

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

Case No. 1:24-cv-23976-RKA

vs.

ECOM GENIE CONSULTING LLC, *et al*,

Defendants.

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**RECEIVER'S INITIAL STATEMENT TO CUSTOMERS  
OF ECOM GENIE CONSULTING AND PROFITABLE AUTOMATION**

Following is an explanation of the events occurring to date in the lawsuit brought by the Federal Trade Commission against Ecom Genie Consulting, Profitable Automation, and others.

I. The FTC files its Lawsuit

On October 15, 2024, Ecom Genie Consulting, LLC, Lunar Capital Ventures, LLC, Profitable Automation, LLC, Alpine Management Group, Inc., Baiz Sales, LLC, Salespreneurs, LLC, and Vicenza Capital Corp. (together the "Business Entity Defendants") were named as Defendants or Relief Defendants in a lawsuit filed by the Federal Trade Commission, an agency of the United States of America. In the lawsuit the FTC alleged that the Defendants' businesses operated in violation of various provisions of federal law, including:

- Section 5 of the FTC Act, 15 USC §45(a) (prohibiting unfair or deceptive acts or practices in or affecting commerce); and
- The Business Opportunity Rule, 16 CFR Part 437 as amended (requiring sellers of business opportunities to disclose certain specific information, including substantiation for earnings claims, litigation history, and contact information for prior purchasers).

Also named as Defendants in the lawsuit are Stephen J. Mayer, Trevor Duffy Young and Wessam Baiz (the "Individual Defendants"). All are alleged to have engaged in the same behavior alleged against the Business Entity Defendants, and/or to have directed or controlled the Business Entity Defendants to engage in the behavior alleged.

On October 22, 2024, the federal district court entered an *ex parte* temporary restraining order that enjoined the Business Entity Defendants and the individual Defendants from operating their business in violation of the federal laws cited above. The Court's TRO also appointed me as receiver for the Business Entity Defendants and directed me to accomplish a number of things. In particular, the TRO directed me to suspend the business operations of the Business Entity Defendants unless I determined that they could be operated "legally and profitably."

Under federal court rules a TRO like the one entered in this case can last for only 14 days unless extended. The court therefore set a hearing for November 4, 2024, at which the defendants were directed to provide evidence to show that the TRO should not be converted into a preliminary injunction (which can last indefinitely). Eventually, each of the Defendants agreed that the TRO should be converted into a preliminary injunction, which the court approved under orders entered on November 21, 25 and 26, 2024. The orders entering the preliminary injunction continued me as receiver for the Business Entity Defendants. The preliminary injunction hearing, which had been rescheduled to December 4, 2024, was then canceled.

## II. Valiant, Lunar and Ecom Genie

The FTC alleged that in September 2019, Stephen Mayer (along with another person) incorporated in Florida a company they called Valiant Consultants Inc. Valiant's purpose, according to the FTC, was to market e-commerce business opportunities to consumers by claiming that "in exchange for a hefty initial investment, Valiant would set up and manage online stores on e-commerce platforms such as Amazon and Walmart.com." Mayer and Valiant specifically told consumers that they would earn substantial passive income from the sales in the stores that Valiant would set up for them.

The FTC alleged that, despite these statements, of the 238 consumers known to the FTC for whom Valiant operated e-commerce stores on Amazon.com, between January 1, 2020 and June 10, 2024, approximately 76.5 percent had aggregate sales of less than \$10,000, while the average monthly sales for the stores was \$3,607.

Valiant shut down in late 2021 or early 2022, but later in 2022 Mayer resurfaced, with an individual known as Boba Milic as his partner, to run a company known as Lunar Capital Ventures. Lunar, according to the FTC, sold essentially the same business opportunity as Valiant had sold, but like Valiant, most of its store purchasers did not make money. The FTC alleged that clients who purchased stores often discovered that it took several months until their stores were operational, if they ever became operational at all. Worse, even if the store could become established and operating, the FTC alleged they did not sell anywhere near the amount Mayer and Lunar told them the stores would sell. According to the FTC, Mayer ultimately directed Lunar to close its corporate bank accounts in mid-2023, following which it abandoned its store owners (at a deposition taken in late November, Mayer blamed Milic for Lunar's failure).

But Mayer was just getting warmed up. In April 2023, Mayer reappeared as the public face of Ecom Genie Consulting, which sold essentially the same business opportunity as Valiant and Lunar had sold. On its new website, Ecom Genie claimed to be a "premier Amazon wholesale provider since 2019," even though Mayer did not even create Ecom Genie until 2023. As was Continuing its pattern from Valiant and Lunar, Mayer and Ecom Genie made statements to potential clients concerning their earnings that were not substantiated, and frankly could not be substantiated. Among other things, Hannah Turnbow (who later married Mayer and became Hannah Mayer) published a video on Facebook, and elsewhere, claiming that "her" Amazon store "has done over \$1.2 million in sales so far in the last 5 months and growing monthly" and that her "profits now are around \$5,000 per month." At his deposition in late November 2024, Mayer admitted that these statements were false and that his spouse did not even own an Amazon store. Additionally, many of Ecom Genie's store owners were suspended by Amazon because Ecom Genie did not, and could not, provide Certificates of Authentication to prove that goods sold were genuine, and not counterfeit (under federal law, trafficking in counterfeit goods can result in up to ten years' imprisonment).

Part of the Ecom Genie business model included services to be supplied by Ecom Genie to store owners after they purchased their stores. Specifically, Ecom Genie agreed that it would perform product research (to identify products that store owners should sell), as well as shipping and accounting services. For these operational services, Ecom Genie charge a fee equal to a percentage of the store owners' sales.

### III. The Partnership with Profitable Automation

Shortly after Mayer formed Ecom Genie, he contracted with Trevor Duffy Young and his new company, Profitable Automation. Initially, Profitable Automation was responsible for signing up new customers to purchase Amazon stores. It did this by making essentially the same misstatements concerning earnings, without providing any substantiation for the earnings claims. Moreover, at least at first, Profitable Automation paid 80 percent of the sign-up fees it collected to Mayer and Ecom Genie; in short, Profitable Automation was used to obtain new customers for Ecom Genie (although this was not disclosed).

At his deposition in late November 2024, Young testified that he became suspicious of Mayer and Ecom Genie during the summer of 2024 because he felt that Ecom Genie was not providing the necessary operational support to store owners after they bought their stores. He said he decided that Profitable Automation would continue to seek new customers to purchase Amazon stores, but instead of referring them to Ecom Genie (and paying 80 percent of the sign-up fee), Profitable Automation would retain them and provide the operational services itself. According to Young, this new program for Profitable Automation was implemented only for a brief period of time before the FTC filed its lawsuit.

### IV. Implementing the Preliminary Injunction

As mentioned above, the judge has directed me to suspend the business operations of the Business Entity Defendants unless I can conclude that they can be operated "legally and profitably." My conclusion, unfortunately, is that they cannot. I therefore have suspended all business operations of the Business entity Defendants.

Only two of the Business Entity Defendants -- Ecom Genie and Profitable Automation -- were operating as of the time the FTC filed its lawsuit. Both companies derived their revenues from two primary sources: an initial, up-front fee typically of \$30,000, and then a percentage of the revenues generated from store owners upon the sale of products. I have concluded that Ecom Genie and Profitable Automation cannot continue to charge the up-front fee to new consumers because to get that fee they made improper, unlawful earnings claims. Instead of telling potential purchasers that they could earn \$1.2 million within five months, or reap profits while they slept, they would instead need to inform them that the vast majority of store owners never make back their initial investment. If truthful information were to be provided, it is

unlikely that many people would buy Amazon stores; as a result, there would be a significant reduction in the number of Amazon stores sold, and a corresponding reduction of revenues.

A reduction of the number of up-front fees would have a ripple effect throughout the entire operation. Ecom Genie and Profitable Automation also provide operational services. The remaining revenue source – a percentage of the sales generated – would be insufficient to pay the overhead associated with providing operational services. As matters stand, portions of the up-front fee are used to subsidize the operational expenses, but if the up-front fees are reduced or even eliminated, Ecom Genie and Profitable Automation would be unable to provide operational support. In this sense, the companies operate very much like a Ponzi scheme because they are dependent upon new revenues from new investors in order to pay for services to existing store owners. This is not a sustainable business model. I note also that I do not have sufficient revenues in the receivership estate to continue to provide operational support. Accordingly, I have concluded that the companies cannot be operated legally and profitably, and I have determined to suspend their business operations.

I realize the hardship this decision places on operating store owners, but I must focus not on just the store owners who are operating, but also on store owners who have shut down after concluding that the business model does not work. There is no persuasive argument that using the existing funds in the receivership estate to support existing store owners will generate more revenues than I would spend. The money that I have in the receivership estate must be earmarked to benefit all of the store owners, not just those still operating.

### **Frequently Asked Questions**

- **What is the FTC's case about?**

The FTC received numerous complaints from consumers who claimed to have paid tens of thousand dollars to the Defendants, based on Defendants' promises that they would show consumers how to make money owning and operating an e-commerce store. To induce people to pay the \$30,000 up-front fee to purchase an e-commerce store, the Defendants made a number of representations concerning how much money had been made by others, and how much each new store owner could expect to earn. These statements were not substantiated, because in many instances they were simply untrue. Consumers who purchased the e-commerce stores complained that they did not make the promised income but instead that they were encouraged to pay more.

Few consumers earned enough to recover even the amounts they paid to Defendants. The FTC's position with respect to the lawsuit can be viewed at this link: <https://www.ftc.gov/news-events/news/press-releases/2024/10/ftc-takes-action-stop-online-business-opportunity-scam-has-cost-consumers-millions>.

- **Are Ecom Genie and Profitable Automation scams?**

According to the FTC, Ecom Genie and Profitable Automation are scams:

Defendants used deceptive earnings claims to bait consumers into investing tens of thousands of dollars to purchase automated, 'done for you' e-commerce stores. Using the names Profitable Automation, Ecom Genie [and others] Defendants have sold these opportunities at prices ranging from \$20,000 to \$35,000. Beyond the initial fee, purchasers must make available thousands of dollars in working capital, typically in the form of available credit on credit cards, for Defendants to run their stores. In exchange, potential purchasers are told that Defendants will create and manage e-commerce stores that will earn upwards of \$100,000 per month. Instead, purchasers rarely, if ever, recoup their initial investment, let alone earn the promised profits, and most have lost significant amounts of money. Defendants, on the other hand, have lined their pockets.

- **But they told me I could make a lot of money by following their system? They told me there was a money back guarantee?**

The claims that store owners would make money are not true. The original company – Valiant – had approximately 238 store owners, of which more than three-fourths had total gross sales of less than \$10,000 (58 percent had zero sales). The second iteration of the scam – Lunar – had approximately 331 store owners, with the median average monthly sales being less than \$2,500 per store. Comparable results apply to Ecom Genie and Profitable Automation, although in the case of Ecom Genie, a sizable number of stores have been suspended by Amazon because Mayer has been unable or unwilling to demonstrate that certain products are not counterfeit.

- **I am a current store owner. What should I do about my inventory?**

The receivership does not have sufficient resources to provide operational support to existing store owners. Those store owners with inventory stored at Amazon or other warehouses should make arrangements to take possession of the inventory, or to pay the warehouse where it is stored a reasonable rent for utilizing the space.

- **What is the December 4, 2024 hearing about?**

Under the federal rules of civil procedure, a Temporary Restraining Order can remain in effect only for only a limited period of time. The parties against whom the TRO is entered are entitled to appear in Court and argue that the TRO should end, while the party that obtained the TRO (here, the FTC) is permitted to argue that that the TRO should be extended or converted into a Preliminary Injunction (which has no time limit). In this case, the court canceled the hearing because the Defendants all agreed that it was proper to enter a Preliminary Injunction

- **Can I file a complaint with the FTC?**

Yes. An online complaint can be filed [here](#).

- **What should I do next?**

Updates will be posted to this website. Already posted are the Complaint, the Motion requesting the TRO and the supporting materials, and the TRO.