

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a), 52, and 53(b); and 28 U.S.C. §§ 1331, 1337(a) and 1345.

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

THE PARTIES

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government created by the FTC Act. 15 U.S.C. §§ 41-58. The Commission enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission also enforces Section 12 of the FTC Act, 15 U.S.C. § 52, which prohibits false advertisements for food, drugs, devices, services, or cosmetics in or affecting commerce. The Commission, through its own attorneys, may initiate federal district court proceedings to enjoin violations of the FTC Act and to secure such equitable relief, including consumer redress, as may be appropriate in each case. 15 U.S.C. § 53(b).

5. Defendant Kevin Trudeau (“Trudeau”) has promoted, marketed, offered for sale, and distributed various products and programs through the use of infomercials and direct mail for the past five years. Since at least August 2002, and continuing thereafter, he has participated, along with Defendant Robert Barefoot, in at least one infomercial that advertises a calcium supplement called Coral Calcium Supreme. Trudeau was the founder and manager of Defendant Shop America (USA), LLC and has signed the company’s annual financial report for 2002. Individually, or in concert with others, Trudeau has promoted or promotes the product Coral

Calcium Supreme to the public throughout the United States. He directs, controls, formulates, or participates in the acts and practices of Defendants Shop America (USA), LLC, Shop America Marketing Group, LLC, and TruStar Global Media, Limited, including the acts and practices complained of below. On or about June 10, 2003, after the Complaint was filed in this action, Defendant Trudeau resigned his management and/or control positions at each of Defendants Shop America (USA), LLC and TruStar Global Media, Limited and at Relief Defendant TruCom, LLC. Trudeau has transacted or transacts business in the Northern District of Illinois.

6. Defendant Shop America (USA), LLC (“Shop America (USA)”) is an Illinois limited liability company with its principal place of business at 1462 Elmhurst Road, Elk Grove Village, IL, 60007-6417. Since at least August 2002, and continuing thereafter, Shop America (USA), acting alone and in concert with others, has promoted, marketed, offered for sale, and distributed the product Coral Calcium Supreme to consumers throughout the United States. Shop America (USA) has transacted or transacts business in the Northern District of Illinois.

7. Defendant Shop America Marketing Group, LLC (“Shop America Marketing”) is a Delaware limited liability company with its principal place of business at 1462 Elmhurst Road, Elk Grove Village, IL, 60007-6417. That address is also used by Defendants Shop America (USA) and TruStar Global Media, Limited and by Relief Defendants K.T. Corporation, Limited and TruCom, LLC. Beginning in or around August 2002, Shop America Marketing, acting alone or in concert with others, has provided product fulfillment services, including packaging of the challenged promotional materials, and continuity marketing programs for Coral Calcium Supreme. Shop America Marketing has transacted or transacts business in the Northern District of Illinois.

8. Defendant TruStar Global Media, Limited (“TruStar Global”) is a foreign limited liability company that is incorporated in the United Kingdom. TruStar Global’s place of business and location of books and records in the United States has been or is 1462 Elmhurst Road, Elk Grove Village, Illinois 60007-6417. That address is also used by Defendants Shop America (USA) and Shop America Marketing and by Relief Defendants K.T. Corporation, Limited and TruCom, LLC. TruStar Global owns a majority of Defendant Shop America (USA). TruStar Global, acting alone or in concert with others, arranged for the placement of Coral Calcium Supreme infomercials throughout the United States and coordinated infomercial broadcast activities with Mercury Media, a media placement firm. For at least calendar year 2001, TruStar Global submitted federal and Illinois income tax returns showing income related to activities in the United States. TruStar Global has transacted or transacts business in the United States. TruStar Global has transacted or transacts business in the Northern District of Illinois.

9. Defendants Trudeau, Shop America (USA), Shop America Marketing, and TruStar Global have operated a common business enterprise while engaging in the acts and practices complained of below and are therefore jointly and severally liable for said acts and practices.

10. Defendant Robert Barefoot (“Barefoot”) is the president and owner of Deonna Enterprises, Inc. Barefoot on behalf of Defendant Deonna Enterprises, Inc. has contracted with Trudeau and his company Shop America (USA) to promote, market, advertise, offer for sale, and distribute the product Coral Calcium Supreme to consumers throughout the United States. Individually, or in concert with others, Barefoot directs, controls, formulates, or participates in

the acts or practices of Deonna Enterprises, Inc. including the acts and practices complained of below. Since at least August 2002, Barefoot has stated publicly that he developed the formula for the product Coral Calcium Supreme. Barefoot has participated or participates in at least one infomercial with Trudeau that advertises the product Coral Calcium Supreme. Barefoot has transacted or transacts business in the Northern District of Illinois.

11. Defendant Deonna Enterprises, Inc. (“Deonna Enterprises”) is a Nevada

Marketing, and TruStar Global and by Relief Defendant K.T. Corporation, Limited. TruCom is the majority owner of Defendant TruStar Global. Through TruStar Global, TruCom is the majority owner of Defendant Shop America (USA). Relief Defendant TruCom received funds and other assets from one or more of the Defendants as a result of the Defendants' acts and practices complained of herein. For example, on or about May 27, 2003, Defendant Trudeau authorized A.G. Edwards & Sons to transfer all assets from an account held in the name of Kevin Trudeau to an account held in the name of TruCom. In or about June 2003, that transfer of at least \$500,000 in assets was accomplished. TruCom has transacted or transacts business in the Northern District of Illinois.

14. Relief Defendant K.T. Corporation, Limited ("KT Corp.") is a foreign corporation that is incorporated in the Isle of Man and that has a place of business in the United States at 1462 Elmhurst Road, Elk Grove Village, IL, 60007-6417. That address is also used by Defendants Shop America (USA), Shop America Marketing, and TruStar Global and by Relief Defendant TruCom. KT Corp. owns 100 percent of Defendant Shop America Marketing and 100 percent of Relief Defendant TruCom. Through TruCom, KT Corp. is the majority owner of each of Defendants Shop America (USA) and TruStar Global. Relief Defendant KT Corp. received funds and other assets from one or more of the Defendants as a result of the Defendants' acts and practices complained of herein. For example, on or about June 10, 2003, after the Complaint was filed in this action, Defendant Trudeau transferred to KT Corp. a house in Ojai, California that he owned and occupied; that transaction was represented to be a partial repayment of an earlier loan from KT Corp. Trudeau continues to occupy the house as a result of a transaction represented to be a lease back from KT Corp. KT Corp. has transacted or

transacts business in the United States. KT Corp. has transacted or transacts business in the Northern District of Illinois.

COMMERCE

15. The acts and practices of Trudeau, Shop America (USA), Shop America Marketing, TruStar Global, Barefoot, Deonna Enterprises, and Karbo Enterprises (collectively, “Defendants”) alleged in this Complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. §§ 44.

DEFENDANTS’ COURSE OF CONDUCT

16. Since at least August 2002, Defendants have manufactured, labeled, advertised,

Defendants supply viewers with a toll-free telephone number to call to purchase Coral Calcium Supreme. See Exhibit A (copy of 30-minute infomercial) and Exhibit B (transcript of 30-minute infomercial). Defendants also include product brochures along with the Coral Calcium Supreme product when it is shipped to consumers. See Exhibit C.

19. In addition, many consumers who call the toll-free telephone number displayed during the infomercial are directed to visit the Web site www.cureamerica.net for more information about the benefits of coral calcium. Barefoot operates and maintains the Web site www.cureamerica.net. The Web site contains a prominent link that enables consumers to e-mail Barefoot directly for more information about coral calcium.

20. To induce consumers to purchase Coral Calcium Supreme, Defendants have widely disseminated advertisements and promotional materials, including, but not limited to, Exhibits A through C attached hereto, which contain, among others, the following statements:

A. KEVIN TRUDEAU: [T]here's a connection you believe to be [sic] between specifically cancer and the lack of calcium in someone's diet?

ROBERT BAREFOOT: It's not just cancer. It's all degenerative diseases, lupus * * * MS, cancer. The link is the calcium factor.

* * *

York Times, the Reader's Digest, the U.S. World News Report, they all had huge articles on how cancer is reversed by calcium supplements and they went so far as to say that epithelial cancer cells would grow back to normal, which means the cancer is no longer there. [Ex. B at pp. 5-7].

- B. ROBERT BAREFOOT: * * * So, [Okinawans] dug [coral sand] up, put it on their crops, and they recorded 400 percent increase in rice crops as soon as they started putting it on. So, they started eating it. And it took a while before they realized what was happening because, you see, all of a sudden, all diseases disappeared.

* * *

KEVIN TRUDEAU: All right. Now, let's go back to this because this is important. You're saying that of the healthiest people on the planet, your investigation, your research, the people who live the longest --

ROBERT BAREFOOT: Yes.

KEVIN TRUDEAU: -- live over 100 years old --

ROBERT BAREFOOT: Yes.

KEVIN TRUDEAU: -- the people that are the most disease-free --

ROBERT BAREFOOT: Yes.

KEVIN TRUDEAU: -- no cancer --

ROBERT BAREFOOT: That's right.

KEVIN TRUDEAU: -- no heart disease --

ROBERT BAREFOOT: Well, they do have cancer, but the rate is so phenomenally low --

KEVIN TRUDEAU: Okay.

ROBERT BAREFOOT: Virtually no cancer.

KEVIN TRUDEAU: Virtually no cancer, virtually no disease.

ROBERT BAREFOOT: That's right.

* * *

ROBERT BAREFOOT: -- they don't have children until they're in their seventies when they're mature enough to handle kids.

KEVIN TRUDEAU: And you're telling me that in these cultures around the world, the number one common denominator is the amount of calcium they consume?

ROBERT BAREFOOT: That's right.

* * *

ROBERT BAREFOOT: And the Okinawans just happen to live on an island of calcium and they --

KEVIN TRUDEAU: Which is this coral calcium?

ROBERT BAREFOOT: -- and they dig up this coral sand, which is coral calcium, and put it in their food and they've been eating it for hundreds of years.

KEVIN TRUDEAU: Okay. [Ex. B at pp. 9-14].

C. KEVIN TRUDEAU: And so, if a person takes the calcium, within a couple of weeks, are they going to feel different?

ROBERT BAREFOOT: Yes.

FEMALE HOST: Yeah. What kind of results?

* * *

ROBERT BAREFOOT: We've had people in a few weeks get out of wheelchairs, MS patients get out of wheelchairs for -- there are remarkable results. And, yes, we have people who are documented as terminal cancer patients that now say the oncologist says the cancer is gone away. I mean, it's remarkable --

FEMALE HOST: Wow.

ROBERT BAREFOOT: -- what's happening.

ROBERT BAREFOOT: Well, yes. And the reason is because of the incredible absorption rate of coral. See, calcium is the hardest -- although it's the most important mineral for the human body, it's also the hardest for the human body to absorb. When you take a Tums, for example, you get 1 percent absorption rate.

FEMALE HOST: Yeah. I take that, yeah.

ROBERT BAREFOOT: That means 20 hours after you take your Tums, you get four milligrams of calcium. But if you take the coral, you get 400 in 10 minutes.

FEMALE HOST: Yeah.

ROBERT BAREFOOT: Okay, now hold -- because I want to tell people how to get this.

* * *

KEVIN TRUDEAU: And so, this is your formula?

ROBERT BAREFOOT: Right, yes.

KEVIN TRUDEAU: All right. Now --

ROBERT BAREFOOT: It also has Vitamin D, which allows you to absorb 10 times as much calcium.

KEVIN TRUDEAU: All right.

ON SCREEN: 1-800-392-1155

KEVIN TRUDEAU: [I]f you're interested in getting more information on the coral calcium, any of Bob's books, call the number on your screen, we'll give you information on the books. If you want to get his formula, coral calcium, I'm going to give you a special offer that's only available on the Debbie and Kevin Show if you call today. Only 19.95 for a one-month supply, and that's an introductory offer to get you to try this and see the results yourself. You don't have to pay \$40 for a low grade coral that you may find on the Internet or at a health food store. You can get the exclusive Bob Barefoot formulation. [Ex. B at pp. 20-23].

E. KEVIN TRUDEAU: We've had you on our show before, both here in America and also in the U.K. The response is always terrific. Calcium, obviously, you talk about cancer, heart disease, disease, anti-aging, the benefits of that.

ROBERT BAREFOOT: Yes.

KEVIN TRUDEAU: You mentioned about how the different kinds of calcium is out there. Obviously, you believe coral calcium is the best, your formula is the best.

ROBERT BAREFOOT: Yes.

KEVIN TRUDEAU: Obviously, you're promoting your product.

* * *

KEVIN TRUDEAU: We're going to go back to the phone lines in just a moment, but before we do, again, if you're watching right now, you've seen Bob on maybe some of our other shows, talk shows. We're talking about coral calcium, the benefits of calcium in your diet, and, folks, if you're interested in getting more information on his books, I highly recommend and endorse these books, I highly recommend and endorse taking calcium magnesium and in Bob's opinion, coral calcium is the best. Get the best quality. This is the only place you can get the original and only Bob Barefoot formulation. Call the number on your screen. [Ex. B at pp. 27-28; p. 31, line 25; p. 32, lines 1-11].

F. KEVIN TRUDEAU: Now, are you using this or do you have a question for Bob?

CALLER: Oh, my, am I using it.
(Laughter.)

* * *

FEMALE HOST: How long have you been using it, Barbara?

CALLER: Since -- well, since the 10th of June.

KEVIN TRUDEAU: Two weeks.

ROBERT BAREFOOT: Okay.

* * *

KEVIN TRUDEAU: Now, what's happened?

* * *

ON SCREEN: Individual results will vary

1-800-392-1155 [displayed on bottom of the screen]

CALLER: My high blood pressure is no longer high.

* * *

FEMALE HOST: Oh.

CALLER: I feel wonderful.

FEMALE HOST: Two weeks. [Ex. B at pp. 33-34].

G. FEMALE HOST: So, it can reverse illness?

ROBERT BAREFOOT: Yes. You see, right now, we live in an America

—

KEVIN TRUDEAU: No, hold on a second. When you say, yes, it can reverse illness.

ROBERT BAREFOOT: Yes.

* * *

ROBERT BAREFOOT: Right now in America, we are in a medical disaster. An absolute medical disaster. Cancer's went from 3 percent at the turn of the century, 50 percent in 1950, it's currently 40 percent, and within 50 years, it's predicted to be 75 percent of all Americans will have cancer.

* * *

Modern medicine has lost every war on every degenerative disease so badly, and the future looks dismal. There's no hope at all with modern medicine because they're looking for a white powder chemical.

And here we have something that's not manmade. God made coral and it works. It's a magic mineral. [Ex. B at pp. 36-37].

- H. Scientific evidence provided by some of the world's most renowned scientists demonstrates, according to Barefoot, that nutritional deficiency is the cause of diseases such as cancer and heart disease. But Barefoot also says that many reports prove that by correcting the deficiency these diseases can be **prevented and reversed!**

* * *

Robert Barefoot, however, believes that the **BODY CAN HEAL ITSELF** naturally . . . without many of the expensive drugs and, without intrusive measures such as surgery, chemotherapy or radiation. In fact, he believes that we could **wipe out 90% of most diseases within two years** if people received the appropriate natural nutrients!

His extensive research has led him to the conclusion that one particular nutrient has unique properties when it comes to improving the immune system, supporting body structure and maintaining optimal health. That nutrient is calcium. [Ex. C at 2, emphasis in the original].

- I. But, why take "**Coral Calcium Supreme**"? For one thing, if you're over 35 years of age, your system is losing more calcium on a daily basis than you're taking in. Mineral depleted soils in the US and all over the world also means that you are not receiving the correct quality and quantity of calcium in your daily diet. In fact, you would have to drink upwards of two gallons of milk per day . . . to receive the same benefits of this amazing supplement. [Ex. C at 3, emphasis in the original].
- J. In October 1996, I was diagnosed with cancer. The diagnosis was confirmed with a biopsy. In October of that year I started following Robert Barefoot's **calcium regime**. In July 1997, I had another biopsy in which no evidence of malignancy was found." [Ex. C at 3, emphasis in the original].

SECTIONS 5 AND 12 OF THE FTC ACT

21. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce. Section 12(a) of the FTC Act, 15 U.S.C. § 52(a), prohibits the dissemination of any false advertisement in or affecting commerce for the purpose

of inducing, or which is likely to induce, the purchase of food, drugs, devices, services, or cosmetics. For the purposes of Section 12 of the FTC Act, Coral Calcium Supreme is either a “food” or “drug” as defined in Section 15(b) and (c) of the FTC Act, 15 U.S.C. § 55(b) and (c). As set forth below, the Defendants have engaged and are continuing to engage in such unlawful practices in connection with the marketing and sale of Coral Calcium Supreme.i)

DECEPTIVE ACTS OR PRACTICES IN VIOLATION OF THE FTC ACT

COUNT I

Unlawful Claims Regarding the Health Benefits of Coral Calcium Supreme

22. Through the means described in Paragraph 20, including, but not limited to, through the statements contained in the advertisements attached as Exhibits A through C, Defendants have represented, expressly or by implication, that the coral calcium ingredient contained in Coral Calcium Supreme is an effective treatment or cure for:

- A. All forms of cancer;
- B. Multiple sclerosis, lupus, and other autoimmune diseases; and
- C. Heart disease and/or chronic high blood pressure.

COUNT II

Unlawful Claims Regarding the Bioavailability and Superiority of Coral Calcium Supreme

24. Through the means described in Paragraph 20, including, but not limited to, the statements contained in Paragraphs 20.D and I, Defendants have represented, expressly or by implication, that:

- A. A daily serving size of Coral Calcium Supreme provides the same amount of bioavailable calcium as 2 gallons of milk; and
- B. The body absorbs significantly more, and in some cases as much as 100 times more, of the calcium contained in Coral Calcium Supreme, and at a rate significantly faster, than the calcium contained in other commonly available calcium supplements.

25. The representations set forth in Paragraph 24 are false or were not substantiated at the time the representations were made. Therefore, the making of the representations set forth in Paragraph 24 constitutes a deceptive practice, and the making of false advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

COUNT III

Unlawful Claims Regarding Certain Scientific Studies

26. Through the means described in Paragraph 20, including, but not limited to, the statements contained in Paragraphs 20.A and C, Defendants have represented that scientific research published in the Journal of the American Medical Association (JAMA), the New England Journal of Medicine, and other reputable medical journals proves that calcium

supplements are able to reverse and/or cure all forms of cancer in the human body.

27. The representation set forth in Paragraph 26 is false. Therefore, the making of the representation set forth in Paragraph 26 constitutes a deceptive practice, and the making of false advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

COUNT IV

DISGORGEMENT OF RELIEF DEFENDANTS' ILL-GOTTEN GAINS

BENEFIT FROM FUNDS DIRECTLY TRACEABLE TO CONSUMERS

28. Paragraphs 1 through 27 are incorporated herein by reference.

29. KT Corp. and TruCom (collectively, "Relief Defendants") received funds and other assets directly or indirectly from one or more of the Defendants. Those funds and other assets are either proceeds or are traceable to the proceeds of the unlawful acts and practices alleged herein. The Relief Defendants have no legitimate claim to these assets.

30. The Relief Defendants obtained the funds and other assets described in Paragraph 29 as part of, and in furtherance of, the Defendants' violations of the Federal Trade Commission Act alleged above and under circumstances in which it is unjust, inequitable, or unconscionable for them to retain the assets, and they have been unjustly enriched.

31. The Commission is entitled to an order requiring the Relief Defendants to disgorge the assets described in Paragraph 29 to the extent that the Defendants cannot or will not directly satisfy any order granting monetary relief.

CONSUMER INJURY

32. Consumers throughout the United States have suffered and continue to suffer

substantial monetary loss and possible injury to their health because of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

33. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement, and restitution, to prevent and remedy injury caused by Defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Cour

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

Dated: November __, 2003

Respectfully submitted,

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