no "well-established arbitration organization in the country of Nevis" does not then make the agreement unenforceable. The doctrine of impossibility applies only if that provision was an integral part of the agreement, which is not the case here. As that provision was not integral, GIN's selection of Dr. Browne was proper as it was made in GIN's best efforts to locate a proper arbitrator in St. Kitts and Nevis. But, this again is more appropriate for a contention in an arbitration brief and does not give the parties the option to "walk away" from contractual obligations.

Third, the unilateral designation of Dr. Browne was permitted under the arbitration provisions of the Agreements, which, as mentioned previously, are enforceable and do not violate the applicable arbitration acts. To the extent that you would like to recommend an alternative arbitrator who has the qualifications and disinterestedness of Dr. Browne, then we are happy to entertain it.

Finally, I must reiterate that the FTC's conduct in this matter is not being done pursuant to a government investigation, but rather, as you readily admit, is part of the FTC's "ongoing enforcement activities aimed at compelling Kevin Trudeau to satisfy the outstanding civil contempt judgment against him." The FTC's activities in this matter, namely the hacking into the GIN computer network by directing Mr. Lewis to use a fictitious name and fictitious email account, were to collect a debt; not to conduct an investigation.

FARUKI IRELAND & COX P.L.L.

Willard K. Tom
June 14, 2012
Page 3

For the foregoing reasons, the FTC may not now argue that it was “conducting legally authorized law enforcement activities” and that it cannot participate in the arbitration. The sovereign immunity issue that you raise is a question reserved for the federal courts in the United States and does not apply to this foreign arbitration. Nevertheless, by directing Mr. Lewis to agree to the terms of the Agreements, the FTC implicitly waived its right to sovereign immunity and agreed to be bound by the arbitration provisions in the Agreements.

We intend to continue with arbitration regardless of whether, as your letter indicates, Mr. Lewis and the FTC wish to participate in the arbitration.

Please feel free to contact me if you have any questions.

Very truly yours,



Daniel J. Donnellon

DJD/kdn
cc: Dr. Henry Browne

624499.1

FTC Exhibit 4

Attachment F

EXAMINATION INDEX		
WITNESS		EXAMINATION
SUNEIL SANT		
EX-BY MS. PRABHU		4
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UNITED STATES DISTRICT COURT

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FOR THE NORTHERN DISTRICT OF ILLINOIS

4

EASTERN DIVISION

5

6 FEDERAL TRADE COMMISSION,

7

Plaintiff,

8

vs.

No. 03 C 3904

9

KEVIN TRUDEAU,

10

Defendant.

11

12

13

THIS DEPOSITION CONTAINS CONFIDENTIAL

14

MATERIAL The 30(b)(6) deposition of ALLIANCE

15

PUBLISHING GROUP by SUNEIL SANT, called for

16

examination, taken pursuant to the Federal

17

Rules of Civil Procedure of the United States

18

District Courts pertaining to the taking of

19

depositions, taken before NANCY A. GUIDOLIN,

20

CSR No. 84-2531, a Notary Public within and

21

for the County of DuPage, State of Illinois,

22

and a Certified Shorthand Reporter of said

23

state, at Suite 4000, One IBM Plaza, Chicago,

24

Illinois, on the 28th day of January, A.D.

25

2008, at 9:32 a.m.

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APPEARANCES:

U.S. FEDERAL TRADE COMMISSION,
BUREAU OF CONSUMER PROTECTION,
601 New Jersey Avenue, N.W.,
Washington, DC 20580,
202-326-2040, by:
MS. LAUREEN KAPIN,
MS. SANDHYA PRABHU,
appeared on behalf of the Plaintiff;

JENNER & BLOCK LLP,
One IBM Plaza, Suite 4000,
Chicago, Illinois 60611-7603,
312-222-9350, by:
MR. DANIEL J. HURTADO,
appeared on behalf of the Defendant.

REPORTED BY: NANCY A. GUIDOLIN, C.S.R.,
Certificate No. 84-2531.

1 DEPOSITION OF SUNEIL SANT

2 JANUARY 28, 2008

3 MS. PRABHU: This is the
4 deposition of Alliance Publishing Group in
5 the matter of FTC vs. Kevin Trudeau, Case No.
6 03 C 3904 pending in the Northern District of
7 Illinois.

8 My name is Sandhya Prabhu.
9 I am appearing on behalf of the Federal Trade
10 Commission, the plaintiff in this case.
11 Appearing with me is Laureen Kapin, my
12 colleague at the FTC.

13 I will let counsel identify
14 himself for the record.

15 MR. HURTADO: Dan Hurtado of
16 Jenner & Block, counsel for the witness.

17 MS. PRABHU: And if the
18 court reporter could now swear in the
19 witness.

20 (WHEREUPON, the witness was
21 duly sworn.)

22 SUNEIL SANT, called as a
23 witness herein, having been first duly sworn,
24 was examined and testified as follows:

25 EXAMINATION

1 BY MS. PRABHU:

2 Q. Mr. Sant, if you could now
3 state your full name for the record?

4 A. Suneil Sant.

5 MS. PRABHU: I will ask that
6 the court reporter mark this document as FTC
7 1.

8 (WHEREUPON, a certain
9 document was marked FTC
10 Deposition Exhibit No. 1, for
11 identification, as of
12 1-28-08.)

13 BY MS. PRABHU:

14 Q. I will represent to you that
15 this is a copy of the Subpoena issued by the
16 FTC for today's deposition.

17 This deposition is being
18 taken pursuant to Rule 30(b)(6) of the
19 Federal Rules of Civil Procedure.

20 MS. PRABHU: I will ask Mr.
21 Hurtado for which items on the specification
22 list is this witness being proffered?

23 MS. HURTADO: He is being
24 proffered for each of the items -- all of
25 the items, 1 through 7.

1 BY MS. PRABHU:

2 Q. Okay. Mr. Sant, is Alliance
3 Publishing Group represented by an attorney?

4 A. Yes.

5 Q. Who is that?

6 A. Dan Hurtado.

7 Q. Okay. Have you ever been
8 deposed before?

9 A. Yes.

10 Q. How many times?

11 A. Twice I think.

12 Q. Can you tell me what cases that
13 you were deposed in?

14 A. The Consumer Protection Board
15 and the FTC.

16 Q. Do you remember when those
17 matters were?

18 A. Not specifically.

19 Q. Do you remember when you were
20 deposed?

21 A. Not specifically. Not the date.

22 Q. Okay. Perhaps the year?

23 A. Again, not specifically.

24 Q. Okay. You said the Consumer
25 Protection Board. Is that the case in New

1 York?

2 A. Yes. It is.

3 Q. Okay. And do you remember the
4 subject matters for both of those cases?

5 A. Yes.

6 Q. Can you tell me what they are?

7 A. The Consumer Protection Board
8 was a case against -- about the Natural Cures
9 They Don't Want You To Know About book, and
10 the prior one was Coral Calcium.

11 Q. Okay. You may be familiar,
12 then, with the ground rules that I am about
13 to lay out. I will go ahead with them.

14 I will be asking you a
15 series of questions. Because everything is
16 being transcribed by the court reporter, I
17 ask that you answer every question verbally,
18 avoid the temptation to respond purely with
19 nods and gestures.

20 Please listen carefully to
21 every question that I ask you. If you don't
22 understand a question, say so before you
23 respond, and I will attempt to explain or
24 rephrase the question.

25 If you answer a question, I

1 will assume that you understood it. Is that
2 clear?

3 A. Yes.

4 Q. If during the deposition you
5 need to clarify any of your previous answers
6 or provide additional information, just let
7 me know, and we can go back to the subject
8 while it's fresh in your mind. Is that
9 clear?

10 A. Yes.

11 Q. On occasion counsel may object.
12 After his objection, I will ask that you go
13 ahead and answer the question unless he has
14 instructed you not to answer. Is that clear?

15 A. Yes.

16 Q. From time to time we will be
17 taking breaks. If you would like to break
18 at a particular junction, that should be fine
19 assuming that the answer to the question is
20 not pending. Is that clear?

21 A. Yes.

22 Q. Is there any reason why you
23 can't testify truthfully and accurately to my
24 questions today?

25 A. No.

1 Q. Are you under any medications
2 currently?

3 A. No.

4 Q. Are you sick today?

5 A. No.

6 Q. Can you think of any other
7 reason why you might not be able to testify
8 truthfully and accurately?

9 A. No.

10 Q. Any questions before we begin?

11 A. No.

12 MR. HURTADO: Just I would
13 like to say sort of an administrative thing.
14 I would like to have this entire deposition
15 marked confidential for now.

16 I am not sure if it's a term
17 in our proposed Protective Order, but that
18 within, say, ten days after receiving the
19 transcript we will actually designate or
20 de-designate portions confidential so we
21 don't have to deal with that on an ongoing
22 basis.

23 MS. KAPIN: Right. That's
24 fine. I think that it is addressed in the
25 Protective Order, which I am hoping we will

1 be able to hammer out so that we know which
2 protective order we are working under going
3 forward, but that's fine.

4 Can we just agree that it
5 will be done pursuant to the terms in the
6 last draft? I don't think that that portion
7 has even changed --

8 MR. HURTADO: Sure.

9 MS. KAPIN: -- with the
10 designations, but at least then we know what
11 the terms are. The last draft that we
12 exchanged has the terms about the time to
13 designate and -- from what point that you get
14 the deposition that you have the time to do
15 that.

16 MR. HURTADO: That's fine.

17 MS. KAPIN: Okay. Great.

18 BY MS. PRABHU:

19 Q. Okay. Mr. Sant, before you
20 came here today, did you ever see the
21 Subpoena that was issued for today's
22 deposition?

23 A. Yes.

24 Q. Did you have a chance to review
25 it?

1 A. Briefly, yes.

2 Q. Were you aware, then, that the
3 Subpoena sought the deposition of Alliance
4 Publishing Group?

5 A. Yes.

6 Q. And were you aware that Alliance
7 has designated you as the witness to testify
8 on its behalf?

9 A. Yes.

10 Q. You have been handed what has
11 been marked as FTC 1. If you could turn to
12 the third to the last page from the back of
13 the document, you will notice that there is a
14 heading titled, "Specifications."

15 I would like you to just
16 briefly review the specifications that I
17 think spill over one to the next page, and
18 let me know when you are done reviewing them.

19 A. I am ready.

20 Q. Okay. In light of what you
21 just reviewed, do you consider yourself
22 knowledgeable to testify on these subject
23 matters on behalf of Alliance Publishing
24 Group?

25 A. Yes.

1 Q. I would like to go through just
2 briefly some of your background. First of
3 all, do you go by any other names?

4 A. Generally by Neil.

5 Q. By Neil. And how do you spell
6 that?

7 A. N-e-i-l.

8 Q. Okay. What is your city and
9 state of residence?

10 A. Hinsdale, Illinois.

11 Q. How long have you lived there?

12 A. Nearly 12 years.

13 Q. Can you tell me what formal
14 education that you have had since high
15 school?

16 A. I have got a BA in
17 communications, and I'm about a third of the
18 way through a Master's degree.

19 Q. Okay. And your BA in
20 communications, where was that from?

21 A. Columbia College in Chicago.

22 Q. And you said you are a third of
23 the way through an MBA degree?

24 A. Correct.

25 Q. And where is that at?

1 A. University of Illinois Chicago.

2 Q. When do you anticipate
3 completing that?

4 A. I am not sure if I will.

5 Q. Briefly I would like to go
6 through your employment history to date. Can
7 you tell me about the jobs and internships
8 that you have had since college?

9 A. Sure. After college I was
10 probably manager of an apartment complex, I
11 had a job in small town radio in Freeport,
12 Illinois, I was an intern at the Loop radio
13 in Chicago. I was then producer at the Loop
14 radio in Chicago. Then a producer at Buena
15 Vista Television, and then an assistant at
16 Tru Vantage International.

17 Q. And when was that?

18 A. That was 1996. Then later I
19 worked for Shop America and Natural Cures.

20 Q. Are those two distinct entities?

21 A. Yes. And now Alliance
22 Publishing Group.

23 Q. Okay. Shop America, when did
24 you work for them?

25 A. I don't recall the specific

1 years.

2 Q. Okay. Approximately, if you
3 were to speculate.

4 A. 2001 or so through 2006.

5 Q. Okay. And Natural Cures?

6 A. Speculating 2004 through 2006.

7 Q. Did you have any other
8 employment that you can think of since
9 college?

10 A. Not that I recall.

11 Q. Okay. And you said that you
12 currently work for Alliance. Is that
13 Alliance Publishing Group?

14 A. Alliance Publishing Group.

15 Q. Going forward, I will refer to
16 them as Alliance as you have for short form.

17 A. That's fine.

18 Q. Do you currently work for anyone
19 other than Alliance?

20 A. No.

21 Q. When did you first meet Kevin
22 Trudeau?

23 A. I think that it was 1993 or so.
24 Approximately.

25 Q. And what was the occasion

1 through which you met him?

2 A. He was a guest on a radio show
3 that I worked for.

4 Q. Okay. And when did you first
5 come to work for Mr. Trudeau?

6 A. In 1996.

7 Q. So had you kept in contact with
8 him between his appearance as a guest on the
9 radio show until you ended up working for him
10 in '96?

11 A. Yes.

12 Q. And what kind of relationship
13 did you have with him?

14 A. Social.

15 Q. So besides Alliance, what other
16 work have you done for Mr. Trudeau or his
17 companies?

18 A. Can you be more specific?

19 Q. Have you done any work for Mr.
20 Trudeau specifically --

21 A. Yes.

22 Q. -- in his individual capacity?

23 A. Yes.

24 Q. What did you do for him?

25 A. A host of things. I've

1 scheduled appointments, handled travel,
2 negotiated the purchase of a car. Quite a
3 number of things over the years.

4 Q. Okay. The three things that
5 you have just mentioned, did those things
6 happen recently or in the past? Do you
7 remember?

8 A. I have worked on scheduling
9 recently.

10 Q. Okay. And the work that you
11 just did -- that you have done for him, was
12 that working for him personally, or is that
13 working for a company affiliated with him?

14 A. Working for Alliance.

15 Q. Working for -- okay. So this
16 is all in the context of your work with
17 Alliance?

18 A. Recently.

19 Q. Okay. Did you also do this
20 type of work when you were employed by other
21 companies?

22 A. Yes.

23 Q. Which companies?

24 A. Tru Vantage and Shop America and
25 Natural Cures.

1 Q. How often do you see Mr.
2 Trudeau?

3 A. That depends.

4 Q. Approximately? Do you see him
5 every so often?

6 A. Every so often is fair.

7 Q. So would that be once a month,
8 once a week?

9 A. Sometimes once a month,
10 sometimes once every many months.

11 Q. How often do you communicate
12 with Mr. Trudeau?

13 A. Usually a few times a week.

14 Q. And how do you communicate with
15 him?

16 A. Over the telephone.

17 Q. Anything else?

18 A. E-mail.

19 Q. Anything else? Written
20 correspondence?

21 A. Not generally.

22 Q. Do you socialize with Mr.
23 Trudeau outside of work?

24 A. Sometimes.

25 Q. How often would you say?

1 A. Maybe a couple of times a year.

2 Q. If I can touch back briefly on
3 a few of the jobs that you said that you had
4 since college, what were your
5 responsibilities in the context of your work
6 with Shop America?

7 A. I handled banking, wrote checks,
8 received bills. It was primarily
9 administrative.

10 Q. Okay. And the same question in
11 the context of Tru Vantage.

12 A. I was more of an assistant.

13 Q. And what does that mean?

14 A. An assistant to Kevin Trudeau,
15 and I handled administrative tasks there as
16 well.

17 Q. Okay. Would you say that you
18 dealt at all in the substance of the work
19 being done by Tru Vantage?

20 A. Can you be more specific?

21 Q. What was the purpose of Tru
22 Vantage's business?

23 A. Tru Vantage was in the direct
24 response business.

25 Q. And did you -- was any of your

1 work related to the direct response functions
2 of the company?

3 A. I don't recall.

4 Q. You don't recall. Do you have
5 any memory of whether or not --

6 A. I don't remember working
7 directly on direct response.

8 Q. What about with Shop America?
9 What was the purpose of that business?

10 A. That was also a direct response
11 company.

12 Q. And do you recall if you did
13 any of the direct response related functions?

14 A. There I did.

15 Q. What did you do?

16 A. There were times where I
17 communicated with the media buyers or the
18 telemarketing company, the teleservice
19 company.

20 Q. Anything else?

21 A. Not that I recall.

22 Q. Okay. And in the context of
23 your work with Natural Cures, what were your
24 responsibilities?

25 A. Administrative as well.

1 Q. Okay. And what does that
2 entail? Is that similar to what you did at
3 Tru Vantage or more like Shop America?

4 A. More like Shop America.

5 Q. So finances?

6 A. Banking.

7 Q. Anything else?

8 A. Receiving bills, paying bills.

9 Q. And what was the purpose of the
10 Natural Cures business?

11 A. That was primarily a web site.

12 Q. And did you do any work related
13 to the web site itself?

14 A. No.

15 Q. Can you tell me when Alliance
16 was incorporated?

17 A. Not exactly.

18 Q. Do you know the year?

19 A. 2004 is my recollection. I
20 believe it was 2004.

21 Q. In which state was it
22 incorporated?

23 A. Delaware, I believe.

24 MS. PRABHU: I will hand the
25 court reporter a document that I would like

1 marked as FTC 2.

2 (WHEREUPON, a certain
3 document was marked FTC
4 Deposition Exhibit No. 2, for
5 identification, as of
6 1-28-08.)

7 BY MS. PRABHU:

8 Q. You have been handed FTC 2, Mr.
9 Sant. Does this look familiar to you?

10 A. Yes.

11 Q. What is this?

12 A. It's the incorporation papers of
13 Alliance Publishing Group.

14 Q. And does it refresh your
15 recollection as to when Alliance was
16 incorporated?

17 A. Yes.

18 Q. When was it incorporated?

19 A. October of 2003.

20 Q. Who are the shareholders of
21 Alliance?

22 A. Tru Com.

23 Q. Does Alliance have any other
24 shareholders?

25 A. No.

1 Q. Has Tru Com always been the
2 sole shareholder of Alliance?

3 A. I believe so.

4 Q. You believe so. Are you not
5 certain?

6 A. I am not one hundred percent
7 certain, but if this says that it is, and it
8 seems correct.

9 Q. I guess I am not asking you to
10 testify from the document. I am asking you
11 what you know as the president for -- in
12 whatever capacity that you serve at Alliance.

13 A. Yeah. It's my recollection that
14 it is. It has always been the only
15 shareholder.

16 Q. Okay. Who are the directors of
17 Alliance?

18 A. I am.

19 Q. Are there any other directors?

20 A. No.

21 Q. Have there ever been any other
22 directors?

23 A. I am not certain.

24 Q. You are not certain. Is there
25 any information that Alliance would have in

1 its possession to allow you to figure out if
2 the company had any other directors?

3 A. We could find out certainly.

4 Q. But you don't know?

5 A. Not off of the top of my head.

6 No.

7 Q. If you were to speculate, does
8 Alliance -- has Alliance ever had any other
9 directors?

10 A. Kevin Trudeau was president
11 initially. I don't know if he was a
12 director or not.

13 Q. Who are the officers of
14 Alliance?

15 A. I am.

16 Q. And are there any other officers
17 of Alliance?

18 A. No.

19 Q. Have there ever been any other
20 officers of Alliance?

21 A. I don't know.

22 Q. You just stated that Mr. Trudeau
23 was president.

24 A. Well, I guess that would make
25 him an officer.

1 Q. Okay. Did he hold any other
2 officer titles?

3 A. I don't know.

4 Q. Why was Alliance created?

5 A. To publish books.

6 Q. I guess what -- let me be more
7 clear. Why was Alliance created as a
8 distinct corporate entity?

9 MR. HURTADO: Objection on
10 vagueness. Distinct from what?

11 BY MS. PRABHU:

12 Q. As a corporate entity in and of
13 itself. Why was the corporate structure
14 created?

15 A. I don't know.

16 Q. Who would know?

17 A. Our corporate counsel would
18 probably know.

19 Q. What titles do you hold at
20 Alliance?

21 A. President.

22 Q. Anything else?

23 A. Secretary and treasurer as well.

24 Q. Okay. Anything else?

25 A. I believe that's it.

1 Q. And you are also a director as
2 you have stated?

3 A. Yes.

4 Q. What are your primary
5 responsibilities as president of Alliance?

6 A. Manage the day-to-day of
7 Alliance.

8 Q. Manage the day-to-day operations
9 of Alliance?

10 A. Yes.

11 Q. What are your primary
12 responsibilities as treasurer?

13 A. Handle the banking, pay the
14 bills, receive the bills.

15 Q. What are your primary
16 responsibilities as secretary?

17 A. I don't have any specific
18 responsibilities as secretary.

19 Q. Have you done anything in your
20 capacity as secretary of Alliance?

21 A. There are times where I have
22 been asked by our corporate tax counsel to
23 handle some issues, but I don't know if they
24 are directly under the title of secretary.

25 Q. What about meetings of

1 directors?

2 A. For minutes and those things,
3 yes.

4 Q. What do you do for meetings and
5 things?

6 A. I will sign off on the minutes.

7 Q. What are your primary
8 responsibilities as director of Alliance?

9 A. I am not sure. Can you be more
10 specific?

11 Q. You are a director of Alliance
12 you have stated.

13 A. Yes.

14 Q. What does that mean?

15 A. For me I manage the day-to-day
16 operations of the company. Beyond that I am
17 not sure how to answer it.

18 Q. So as director you don't see
19 that you have specific responsibilities under
20 that title?

21 A. Yes.

22 Q. Yes, you don't see specific
23 responsibilities?

24 A. Correct.

25 Q. So you said as president you

1 manage day-to-day operations. What does that
2 entail?

3 A. The same things that I have
4 outlined. I manage the banking, I will
5 negotiate with some vendors, have
6 communications with vendors. Whatever comes
7 up, I will generally handle it.

8 Q. What percentage of your time is
9 spent working for Alliance?

10 A. The majority of it.

11 Q. Could you state it as a
12 percentage of your total time working?

13 MR. HURTADO: The question
14 is: Can you state it as a percentage?

15 BY THE WITNESS:

16 A. I am not sure that I can give
17 you an accurate number, a specific
18 percentage.

19 BY MS. PRABHU:

20 Q. Can you approximate?

21 A. 75 percent.

22 Q. And where would you say the
23 remaining 25 percent is spent?

24 A. Handling various other tasks.

25 Q. For whom?

1 A. For Kevin Trudeau.

2 Q. Okay. Anyone else?

3 A. There are times where I will
4 still manage things for Shop America and for
5 some other entities, for Tru Com, KT Corp,
6 and a few others.

7 Q. What is KT Corp.

8 A. It's a company.

9 Q. Is it a company affiliated with
10 Kevin Trudeau?

11 A. Yes.

12 Q. And Tru Com, what is Tru Com?

13 A. It's a company.

14 Q. Affiliated with Kevin Trudeau?

15 A. Yes.

16 Q. And what type of work do you do
17 for Tru Com?

18 A. Administrative. Again, handle
19 the banking, pay the bills.

20 Q. And what about with KT Corp?

21 A. The same thing.

22 Q. Going back to your work at
23 Alliance, does anyone supervise your work
24 there?

25 A. No.

1 Q. Do you take directions or
2 instructions from anyone with regards to your
3 work there?

4 A. At times.

5 Q. From whom?

6 A. From Kevin.

7 Q. Do you generally consult with
8 anyone before making decisions for Alliance?

9 A. At times.

10 Q. Who?

11 A. Corporate counsel, Kevin.

12 Q. Anyone else?

13 A. I think that's it.

14 Q. Who are the corporate counsel of
15 Alliance?

16 A. David Bradford, Dan Hurtado,
17 Mark Lane, Kimball Anderson.

18 Q. Could you repeat that last name?

19 A. Kimball Anderson.

20 MS. KAPIN: With the blowers,
21 sometimes it's hard to hear you.

22 BY THE WITNESS:

23 A. I am sorry.

24 BY MS. PRABHU:

25 Q. Kimball?

1 A. Kimball.

2 Q. Can you spell that?

3 A. K-i-m-b-a-l-l.

4 Q. How many employees does Alliance

5 have?

6 A. I think there are three on the

7 payroll.

8 Q. Three on the payroll. Are

9 there some that are not on the payroll?

10 A. No.

11 Q. And who are they?

12 A. Myself, Kevin Trudeau and my

13 assistant, David Marriccini.

14 Q. Can you spell his last name?

15 A. M-a-r-r-i-c-c-i-n-i, I think.

16 Q. You said David Marriccini was

17 your assistant?

18 A. Yes.

19 Q. What are his responsibilities?

20 A. Handle tasks as I give them to

21 him.

22 Q. And what are the nature

23 generally of the taxes that he handles?

24 A. Administrative.

25 Q. Has Alliance ever had any other

FTC Exhibit 4

Attachment G

FILED UNDER SEAL

FTC Exhibit 4

Attachment H

The Law Offices of
MARC J. LANE
A PROFESSIONAL CORPORATION

1800 North LaSalle Street
Chicago, IL 60601-2701
(312) 372-1040
(800) 372-1040
Fax (312) 346-1040
www.MarcLane.com

April 5, 2012

Via UPS Delivery and E-mail: DEBrief@ftc.gov

Associate Director for Enforcement
Federal Trade Commission
601 New Jersey Ave., N.W.
Suite NJ-2122
Washington, D.C. 20001

RE: FTC v. Kevin Trudeau, Civil Action No. 03-3904

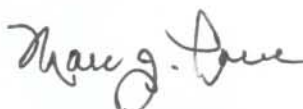
Dear Madam or Sir:

This notice is being sent to you pursuant to the Stipulated Final Order for Permanent Injunction dated September 2, 2004, and the Corrected Supplemental Order dated June 2, 2010, in the above styled case.

Natural Cures Holdings Inc. ("NCH") intends to sell substantially all of its assets to a foreign entity which is expected to be a newly formed United Kingdom limited liability partnership. This notice is tendered, out of abundance of caution, only because Kevin Trudeau is the manager of TRUCOM, LLC, a limited liability company which owns 97.7% of NCH. The new owner will be an unrelated third party which Mr. Trudeau will not own or control directly, indirectly, or constructively.

The exact date that this transaction will close depends on the readiness of NCH and the purchaser to complete the transaction, and thus Mr. Trudeau does not yet know when this transaction will close. In accordance with the aforementioned Orders, this letter is therefore being sent to you as soon as is practicable. We will notify you once the transaction is complete.

Very truly yours,



MARC J. LANE

MJL:jsk

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Marc J. Lane Wealth Group describes separate, but affiliated firms including The Law Offices of Marc J. Lane, a Professional Corporation, a professional service corporation registered to practice law in the state of Illinois; Marc J. Lane Investment Management, Inc., an SEC-registered investment advisor; Marc J. Lane & Company, a registered broker-dealer and SIPC member; and Marc J. Lane Risk Management, Inc., an insurance licensed insurance agency.

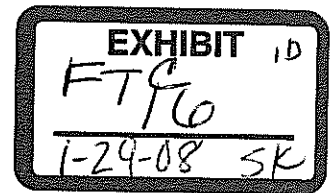
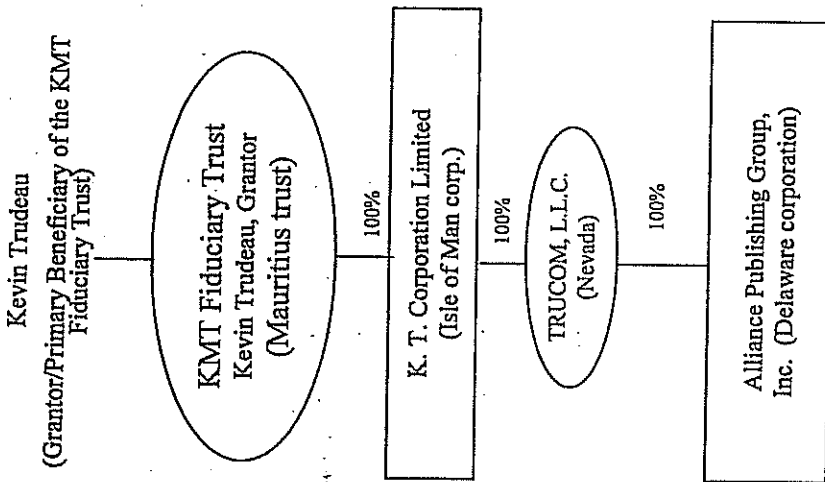
Attachment H



FTC Exhibit 4

Attachment I

**Alliance Publishing
Group, Inc.
and Its Ownership**
(as of 12/10/2007)

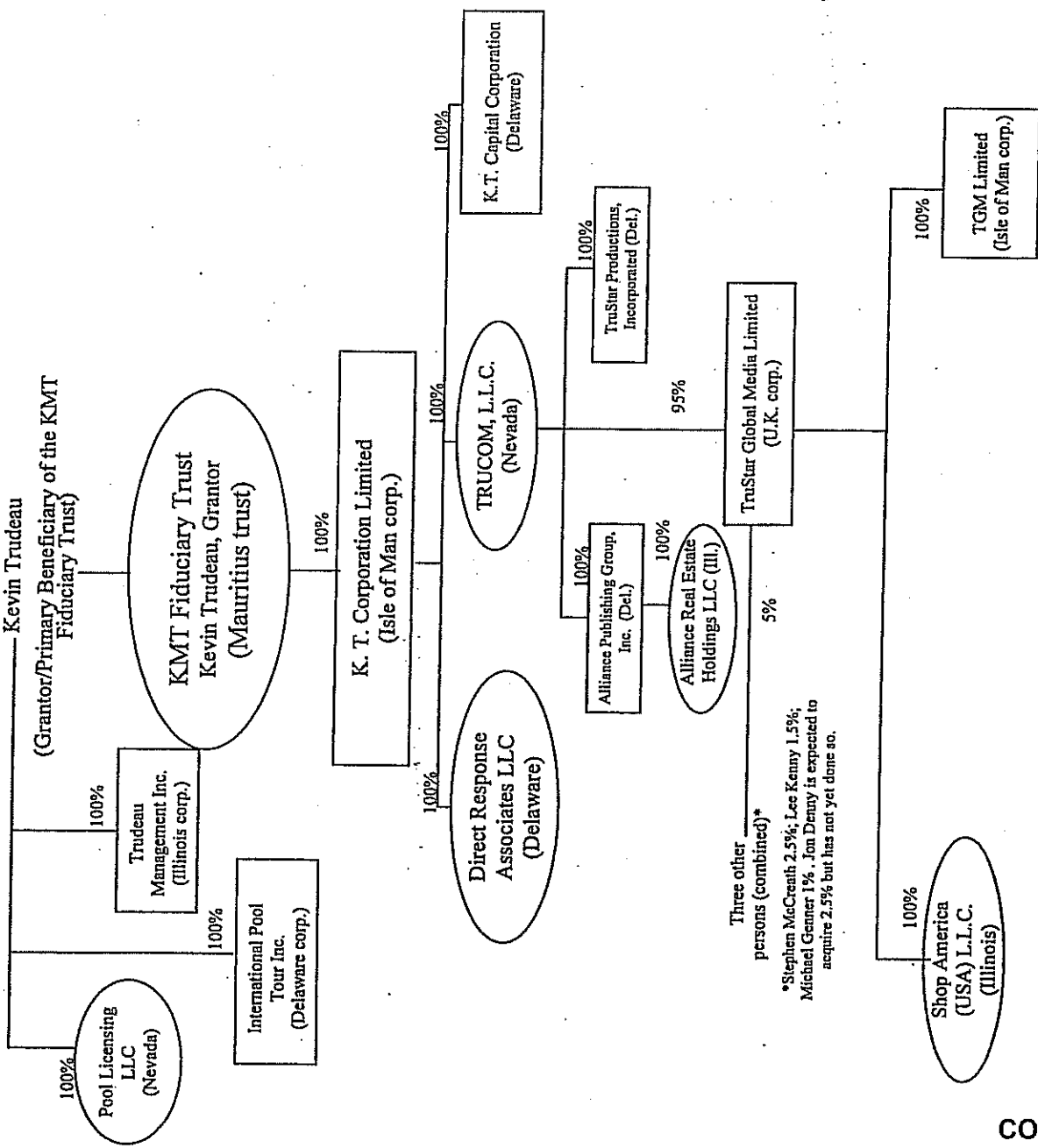


CONFIDENTIAL

**Kevin Trudeau
and Affiliated Entities
(as of 12/10/2007)**

Natural Cures Health Institute
(Illinois not for profit corp.)

TSGM Plc
(U.K. corp)
(inactive, current
ownership
unknown)



*Stephen McCreath 2.5%; Lee Kenny 1.5%; Michael Genner 1%. Jon Denny is expected to acquire 2.5% but has not yet done so.

CONFIDENTIAL

FTC Exhibit 4

Attachment J

June 21, 2010

Via E-mail (w/o attachments and enclosures) to mmora@ftc.gov
And via Federal Express w/attachments and enclosures

Associate Director, Division of Enforcement
Federal Trade Commission
601 New Jersey Avenue, N.W., Suite NJ-2122
Washington, DC 20001
Attn: Mr. Michael Mora

Re: *FTC v. Kevin Trudeau, Civil Action No. 03-C-3904*

Dear Mr. Mora:

This letter responds to the FTC's June 10, 2010 request for information pursuant to Part XVI of the 2004 Consent Order and Corrected Supplemental Order.

1. Below we list infomercials in which Mr. Trudeau appears and that have, to our knowledge, aired on or after June 2, 2010.

- Barefoot CL Black 2009. This infomercial was provided to the FTC on or about February 16, 2010. The purchase of air-time for this infomercial was terminated on June 2, 2010 pending clarification of whether it may be aired under the Corrected Supplemental Order. It is our view that this infomercial is not covered by the bond requirement because neither the infomercial nor the books it offers reference any branded or trademarked products.
- Natural Cures (Julie). This infomercial was provided to the FTC on or about February 15, 2010. The purchase of air-time for this infomercial was terminated on June 2, 2010 pending clarification of whether it may be aired under the Corrected Supplemental Order. It is our view that this infomercial is not covered by the bond requirement because the infomercial does not discuss any branded or trademarked products, programs or services.
- Natural Cures (living room set); and Natural Cures (radio show set). These infomercials were provided to the FTC on or about May 27, 2010. The purchase of air-time for these infomercials was terminated on June 2, 2010 pending clarification of whether they may be aired under the Corrected Supplemental Order. It is our view that these infomercials are not covered by the bond requirement because the infomercials do not discuss any branded or trademarked products, programs or services.

Website Solutions USA Inc.

- Your Wish Is Your Command (Julie); Your Wish Is Your Command (Skip). These infomercials were provided to the FTC on or about February 15, 2010. It is our view that these infomercials are not covered by the bond requirement because the infomercials do not discuss any products, programs or services. The infomercials discuss the content of the publication itself, which consists of advice and opinions about personal fulfillment.
- Your Wish Is Your Command (living room set); Your Wish Is Your Command (radio show set). These infomercials were provided to the FTC on or about May 27, 2010. It is our view that these infomercials are not covered by the bond requirement because the infomercials do not discuss any products, programs or services. The infomercials discuss the content of the publication itself, which consists of advice and opinions about personal fulfillment.
- Natural Cures Health Institute (living room set); Natural Cures Health Institute (radio show set). These infomercials were provided to the FTC on or about May 27, 2010. It is our view that these infomercials are not covered by the bond requirement because the infomercials do not discuss any branded or trademarked products, programs or services.
- Debt Cures Roundtable. A DVD containing a copy of this infomercial accompanies this letter (202400B). Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Debt Cures 2 QSND Suzanne. This infomercial was provided to the FTC on or about February 24, 2009. Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Free Money QSND Misha V.2. This infomercial was provided to the FTC on or about June 19, 2009. Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Free Money – Hot Seat. This infomercial was provided to the FTC on or about May 7, 2010. Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Free Money – Denise and Sara. This infomercial was provided to the FTC on or about May 7, 2010. Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.

Website Solutions USA Inc.

- Debt Cures Recovery w/Rick and Misha. A DVD containing a copy of this infomercial accompanies this letter (299440B). Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Free Money Roundtable w/Rick and Kimber. A DVD containing a copy of this infomercial accompanies this letter (300280B). Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.
- Free Money Roundtable w/Rick and Sara. A DVD containing a copy of this infomercial accompanies this letter (300247B). Mr. Trudeau is not involved in the production or dissemination of this infomercial, nor is he currently involved in making or assisting in making any representations in this infomercial.

2. Please find enclosed the current telemarketing scripts that we understand are being used in conjunction with the infomercials listed above. Attachment A includes scripts relating to the Natural Cures, Barefoot, Your Wish Is Your Command, and Natural Cures Health Institute infomercials. Attachment B includes scripts relating to the Debt Cures and Free Money infomercials.

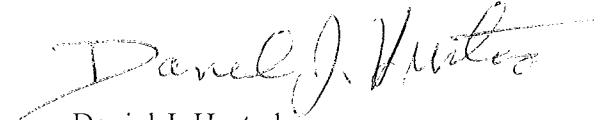
3. Please find enclosed at Attachment C copies of: (1) Agreement between Maxxed Out, LLC/Debt Cures, LLC and Trustar Productions, Inc.; and (2) Spokesperson/Host/Author Agreement between Free Is My Favorite, LLC and Trustar Productions, Inc.

The documents contained in Attachments A, B and C have been designated "Confidential" and should be treated as confidential in accordance with the Protective Order that has been entered in this matter.

Again, Mr. Trudeau *wants* to comply with the 2004 Order and Corrected Supplemental Order. For the reasons stated above, Mr. Trudeau believes that any infomercials in which he appears that have aired on or after June 2, 2010 are not covered by the bond requirement of the Corrected Supplemental Order. If the FTC disagrees with Mr. Trudeau's position with regard to any of the infomercials identified above, please let us know immediately so that we may take measures to resolve the matter. Mr. Trudeau asks that we again emphasize that he stands ready to address any issues the FTC may have about any of his business activities.

We look forward to your response.

Very truly yours,

A handwritten signature in cursive script that reads "Daniel J. Hurtado". The signature is written in black ink and is positioned above the printed name and title.

Daniel J. Hurtado
Legal Counsel