

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

SAMUEL JAMES SMITH, also d/b/a Weblio,
a/k/a Weblio Squeeze,

ROBERT WILLIAM SHAFER, also d/b/a Shafer
MM&I, a/k/a MMI,

CHARLES JOSEPH GAINES, JR., individually
and as an owner, officer, and/or manager of
Business Revolution Group Inc., and also d/b/a
Joe Gaines, and

BUSINESS REVOLUTION GROUP INC., a
Pennsylvania Corporation, and d/b/a Joe Gaines,

Defendants.

Civil Action No. 23cv4848-GAM

STIPULATED ORDER FOR PERMANENT INJUNCTION AND
MONETARY JUDGMENT AGAINST DEFENDANT ROBERT WILLIAM SHAFER

Plaintiff, the Federal Trade Commission ("FTC"), filed its Complaint for Permanent Injunction, Monetary Relief, and Other Relief ("Complaint") pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108 (ECF No. 1) on December 8, 2023. The FTC and Defendant Robert William Shafer, also d/b/a Shafer MM&I, a/k/a MM stipulate to entry of this Stipulated Order for Permanent Injunction and Monetary Judgment ("Order") to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Robert William Shafer and the other Defendants participated in deceptive acts/practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, the Telemarketing Act, 15 U.S.C. §§ 6101-6108, and Telemarketing Sales Rule, 16 C.F.R. Part 310, including by marketing and selling purported business opportunities through the use of false and unsubstantiated claims that consumers who invested in such opportunities would earn substantial amounts of money.
3. Mr. Shafer neither admits nor denies any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Mr. Shafer admits the facts necessary to establish jurisdiction.
4. Mr. Shafer waives and releases any claims that he may have against the FTC that relate to this action through the date of this Order and agrees to bear his

generation of, potential customers; (d) ~~verify~~, processing, fulfilling, or arranging for the fulfillment of orders; (e) hiring ~~or~~ recruiting personnel or other ~~(s)~~ training personnel or others, including on the use of telepho~~ne~~ calls that deliver a prerecord~~ed~~ message, including a Ringless Voicemail; (g) performing promotional or marketing services of any kind; (h) processing or arranging for processing of credit cards, debit cards, Automated Clearing House (ACH) debits, remotely-created checks, or pay~~ments~~ through any other system; ~~(i)~~ acting as a Webmaster or an Electronic Data Host.

B. "Corporate Defendant" means Business Revolution Group Inc., also d/b/a Joe Gaines.

C. "Defendants" means all of the Individual Defe~~ndants~~ and the Corporate Defendant, individually, collectively, or in any combination.

D. "Electronic Data Host" means any Person in the business of storing, hosting, or otherwise maintaining electroni~~ally~~ stored information. This

implied, that such method, process, or technique is non-generic or not generally available to the public, and will generate income for users or prospective purchasers.

H. "Person" means a natural person, organization, other legal entity, including a corporation, limited liability company, partnership, proprietorship, association, cooperative, government or governmental subdivision or agency or any other group or combination acting as an entity.

I. "Ringless Voicemail" means a prerecorded message delivered to consumers by calling their phone numbers in a way that typically does not cause their phones to ring and does not give consumers the opportunity to answer or block the incoming message.

J. "Telemarketing" means any plan, program, or campaign that is conducted to induce the purchase of goods or services by use of one or more telephone calls.

K. "Webmaster" means any Person who is responsible for the creation or maintenance of a website.

ORDER

I. BAN ON THE SALE OF MONEY-MAKING METHODS

IT IS ORDERED that Robert William Shafer is permanently restrained and enjoined from:

A. Creating, advertising, marketing, promoting, offering for sale, or selling or Assisting Others in creating, advertising, marketing, promoting, offering for sale, or selling any Money-Making Method, including by acting as a Webmaster or Electronic Data Host;

B. (1) Providing the means and instrumentalities to others for creating, advertising, marketing, promoting, offering for sale, or selling or

C. (1) Holding, directly or through an intermediary, any ownership or other financial interest in any business entity that is creating, advertising, marketing, promoting, offering for sale, or selling or

(2) that Assists Others in creating advertising, marketing promoting, offering for sale, or selling any Investment Opportunity any good or service to assist in the creation or development of an Investment Opportunity. Provided, however, that it is not a violation of this Order for Mr. Shafer to own a non-controlling interest in a publicly-traded company that engages in the conduct proscribed in this Section.

III. BAN ON TELEMARKETING

IT IS FURTHER ORDERED that Robert William Shafer is permanently restrained and enjoined from participating in Telemarketing, whether directly through an intermediary, including by providing the means and instrumentalities to others to participate in Telemarketing. Provided, however, that it is not a violation of this Order for Mr. Shafer to own a non-controlling interest in a publicly-traded company that engages in Telemarketing.

IV. PROHIBITION AGAINST MISREPRESENTATIONS OR UNSUBSTANTIATED CLAIMS

IT IS FURTHER ORDERED that Robert William Shafer, his agents, employees, and representatives, and all other Persons in active or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service are permanently restrained and enjoined from misrepresenting, or Assisting Others in misrepresenting, expressly or by implication, any material fact, including (1) through the use of any business, trade, or program name, endorsement, or testimonial, or (2) by providing others with the means and instrumentalities with which to

misrepresent any material fact, including any material to consumers concerning any good or service, such as:

- A. the total costs to purchase, receive, or use, and the quantity of any good or service;
- B. any material restriction, limitation, or condition to purchase, receive, or use goods or services subject to a sales offer;
- C. any material aspect of the performance, efficacy, nature, or other characteristics of goods or services subject to a sales offer; and
- D. any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy.

V. MONETARY JUDGMENT AND PARTIAL SUSPENSION

IT IS FURTHER ORDERED that:

Judgment in the amount of \$7,506,218.54 is entered in favor of the FTC and against Robert William Shafer, also d/b/a Shafer MM&K/a MMI, as monetary relief. This judgment is joint and several with the judgment against Samuel J. Smith, by separate order entered on May 31, 2024, in this action See ECF No. 40.

In partial satisfaction of the judgment against him, Mr. Shafer is ordered to pay to the FTC \$10,000, which, Mr. Shafer stipulates, his counsel holds in escrow for no purpose other than payment to the FTC. Such payment must be made within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the FTC.

■ In partial satisfaction of the judgment against Mr. Shafer:

- 1. Bank of America, N.A. is ordered to transfer to the FTC all funds held in the following accounts by electronic fund transfer or cashier's check in accordance

with instructions provided by a representative of the FTC. The funds must be

financial statement and related documents (collectively “financial attestations”) submitted to the FTC, namely:

1. The Financial Statement of Individual Defendant Robert William Shafer dated April 1, 2024, including pages 1-3 attached and the Second Updated Addendum to Financial Statement of Individual for Defendant Robert Shafer, dated May 11, 2024:

3. 2020 U.S. Individual Tax Return (Form 1040) of Robert Shafer, undated, including Schedule 1, Schedule 2, Schedule C, Schedule SE, and Form 8995.

4. 2020 New York Resident Income Tax Return (Form IT-201) of Robert Shafer, undated.

5. 2021 U.S. Individual Tax Return (Form 1040) of Robert Shafer, dated April 9, 2022, including Schedule 1, Schedule 2, Schedule C, Schedule SE, and Form 8995.

6. 2021 New York Resident Income Tax Return (Form IT-201) of Robert Shafer, dated April 9, 2022.

7. 2022 U.S. Individual Tax Return (Form 1040) of Robert Shafer, undated, including Schedule 1, Schedule 2, Schedule C, Schedule SE, and Form 8995.

8. 2021 New York Resident Income Tax Return (Form IT-201) of Robert Shafer, undated.

The suspension of the judgment against Shafer will be lifted if, upon motion by the FTC, the Court finds that (1) Mr. Shafer failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the

financial attestations identified above or (2) Mr. Shafer is in default on any obligation under this Section.

If the suspension of the judgment is lifted, the judgment becomes immediately due in the amount specified in Subsection A above (which the parties stipulate only for the purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

Mr. Shafer relinquishes dominion and all legal equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.

The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the FTC, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

The facts alleged in the Complaint establish all elements necessary to sustain an action by the FTC pursuant to Section 523(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

Mr. Shafer acknowledges that his Social Security Number, which he previously submitted to the FTC, may be used for collecting and reporting any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §7701.

All money received by the FTC pursuant to this Order may be deposited into a fund administered by the FTC or its designee to be used for consumer relief, such as redress and any attendant expenses for the administration of any redress fund. If a representative of the FTC decides that direct redress to consumers is wholly or partially impracticable or money remains

after such redress is completed, the FTC may apply remaining money for such related relief (including consumer information remedies) as it determines to be reasonably related to Mr. Shafer's practices alleged in the Complaint. Any money not used for redress shall be deposited to the U.S. Treasury. Mr. Shafer has no right to challenge any actions the FTC or its representatives may take pursuant to this Subsection.

The freeze of Mr. Shafer's assets imposed under Section IV of the Preliminary Injunction issued on January 30, 2024, (ECF No. 27) modified to permit the payment and transfers identified in Subsections B and C of this Section. Upon completion of such payments and/or transfers, the asset freeze imposed under the January 30, 2024, Preliminary Injunction (ECF No. 27) is dissolved as to Mr. Shafer.

Mr. Shafer must fully cooperate with the FTC as to the asset freeze. Mr. Shafer must take all steps reasonable or necessary to sustain the transfer of each asset identified in Subsection C. If requested to execute appropriate documents to transfer any asset identified in Subsection C of this Section, Mr. Shafer must execute such documents within three days of a written request from a representative of the FTC.

VI. BAN ON USE OF CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Robert William Shafer, his agents, employees, and attorneys, and all other Persons active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service are permanently restrained and enjoined from:

A. Failing to provide sufficient customer information to enable the FTC to efficiently administer consumer redress. Mr. Shafer represents that he has provided this redress information to the FTC, including all information within his possession, custody, or control, whether

otherwise and any entity in which he has any ownership interest; (c) describe in detail his involvement in each such business, including, but not limited to, his title, role, responsibilities, and the nature of his relationship with the business.

Any submission to the FTC required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 18 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed: _____" and supplying the date, signatory's full name, title (if applicable), and signature.

Unless otherwise directed by an FTC representative in writing all submissions to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Smith, et al (Robert William Shafer), No. 23-cv-4848 (X240020).

X. RECORDKEEPING

AS STIPULATED AND AGREED:

THE COURT DETERMINES

THE COURT DETERMINES

THE COURT DETERMINES

