

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
CHAMPAIGN COUNTY

FILED
SIXTH JUDICIAL CIRCUIT
4 MAY 14 2009
Linda S. Frank
CLERK OF THE CIRCUIT COURT
CHAMPAIGN COUNTY, ILLINOIS

THE PEOPLE OF THE STATE OF ILLINOIS,)

Plaintiff,)

-vs.-)

YTB INTERNATIONAL, INC., (a Delaware)
corporation not authorized to do business as a foreign)
corporation in the State of Illinois); and)

YOURTRAVELBIZ.COM, INC., (an)
Illinois Corporation); and)

YOURTRAVELBIZ.COM, INC., (a Delaware)
Corporation); and)

YTB TRAVEL NETWORK OF ILLINOIS, INC., (an)
Illinois corporation f/k/a YTB Travel & Cruises and)
also d/b/a as YTB Travel and Cruises); and)

J. LLOYD TOMER, individually and as Chairman of)
the Board of Directors of YTB International, Inc.; and)

J. SCOTT TOMER, individually and as Director and)
Chief Executive Officer of YTB International, Inc.; and)
as President of YourTravelBiz.com, Inc. (an Illinois)
corporation); and)

J. KIM SORENSEN, individually and as Vice Chairman,)
President, and Director of YTB International, Inc.,)
(a Delaware corporation), former President of)
YourTravelBiz.com, Inc. and as Chief Executive Officer of)
YTB Travel Network of Illinois,)

Defendants.)

NO. 2009-CH- 187

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES the plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and brings this action complaining of YTB International, Inc.; YourTravelBiz.com, Inc. (an Illinois corporation), YourTravelBiz.com, Inc. (a Delaware corporation), YTB Travel Network of Illinois, Inc., J. Lloyd Tomer, individually and as Chairman of the Board of Directors of YTB International, Inc., J. Scott Tomer, individually and as Chief Executive Officer of YTB International, Inc., and President of YourTravelBiz.com, Inc. (an Illinois corporation) , and J. Kim Sorenson, individually and as Vice Chairman, President, and Director of YTB International, Inc., former President of YourTravelBiz.com, Inc. and as Chief Executive Officer of YTB Travel Network of Illinois.

JURISDICTION AND VENUE

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to her authority to enforce the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 et seq.) (“Consumer Fraud Act”) and her common law authority as Attorney General to represent the People of the State of Illinois.

2. Venue for this action properly lies in Champaign County, Illinois, pursuant to section 2-101 of the Illinois Code of Civil Procedure (735 ILCS 5/2-101), in that one or more of the transactions complained of herein out of which this action arose occurred in Champaign County.

PARTIES

3. The Plaintiff is THE PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, pursuant to her authority to enforce the Consumer Fraud

Act and her common law authority as Attorney General to represent the People of the State of Illinois.

YTB International, Inc. (Parent Company)

4. YTB International, Inc. is a business which markets its travel-related products and services throughout the United States.

5. Effective January 4, 2005, a company called YourTravelBiz.com, Inc. merged with a New York Corporation called RezConnect Technologies, Inc. and reincorporated in Delaware under the name of YTB International Inc., and then assigned assets to three wholly owned subsidiaries: Defendant YourTravelBiz.com, Inc. and Defendant YTB Travel Network, Inc. and RezConnect Technologies, Inc. (all Delaware corporations).

6. Defendant YTB International, Inc. is a Delaware corporation with its principal place of business at Wood River, Illinois and is the parent company to the other named business entity defendants herein.

7. Defendant YTB International, Inc. is not authorized to do business as a foreign corporation in the State of Illinois.

8. YTB International, Inc. operates under the trademarks of YourTravelBiz, YTBnet.com, Travel Network, Global Travel Network, Travel Network Vacation Central, and YourTravelBiz.com. Inc.

YourTravelBiz.com, Inc.

9. Defendant YourTravelBiz.com, Inc. is a Delaware corporation with its principal place of business at Wood River, Illinois.

10. There is an Illinois corporation called YourTravelbiz.com, Inc. For purposes of this Complaint, both the Illinois corporation, YourTravelBiz.com, Inc. and the Delaware corporation YourTravelBiz.com, Inc. are collectively referred to as "YourTravelBiz.com, Inc."

11. Defendant YourTravelBiz.com, Inc. is a wholly owned subsidiary of YTB International, Inc.

12. Defendant YourTravelBiz.com, Inc. is not authorized to do business as a foreign corporation in the State of Illinois.

13. Defendant YourTravelBiz.com, Inc. was created to market travel agency websites to RTAs (Referring Travel Agents) in a Referral Marketing program that incentivizes [sic] the Reps (Independent Marketing Representatives) for bringing RTAs and Reps into the system.

14. Defendant YourTravelBiz.com, Inc. focuses on marketing online travel websites through a nationwide network of independent business people known as 'Reps'.

YTB Travel Network of Illinois, Inc ("YTB Travel")

15. Defendant YTB Travel Network of Illinois, Inc. is a wholly owned subsidiary of YTB International, Inc.

16. Defendant YTB Travel Network of Illinois, Inc. is an Illinois corporation with its principal place of business at Wood River, Illinois.

17. YTB International, Inc. refers to YTB Travel Network of Illinois Inc., as "YTB Travel".

18. YTB International, Inc, states that "YTB Travel Network establishes and maintains travel vendor relationships, processes travel transactions of online travel agents and affiliates, provides online booking systems, collects travel commissions and pays travel commissions. Each RTA directs consumers to the YTB Internet-based travel website."

J. Lloyd Tomer

19. J. Lloyd Tomer was a co-founder of YourTravelBiz.com, Inc. in 2001. He is also the Chairman of the Board of Directors of YTB International, Inc.

20. J. Lloyd Tomer developed and implemented the business plan for Defendant YTB International, Inc. and its wholly owned subsidiaries, which are Defendants herein. J. Lloyd Tomer manages, directs and controls the day to day business operations of YTB International, Inc. and YourTravelBiz.com, Inc.

21. J. Lloyd Tomer formulated, directed, controlled and had knowledge of the acts and practices of the defendant corporations YourTravelBiz.com, Inc. and YTB International, Inc. and, at all times relevant hereto, was an officer, director, owner and/or agent of the defendants YourTravelBiz.com, Inc. and YTB International, Inc.

22. J. Lloyd Tomer is sued individually and as Chairman of the Board of Directors of YTB International, Inc.

23. To adhere to the fiction of separate corporate existence between Defendant J. Lloyd Tomer and YTB International, Inc. and YourTravelBiz.com, Inc. would serve to sanction fraud and promote injustice.

J. Scott Tomer

24. J. Scott Tomer was a co-founder of YourTravelBiz.com, Inc. in 2001 and is the son of J. Lloyd Tomer. J. Scott Tomer is a Director and Chief Executive Officer of YTB International, Inc. and President of YourTravelBiz.com, Inc. Defendants herein.

25. J. Scott Tomer is sued individually and as Chief Executive Officer of YTB International, Inc. and as President of YourTravelBiz.com, Inc., Defendants herein. J. Scott Tomer

manages, directs and controls the day to day business operations of YTB International, Inc. and YourTravelBiz.com, Inc.

26. J. Scott Tomer formulated, directed, controlled and had knowledge of the acts and practices of defendant corporations YTB International, Inc. and YourTravelBiz.com, Inc. and, at all times relevant hereto, was an officer, director, owner and/or agent of the defendant YTB International, Inc. and YourTravelBiz.com, Inc.

27. To adhere to the fiction of separate corporate existence between Defendant J. Scott Tomer and Defendant YTB International, Inc. and Defendant J. Scott Tomer and Defendant YourTravelBiz.com, Inc. would serve to sanction fraud and promote injustice.

J. Kim Sorensen

28. J. Kim Sorensen was a co-founder of YourTravelBiz.com, Inc. in 2001. As of November 18, 2008, J. Kim Sorensen serves as Vice Chairman, President and Director of YTB International Inc., and Chief Executive Officer of YTB Travel Network of Illinois.

29. J. Kim Sorensen manages, directs and controls the day to day business operations of Defendants YTB International, Inc. and YTB Travel Network of Illinois, Inc.

30. J. Kim Sorensen, formulated, directed, controlled and had knowledge of the acts and practices of the defendant corporations YTB International, Inc. and YTB Travel Network of Illinois, Inc. and, at all times relevant hereto, was an officer, director, owner and/or agent of said entities. In addition to those positions, on November 18, 2008, he was also named Vice Chairman of YTB International Inc.

31. J. Kim Sorensen is sued individually and as Vice Chairman, President and Director of YTB International, Inc. and Chief Executive Officer of YTB Travel Network of Illinois.

32. To adhere to the fiction of separate corporate existence between the Defendant J. Kim Sorensen and Defendant YTB International, Inc and Defendant J. Kim Sorensen and Defendant YTB Travel Network of Illinois would serve to sanction fraud and promote injustice.

Reference to "Defendants" and "YTB"

33. For purposes of this Complaint for Injunctive and Other Relief any references to the acts and practices of the Defendants or of "YTB" shall mean that such acts and practices are by and through all Defendants named herein and for the corporate Defendants, by and through the acts of said corporations' officers, owners, directors, employees, or other agents.

COMMERCE

34. Subsection 1(f) of the Consumer Fraud Act (815 ILCS 505/1(f)), defines "trade" and "commerce" as follows:

The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale, or distribution of any services and any property, tangible or intangible, real, personal or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

35. The defendants were at all times relevant hereto, engaged in trade and commerce in the State of Illinois in that they promoted, advertised, offered for sale and sold travel related services and business opportunities.

DEFENDANTS' COURSE OF CONDUCT

36. Defendants purport to be in the multi-level marketing business of selling "travel services," that is, selling an at-home travel business opportunity, when in reality, Defendants are promoting a classic pyramid sales scheme.

Defendants' Sales Program

37. Defendants' sales program provides two different opportunities to participate in Defendants' operation as set forth in YTB Policies and Procedures attached as Exhibit "1":

A. as a Referring Travel Agent ("RTA") for an initial fee of \$449.95 plus \$49.95 per month for a "monthly license fee" to purchase a travel website. RTAs may purchase the travel services for personal consumption or for sale to third parties and earn sales commissions. The YTB Referring Travel Agent Agreement is attached hereto as Exhibit "2"; and

B. as an Independent Marketing Representative ("Rep"), which Defendants represent requires no purchase. The Rep program or "referral marketing program" incentivizes Reps to market the sale of travel websites to others as Reps or RTAs. A Rep earns commission on each sale of a website to an RTA he/she recruits into the YTB system. Reps can also earn additional compensation on sales of travel websites made in that Rep's down line. The Independent Marketing Representative Agreement is attached hereto as Exhibit "3".

RTA Opportunity

38. Defendants promote the RTA opportunity as a way to join Defendants' companies by purchasing a travel website.

39. Defendants promote the RTA opportunity as a viable and profitable at home business opportunity yet few RTAs ever recover their initial investment.

40. RTAs refer people to their website (online travel agency) to book travel through Defendants and can earn commissions on travel booked through their personalized site or by direct referral.

41. RTAs and YTB split the travel commissions earned 60%-40%.

42. For example, if an RTA books a hotel stay at a price of \$100, and the sales commission is 10% or \$10, his commission for the booking would be \$6 and YTB would receive \$4 in commission.

43. Typical standard base commission rates paid by travel suppliers have been approximately 10% of the price for hotel reservations, 5-10% for car rentals, 10-16% for cruises and vacation packages and a nominal fee for airline tickets

44. Some RTAs have complained that they believed that they would earn 60% of the total cost of the travel ticket rather than 60% of the commission received.

45. A consumer is considered an "RTA" after the consumer pays the \$449.95, but is not a "certified" RTA unless that consumer attends RTA training at a cost of \$149.99.

46. Becoming a certified RTA is of no significance outside of the defendants' organization. Recently, the defendants have offered to pay certified RTAs 70% of the commission earned on the sale of travel instead of 60%.

Business Opportunity Available to RTAs Is Not a Viable Business Opportunity

The Defendants Lost Their IATA Number

47. Defendants advertise that consumers can enjoy and sell discounted travel to anywhere in the world.

48. To obtain discounts on international travel, consumers must provide an IATA number. An IATA number is an 8 digit numerical code from the International Air Transport Association (IATA), an international trade body representing 230 airlines comprising 93% of scheduled international air traffic. The 8-digit IATA number uniquely identifies travel agencies and other entities engaged in the sale of travel.

49. Holders of an IATA number and ID card are eligible to receive special offers such as “fam trips”, deals, and discounts from travel and tourism suppliers around the world.

50. To obtain the “travel agent discount” on RTAs’ own travel, RTAs must provide an IATA number.

51. Defendants lost their IATA accreditation in November, 2007.

52. The defendants appealed their loss of IATA accreditation but the Travel Agency Commissioner of the IATA upheld the decision in April, 2008.

53. Until recently, promotional DVDs and literature and YTB directors’ websites continued to mention the value of having an IATA number, although consumers will no longer obtain an IATA number by joining YTB.

Royal Caribbean Has Ceased Doing Business With the Defendants, and Norwegian Cruise Lines Reportedly Did the Same

54. By way of letter dated October 8, 2007, Royal Caribbean terminated its relationship with the defendants effective November 9, 2007.

55. The defendants continued to promote business with major cruise lines, including Royal Caribbean, and until recently, failed to disclose that Royal Caribbean had terminated its relationship with the defendants in November, 2007.

56. Upon information and belief, Norwegian Cruise Lines severed its relationship with the defendants in late January, 2009.

57. These terminations mean that RTAs cannot obtain any discounts or promotions from the cruise lines that the general public cannot obtain.

Most RTAs Make Less Money Than They Paid to the Defendants

58. In 2007, the average active RTA earned only \$8.91 per month, for an average annual income of about \$114.10.

Rep Opportunity

59. Defendants advertise the "Rep" opportunity as having no cost to join. The Reps are required to sign a Rep Agreement attached hereto as Exhibit "3".

60. The signing of the Rep Agreement involves the foregoing of benefits by the consumer and therefore involves the foregoing of things of value, including but not limited to: (a) ownership of the customer lists generated by the Rep which are deemed owned by YTB (Par 9 of Rep Agreement); (b) the opportunity to work for any other online travel agency during the term of the Rep Agreement as well as for a period of one year after the Rep terminates the Rep Agreement (Par 17 of Rep Agreement) (c) the Rep's ability to change the identity of their his/her sponsoring Rep (a sponsoring Rep is the Rep who brings a Rep into the sponsoring Rep's downline and receives commissions on the lower Rep's sales). In order for a Rep lower in the downline to change their sponsoring Rep, the lower Rep must terminate his/her Rep agreement with YTB and wait 4 months and then join YTB again (Par 16 of Rep Agreement).

61. The defendants encourage Reps to buy 25 copies per month of the magazine "Success at Home" at a cost of \$99 per month, and to pay an additional \$14.95 per month for an enhanced website.

62. Defendants advertise the "Rep" opportunity as having the ability to sell on-line travel agencies, enroll RTAs, and sponsor other Reps.

63. The defendants encourage Reps to develop a "downline" organization by sponsoring other consumers as RTAs who will also become Reps and will encourage others to become RTAs,

then Reps, and so on.

64. The defendants encourage each Rep to recruit six individuals into his/her down line and each of them would recruit six additional persons, until the original Rep has a down-line organization consisting of multiple levels as set forth in the YTB Copyrighted Compensation Plan attached hereto as Exhibit "4" and as set forth in the Compensation Plan video found at <http://www.youtube.com/watch?v=tgjsna9KtJI>.

65. Reps are compensated entirely on the basis of the number of people who are recruited into their down line.

66. Those at the top of the defendants' pyramid earn the most money of all the participants.

67. Reps begin at the bottom of the pyramid and progress upward in the pyramid based on the number of down lines they create and RTAs and Reps they recruit. Reps become directors upon recruiting at least 500 active RTAs into their down line and signing a director agreement. There are multiple levels of directors, with each level earning progressively more than the previous level. For example, Level 6 directors must have at least 50,000 active RTAs in their downline.

68. Defendants Lloyd Tomer and Scott Tomer, and the highest level directors make the bulk of the money with the defendants.

69. As of approximately March 31, 2008, Defendants Lloyd Tomer, Scott Tomer, and Kim Sorenson had increased their base salary from \$134,832 to \$325,000 and scheduled their salaries to increase in increments of \$25,000 for each successive year of their employment agreements.

70. In addition to the base compensation payable to Defendants J. Scott Tomer, J. Kim

Sorensen, and J. Lloyd Tomer, these defendants' employment agreements provide for substantial compensation based on RTA sales, RTA monthly fees, and Rep earnings.

71. In 2007, Defendants Scott Tomer and J. Kim Sorensen each received \$2.3 million in cash, benefits and stock from YTB International, Inc.

72. Defendant Lloyd Tomer received \$3.5 million in cash, benefits, and stock from the defendants in 2007.

73. Level 1 directors earned an average of \$12,875.64 during 2007. Level 7 directors earned between \$800,000 and \$4.9 million during 2007.

74. In 2007, the average Rep earned \$90.32 and 80.92% of Reps earned nothing at all in 2007.

Defendants' Solicitation Methods

75. Defendants advertise and promote the opportunity to join YTB through multiple media and these advertisements are in various forms including, but not limited to:

- A. word of mouth;
- B. distribution of YTB literature;
- C. distribution of YTB promotional DVDs;
- D. electronic mail solicitations directed to specific consumers;
- E. invitations to "YTB Travel Parties";
- F. invitations to watch YTB promotional DVDs; and
- G. invitations to listen to YTB conference calls.

76. The defendants recommend that invitations to YTB's website or an individual RTA's website include such statements as:

if you have a desire to take control of your future, to create financial freedom and live a fuller life, take a simple step and visit my www.ytbnet.com [insert RTA extension here].

YTB Travel Parties

77. If consumers are invited to a "YTB Travel Party", sample recommended travel party outlines and scripts are distributed by Reps' up lines and include such statements as:

I'm calling to invite you to my new business Grand Opening Reception at my home. I have arranged a special guest speaker, so come a little early so you won't miss anything.

78. At YTB travel parties, Reps are instructed by Defendants to solicit consumers to buy travel, a travel website, or become a Rep.

79. Defendants direct Reps that at YTB travel parties, the Reps should show presentations about travel discounts, tell success stories of people becoming millionaires and making six figure incomes with the defendants, encourage consumers to purchase the defendants' literature, and encourage consumers to listen to the "invaluable" weekly conference calls because they are full of information necessary to have a successful at home business.

Conference Calls and Promotional DVDs

80. The defendants' weekly conference calls have contained little actual travel business training and have included:

- a. solicitations to buy brochures/magazines;
- b. success stories of people who have earned lots of money through the defendants' program;
- c. explanations of the benefits specialized Reps known as "Directors" receive. (i.e. health insurance, life insurance and bonuses);
- d. solicitations to join the defendants as an RTA;

- e. representations that consumers will receive their ARC and IATA cards after becoming an RTA and attending RTA training;
- f. solicitations to join the defendants as a Rep, recruit new members, and build a down line structure that provides referral bonuses, direct sales commissions, commission overrides and matching bonuses;
- g. representations that some people using the defendants' program make six figures per month in income;
- h. representations that if Reps buy 25 copies of Defendants' magazine per month at a cost of \$99 per month, the Reps will receive a \$6,000 guarantee, without explanation of the details and additional terms necessary to receive the \$6,000 guarantee; and
- i. representations that RTA training will teach them about the "tax benefits" of being an RTA.

Defendants' Representations About Income

81. The defendants create marketing DVDs depicting alleged Reps and RTAs playing on the beach and driving Mercedes vehicles.

82. At the defendants' conventions, Reps and RTAs are invited to the stage to give testimonials on how the defendants freed them from the chains of the corporate world or from bankruptcy or debt. At these conventions, the defendants distribute what purport to be large commission checks, sapphire rings, cash, and stock bonuses to their top performers.

83. The earnings depicted in the marketing DVDs and at the defendants' conventions are not representative of typical Rep or RTA earnings.

Representations About "Tax Savings"

84. The defendants represent to potential participants that participating in the defendants' program has tax benefits, including a representation that three minutes per day can turn into as much as \$5,000 or more in tax deductions.

85. This tax saving representation appears to refer to the ability of consumers to write off expenses related to an at home business. The truth of that statement depends on many factors, which may or may not be present in a particular consumer's at home travel business. In addition, the at home business deductions are taken against income. Defendants' statements presuppose that the consumer has earned at least \$5,000 through YTB, which may not be the case as the average RTA earns \$8.50 per month and the average Rep earns \$90.32 per year.

UCC-1 Representations

86. The defendants represent that to secure the rights of reps to present and future incomes, they have filed a UCC-1 Financing statement with the offices of the Secretary of State of Illinois and New Jersey.

87. A UCC-1 filing could not secure payment of past and future residual incomes to Reps. By definition, a UCC-1 filing creates a lien when equipment, inventory or other tangible assets of a business are used as a collateral for borrowing against the property, so the borrower may not dispose of the property without paying off the debt.

88. Upon information and belief, the defendants made no such UCC-1 filings.

Sales Figures

89. Defendants claimed that in 2007 they sold \$400 million worth of travel services with a retail value of \$410 million and that YTB was recognized as the 26th top seller of travel by Travel Weekly Magazine.

90. Defendants now assert that the aggregate retail value of all travel services increased 83.7% in 2007 to over \$414 million from approximately \$225 million in 2006. Defendants allege that comparable data for 2008 sales (retail value) has not yet been reported to Defendants by their travel vendors. (See SEC Form 10-K filed March 17, 2009, p. 31 attached as Exhibit "5"). Defendants have not reported any value (retail value nor aggregate retail value) of the travel services sold in 2008.

91. In 2008, Defendants reported revenue of \$27,907,000 for travel commissions and services in 2008, representing only 17.2% of its net revenue.

92. In 2008, Defendants paid approximately \$19,972,000 in travel commissions to RTAs, that is only 12.3% of the net revenues it received.

93. For the fiscal year ending December 31, 2008, Defendants report net revenues from the sale of online travel stores to RTAs and monthly fees paid by RTAs of \$122,361,000, representing 75.3% of its net revenue.

94. The defendants have acknowledged that its earnings from online travel stores sales, monthly fees, commissions, training programs and marketing materials have exceeded marketing commissions and travel commissions paid out to Reps and RTAs.

95. The defendants acknowledge that their competition includes a number of network marketers, as opposed to travel providers.

96. The defendants' revenues come primarily from downline recruitment rather than from sales of travel to consumers.

APPLICABLE STATUTES

97. Section 1(g) of the Consumer Fraud Act defines a "pyramid sales scheme" as follows:

The term "pyramid sales scheme" includes any plan or operation whereby a person, in exchange for money or other thing of value, acquires the opportunity to receive a thing of value, which is primarily based on the inducement of additional persons, by himself or others, regardless of number, to participate in the same plan or operation and is not primarily contingent on the volume or quantity of goods, services or other property sold or distributed or to be sold or distributed to persons for purposes of resale to consumers. For purposes of this subsection, money or other thing of value" shall not include payments made for sales demonstration equipment and materials furnished on a nonprofit basis for use in making sales and not for resale.

815 ILCS 505/1(g).

98. Section 2A(2) of the Illinois Consumer Fraud and Deceptive Business Practices Act provides that:

it is an unlawful practice, within the meaning of this Act for any person, by himself or through others to sell, offer to sell, or attempt to sell the right to participate in a pyramid sales scheme.

815 ILCS 505/2A(2).

99. Section 2 of the Consumer Fraud Act states as follows:

Unlawful practices; construction with the Federal Trade Commission Act.

§2 Unfair methods of competition and unfair or deceptive acts or practices, including, but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact with the intent that others rely upon the concealment, suppression or omission of such material fact or the use or employment of any practices described in Section 2 of the Uniform Deceptive Trade Practices Act, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby. In construing this section, consideration shall be given to the interpretations. of the Federal Trade Commission and the Federal Trade Commission Act.

815 ILCS 505/2.

100. Section 510/2 of the Uniform Deceptive Trade Practices Act provides in pertinent part as follows:

(a) Deceptive trade practices.

A person engages in a deceptive trade practice when, in the course of his or her business, vocation or occupation, the person:

...

(5) *represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have, or that a person has a sponsorship, approval, status affiliation or connection that he or she does not have;*

...

(b) *In order to prevail in an action under this act, a plaintiff need not prove competition between the parties or actual confusion or misunderstanding.*

815 ILCS 510/2

101. Section 7 of the Consumer Fraud Act provides:

§7 Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.

In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed \$50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed \$50,000 per violation.

815 ILCS 505/7.

102. Section 10 of the Consumer Fraud Act provides:

In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State.

815 ILCS 505/10.

COUNT I
VIOLATIONS OF SECTION 2A(2) OF THE CONSUMER FRAUD ACT

103. Defendants have violated Section 2A(2) of the Consumer Fraud Act by engaging in an unlawful pyramid sales scheme as defined by Section 1(g) of the Consumer Fraud Act in that:

A. Defendants' marketing plan primarily emphasizes and pays commission on the recruitment of others in to the marketing plan, rather than the sale of product to the ultimate user;

B. Earning money through the defendants' marketing plan is primarily contingent upon recruiting other individuals to participate in Defendants' marketing plan or operation as Reps or RTAs;

C. Earning money through the defendants' marketing plan is not primarily contingent upon the sale of product to the ultimate consumer; and

D. Both options for participating in the defendants' program involve the provision of consideration to the defendants.

PRAYER FOR RELIEF COUNT I

WHEREFORE, Plaintiff prays that this Honorable Court enter an order:

A. Finding that Defendants have violated Section 2A(2) of the Consumer Fraud Act;

B. Preliminarily and permanently enjoining Defendants either individually or in concert with others, from advertising, selling, offering for sale, or promoting any multi-level marketing plan or pyramid sales scheme, or accepting money or other things of value from people for the same;

C. Declaring that all contracts entered into between the defendants and consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to said consumers;

D. Assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) per violation of the Act found by the Court to have been committed by the defendants with the intent to defraud; if the Court finds the defendants have engaged in methods, acts or practices declared unlawful by the Act, without the intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000), all as provided in section 7 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/7);

E. Requiring the defendants to pay all costs for the prosecution and investigation of this action, as provided by section 10 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/10); and

F. Providing such other and further equitable relief as justice and equity may require.

COUNT II

VIOLATIONS OF SECTION 2 OF THE CONSUMER FRAUD ACT

104. The Defendants, in the course of advertising, offering for sale and selling their products and services, have engaged in a course of trade or commerce which constitutes unfair or deceptive acts or practices declared unlawful under section 2 of the Consumer Fraud Act by:

A. representing, expressly or by implication, that Defendants are travel agencies when in fact the primary function of their business is building a down line;

- B. representing, expressly or by implication, that consumers can enjoy and sell discounted travel to anywhere in the world, when in fact the defendants have lost their IATA accreditation;
- C. representing, expressly or by implication, that RTAs can sell Royal Caribbean Cruise Line tickets despite the fact that as of November 2007, Royal Caribbean ceased doing business with Defendants;
- D. representing, expressly or by implication, that the session offered as an "RTA training session" is a training session, when in fact, it was a multi-hour sales program, designed primarily to induce consumers to purchase Defendants' on-line travel agency as well as additional promotional materials, magazines, and annual meeting tickets;
- E. representing, expressly or by implication, that becoming an RTA has tax advantages without clearly and conspicuously disclosing the limitations on receiving such tax savings;
- F. representing, expressly or by implication, that the weekly conference calls would provide continued training, when in fact those conference calls include YTB "success stories" and discussions of the earnings of YTB Directors, although Directors' earnings are not representative of typical RTA or Rep earnings;
- G. representing, expressly or by implication, that the RTA opportunity is a viable work from home business opportunity when in fact few RTAs actually even recover their initial investment; and

H. representing that Defendants have filed a UCC-1 in Illinois and New Jersey that will protect RTAs' and Reps' right to commission, when there is no such UCC-1 on file with the Secretaries of State of either Illinois or New Jersey and a UCC-1 could not have the purpose or effect of protecting all RTAs or Reps' commissions.

VIOLATIONS OF THE UNIFORM DECEPTIVE TRADE PRACTICES ACT

105. The same conduct by Defendants enumerated in Paragraph 104 also violates Section 2(a)(5) of the Uniform Deceptive Trade Practices Act :

A. As Defendants represented that the purchase of its product would entitle RTAs to certifications and the ability to sell products that it will not;

B. Defendants represented that the purchase of a website would entitle an RTA to affiliation that it will not, specifically, an IATA card and certification;

C. That RTAs could sell Royal Caribbean tickets, when as of November 7, 2007, Royal Caribbean terminated its relationship with Defendants and therefore RTAs could not sell Royal Caribbean tickets; and

D. That through the purchase of a website, a pure RTA (one who is not also a Rep) could earn millions, when a consumer must become a Rep to have those types of earnings, and that only a few Reps earned in the millions and most Reps earned nothing.

PRAYER FOR RELIEF-COUNT II

WHEREFORE, Plaintiff prays that this Honorable Court enter an Order:

A. Finding that the Defendants have violated section 2 of the Consumer Fraud Act and Section 2(a)(5) of the Uniform Deceptive Trade Practices Act;

B. Preliminarily and permanently enjoining the Defendants, either individually or in concert with others, from advertising, selling, offering for sale, or promoting any multi-level marketing plan or pyramid sales scheme, or accepting money or anything of value from people for the same;

C. Declaring that all contracts entered into between the defendants and consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to said consumers;

D. Assessing a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) per violation of the Act found by the Court to have been committed by the defendants with the intent to defraud; if the Court finds the defendants have engaged in methods, acts or practices declared unlawful by the Act, without the intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars (\$50,000), all as provided in section 7 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/7);

E. Requiring the defendants to pay all costs for the prosecution and investigation of this action, as provided by section 10 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/10); and

F. Providing such other and further equitable relief as justice and equity may require.

Respectfully submitted,

THE PEOPLE OF THE STATE OF
ILLINOIS, by LISA MADIGAN,
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