

Complaint

IN THE MATTER OF
COMPUTRADE LLC, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3949; File No. 0023085
Complaint, June 5, 2000--Decision, June 5, 2000

This consent order requires Respondent CompuTrade LLC to have a reasonable basis substantiating any representation that users of respondents' currency trading program can reasonably expect to earn large profits: (1) of \$500 to \$750 or more per day; (2) of as much as six or even seven figures annually (i.e., more than \$1,000,000); or (3) even if they have no previous experience in currency trading, or claims about the amount of earnings, income, or profit that a prospective user of any trading program could reasonably expect to attain, or about any financial benefit or other benefit from any trading program offered by respondents. The order also prohibits respondents from misrepresenting that users of any trading program can reasonably expect to trade with little or no financial risk and from misrepresenting the extent of risk to which users of any such program are exposed. In addition, the order requires Respondent to disclose, clearly and conspicuously, "CURRENCY [or STOCK, FUTURES, OPTIONS, ETC., as applicable] TRADING involves high risks and YOU can LOSE a lot of money," in close proximity to any representation he makes about the financial benefits of any trading program. Respondent is also prohibited from representing without a reasonable basis that the experience represented by any user, testimonial or endorsement of any trading program represents the typical or ordinary experience of members of the public who use the program; or respondent must disclose either what the generally expected results would be for users of the trading program, or the limited applicability of the endorser's experience to what users may generally expect to achieve, that is, that users should not expect to experience similar results.

Participants

For the Commission: *Michael Dershowitz, Jean Sullivan, C. Lee Peeler, and BE.*

For the Respondents: *Bernard Lewis, CompuTrade LLC.*

Complaint

COMPLAINT

The Federal Trade Commission, having reason to believe that CompuTrade LLC, a corporation, and Bernard Lewis, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent CompuTrade LLC is a Nevada corporation with its principal office or place of business at 24591 Del Prado, Dana Point, CA 92629.
2. Respondent Bernard Lewis is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of CompuTrade LLC.
3. Respondents have advertised, offered for sale, sold, and distributed a currency trading computer program and training to the public. Respondents advise their clients to buy and sell specific foreign currencies on a daily basis. Respondents sell their program and training through their Internet Web sites, www.computrades.com and www.computrader.net.
4. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.
5. Respondents have disseminated or have caused to be disseminated Internet advertisements for their currency trading program and training, including but not necessarily limited to the attached Exhibit A, pages 1 through 8. These advertisements contain the following statements:

Complaint

“Our software signals precisely when to buy and when to sell a particular currency allowing you the opportunity to make money regardless of the market going up or down.”

“Your [currency trading] business does not require much capital to get started, has the potential to make huge profits . . .”

“With the ability to connect to the Internet from just about anywhere, the average individual now has the opportunity to participate in this highly profitable [currency trading] business even if you have no previous experience at all.”

“The potential for profit exists as long as there is movement in the exchange rate (price). One of the sides of the pair is always gaining, and providing the investor picks the right side at the right time, money can ALWAYS be made.”

“What Are My Expected Financial Rewards

Our daily objective is to gain Pips (Points) on our trade . . . 100 Pips @ \$7.50 = \$750.00

As you progress in your trading skills becoming more experienced and skillful, the advanced techniques covered in training and outlined in your manual, will help you to acquire the know how to maximize and increase these amounts considerably.

The potential to make a SIX or SEVEN figure annual income from trading is at the end of your fingertips.”

“What Are My Financial Risks?

Our trading strategy and risk management technique, help you to maximize gains and minimize losses. Your computer and our conservative strategy helps to ensure that GAINS are maximized and losses are minimized.”

[consumer testimonial]

Complaint

"I have to tell you how dramatically the Forex trading system and formula have improved my trading. To give you some idea: I work full time in my contracting business during the day, at night I work with your trading system for a few hours and am averaging more than \$500 a day."

6. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that:

- a. Users of respondents' currency trading program can reasonably expect to earn large profits, or as much as six or even seven figures annually (i.e., more than \$1,000,000).
- b. Users of respondents' currency trading program can reasonably expect to earn profits of \$500 to \$750 or more per day.
- c. Users of respondents' currency trading program can reasonably expect to earn huge profits even if they have no previous experience in currency trading.
- d. Testimonials appearing in the advertisements for respondents' currency trading program reflect the typical or ordinary experience of members of the public who use the program.

7. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made.

8. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made. Therefore, the representation set forth in Paragraph 7 was, and is, false or misleading.

Complaint

9. Through the means described in Paragraph 5, respondents have represented, expressly or by implication that users of respondents' currency trading program can reasonably expect to trade with little financial risk.

10. In truth and in fact, users of respondents' currency trading program cannot reasonably expect to trade with little financial risk. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.

11. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this fifth day of June, 2000, has issued this complaint against respondents.

By the Commission.

Complaint Exhibits

Complaint Exhibits

CompuTrade Computerized Currency Trading Systems - Index Market

EXHIBIT A
Page 1

CLICK HERE  **Computerised Trading Systems**
1-800-525-1090

Home **CompuTrade** are providers of a powerful CURRENCY TRADING software that shows you precisely how to make money Trading Currencies on your Computer.

What's New!

Our software signals precisely when to buy and when to sell a particular currency allowing you the opportunity to make money regardless of the market going up or down. CompuTrade gives you the tools and the know how to go out and *Do It!* Our techniques and strategies will help you take advantage of the profit opportunities that occur every single trading day. Trade from home or from anywhere in the world, all you need is a computer and a connection to the Internet.

Until recently the gates of the LARGEST FINANCIAL MARKET ON THE PLANET have been locked. Never before has the average individual had the opportunity to participate on an equal footing with that small percentage who always made "THE BIG MONEY" day after day, year after year. CompuTrade's software, methods and strategies have now leveled the playing fields.

BBB
A Member of the Better Business Bureau

We are committed to training and showing you how to trade on the worlds LARGEST FINANCIAL MARKET no matter what your background may be and take advantage of what has been billed "The ULTIMATE BUSINESS"

Complaint Exhibits

EXHIBIT A

Page 2





**Computerized
Trading Systems**
1-800-525-1090

"The Ultimate Business"

There are many questions one could ask when trying to evaluate this statement. If you have owned and operated your own business or have worked for a boss...

Consider The Following and Judge for Yourself:

You can operate your business from home, work, vacation or anywhere in the world; all you need is access to the Internet.

1. You never have to worry about job insecurity, harassment or any other employment related anxiety. **YOU ARE YOUR OWN BOSS!**
2. You never need to worry about employer payroll, strikes, theft, rent increases, health inspectors, lease problems, public liability insurance, being sued etc...
3. Your business does not require much capital to get started, has the potential to make huge profits and will never get billed for fees, licenses nor will you need to worry about complicated sales tax returns and lengthy forms.
4. You don't need to do any selling and of course that means no billing. In fact you don't even need any customers!
5. Your business can operate every single working day of the year. You decide which days you wish to work - You make the decision, take a vacation at a moment's notice and not a soul needs to know!
6. Your business can be registered in a state with attractive tax concessions (or even in a foreign country) and may be operated from your home state or out of the country, taking advantage of some of the out of state or out of country benefits. (This may differ from State to State and Country to Country)



A Member of the Better
Business Bureau

Complaint Exhibits

Currency Trading

EXHIBIT A
Page 3

http://www.computrade.com

CLICK HERE  **Computerized
Trading Systems**
1-800-525-1090



Currency day Trading is the process of attempting to take reasonable profits in a very short period of time from the constant price fluctuation of foreign currencies.

Utilizing the help of your personal computer (PC) and our state of the art computer software, you will be able to determine precisely when to Buy or Sell a particular currency. The objective being to Buy Low/Sell High and Vice Versa = **MAKING \$\$\$**

With the ability to connect to the Internet from just about anywhere, the average individual now has the opportunity to participate in this highly profitable business even if you have no previous experience at all


A Member of the Better
Business Bureau

Complaint Exhibits

COMPUTRADE

EXHIBIT A
Page 4

WWW.COMPUTRADE.COM

BREAKING NEWS

Computerized
Trading Systems

1-800-525-1090

The Advantages of FOREX Trading

- Leverage.
- Open 24 hours
- Liquidity. Easy to buy and easy to sell.
- Two Way Market. Make money no matter if the market goes up or down.
- Information is Readily Available
- The main advantage of the FOREX market is that there is no bear market. Currencies are traded in pairs, for example Dollar/Yen or Dollar/Swiss Franc. Every position involves the selling of one currency and the buying of another. If one believes the Swiss Franc will appreciate against the Dollar, one can sell Dollars and buy Swiss Francs. Or if one holds the opposite belief, one can buy Dollars for Swiss Francs. The potential for profit exists as long as there is movement in the exchange rate (price). One of the sides of the pair is always gaining, and providing the investor picks the right side at the right time, money can ALWAYS be made.
- The four major currency pairs always have buyers and sellers. Many high-return investments are difficult to sell, once bought. FOREX investors never have to worry about being "stuck" in a position due to a lack of market interest. In this \$1.5 trillion dollar per day market, major international banks are always willing to provide both a bid (selling) and ask (buying) price. Furthermore, the market is open 24 hours per day. High liquidity and 24 hour trading allow market participants to exit or take a new position regardless of the hour.

A Member of the Better
Business Bureau

Complaint Exhibits

EXHIBIT A
Page 5

covered in training is captured in detail and layed out for Included are our successful training methods and formulas, Trading software, traders tips, customized forms etc.etc and everything the new trader needs to know about their exciting new business, all clearly spelled out from A-Z.

What Are My Expected Financial Rewards

Our daily objective is to gain Pips (Points) on our trade. Every Pip made represents money. Let's say for example we are trading 4 Lots of British Pound, and we end our trading session making 25 Pips profit per Lot (Each Pip gain on the British Pound is worth \$7.50) That day's trading sheet would be as follows:

4 Lots @ 25 Pips = 100 Pips

100 Pips @ \$7.50 = \$750.00

As you progress in your trading skills becoming more experienced and skillful, the advanced techniques covered in training and outlined in your manual, will help you to acquire the know how to maximize and increase these amounts considerably.

The potential to make a SIX or even SEVEN figure annual income from trading is at the end of your fingertips. Once you have attained the skill it is with you forever – Just like learning to ride a bicycle!

What Are My Financial Risks?

Our trading strategy and risk management techniques help you to maximize gains and minimize losses. Your computer and our conservative strategy helps to ensure that Gains are maximized and losses are minimized!

We shall be delighted to show you our impressive and up to date trading records. We continuously strive to introduce new and progressive trading methods. They are thoroughly researched and back checked. Once we are satisfied with them they are made available to you through our member access web site, which is also filled with trader's tips, helpful links etc.

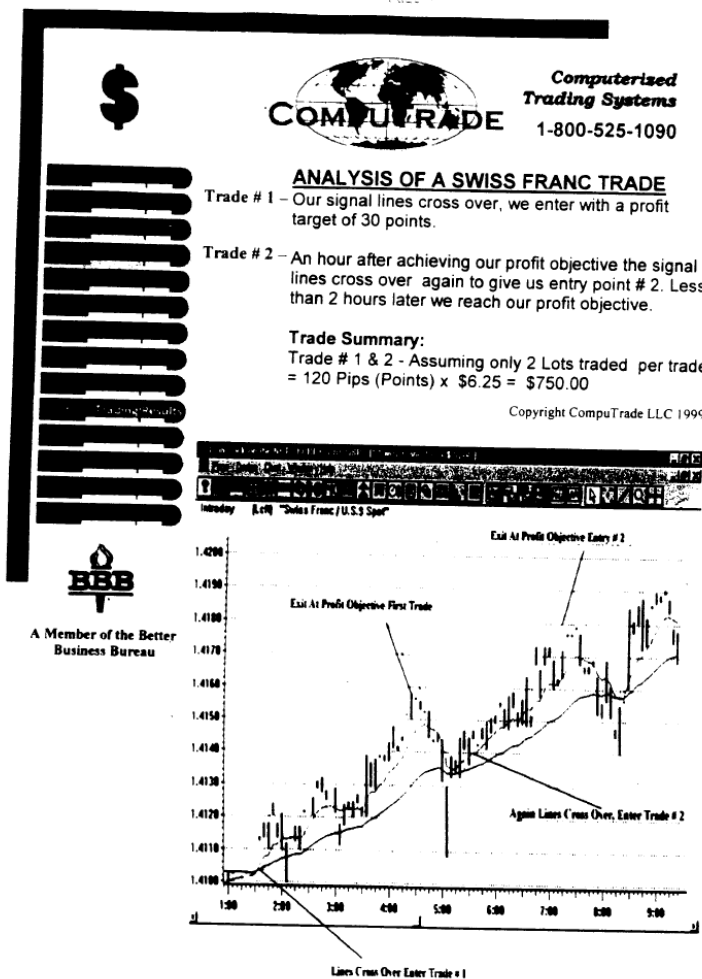
How Soon Can I Start Trading and Earning \$\$\$?

Complaint Exhibits

EXHIBIT A

Page 9

10/28/99 10:42 AM



1 of 1

10/28/99 10:42 AM

Complaint Exhibits

EXHIBIT A
Page 7





**Computerised
Trading Systems**
1-800-525-1090

What Some Of Our Students Have To Say!
(Originals are on display at our offices)

You were right day trading truly is the ultimate business. No inventory, No employee headaches, No corporate office politics.

In the beginning I was skeptical. However as I became more experienced and confident that the CompuTrade formula really does work, I am now enjoying the success.

Testimonial
I will never forget my first 45 point gain - What a rush!!!! Most importantly, I would like to personally thank you for the continued support and guidance.

Brad E.
Riverside, CA

As you know, for many years now I have been the CEO of a communications company that employs several hundred people. I, of course, started my telecommunications business with the express purpose of earning a substantial income. Little did I know, however, of what I bargained for in the way of expenses and headaches.

Therein lies the beauty of the FOREX market. Huge, huge upside with very limited and controlled risk! ABSOLUTELY the most exceptional business opportunity I have ever seen!

It has been almost six months since you provided training to my group and I would like to express my sincere gratitude for delivering. Not just during training, but more importantly, for being available for each and every question thereafter.

In this day and time of empty promises, it is refreshing to interact with a company that truly delivers what they sell with honesty and sincerity.

Thanks for the pointed instructions. If any of your students will "listen and diligently apply the methods they're taught" they will discover the keys to the vault.

My hats off to you and your crew for a job well done!

Best Regards
JL
FLR Investments, Inc

With utmost confidence, I would like to share my success using CompuTrade's methods and training. As a recent college graduate I found CompuTrade through the process of putting currency schools and professional traders to the test. I interviewed with many others that claimed to have what it takes to turn the average person into a successful trader. I found that most other schools



A Member of the Better
Business Bureau

Complaint Exhibits

a317-110002

EXHIBIT A
Page 5

and professionals didn't even compare. CompuTrade rose to the top, offering one on one consultation, schooling and most importantly a system for capturing points successfully in a fast paced and exciting market.

It was evident from the beginning that CompuTrade and its staff had years of experience and a winning strategy. From the first transaction of my currency-trading career to my current financial independence, I can testify of real success. The right teaching coupled with a winning technique makes all the difference in the world.

Thank you CompuTrade for the excellent training and winning techniques.

Sincerely,

Rick S.
San Diego, CA

I just wanted to say thank you for all the time and effort you have invested in me over the last few months. I am enjoying the Forex system more than I ever thought was possible. Not only am I enjoying myself, but I love the Global Dealing Station system, too. The orders are executed so quickly that it is absolutely amazing. It's so much fun to watch the profits soar! I love it!

I am looking forward to a very prosperous 1999 and I wish you the same.

M. F.
Santa Fe, NM

P. S. Thanks for the help getting a new computer. It's perfect for trading!

I am very happy to inform you that my trading is going well after taking your day trading course 5 months ago. I was never successful with any other trading method or system until I started trading the Forex system with your powerful trading formula.

I have to tell you how dramatically the Forex trading system and formula have improved my trading. To give you some idea: I work full time in my contracting business during the day, at night I work with your trading system for a few hours and am averaging more than \$500 a day. I just wish that I learned about your trading method years ago. Now I truly do feel like I am on my way to financial freedom. I am also referring a friend to the CompuTrade trading program.

I truly do thank you for teaching me your trading methods, and for your support.

Sincerely,

Louie A. W. (CA)

The service and quality of training at CompuTrade is exceptional. I highly recommend CompuTrade if you are looking to learn more about computerized day trading.

T.A.
LakeForest,CA

Decision and Order

DECISION AND ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

Respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent CompuTrade LLC is a Nevada corporation with its principal office or place of business at 24591 Del Prado, Dana Point, CA 92629.

Decision and Order

2. Respondent Bernard Lewis is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation. His principal office or place of business is the same as that of CompuTrade LLC.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Clearly and conspicuously" shall mean as follows:
 - A. In an advertisement communicated through an electronic medium (such as television, video, radio, and interactive media such as the Internet and online services), the disclosure shall be presented simultaneously in both the audio and visual portions of the advertisement. *Provided, however,* that in any advertisement presented solely through visual or audio means, the disclosure may be made through the same means in which the ad is presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The visual disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it.

Decision and Order

- B. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.
- C. On a product label, the disclosure shall be in a type size and location on the principal display panel sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.

The disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or on any label.

2. In the case of advertisements disseminated by means of an interactive electronic medium such as the Internet or other online services, "in close proximity" shall mean on the same Web page and proximate to the triggering representation, and not on other portions of the Web site, accessed or displayed through hyperlinks or other means.

3. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

4. "Trading program" shall mean any program, service, course, instruction, system, training, manual, computer software, or other materials involving the purchase or sale of stocks, currencies, commodity futures, options, or other financial instruments or investments.

5. Unless otherwise specified, "respondents" shall mean CompuTrade LLC, a corporation, its successors and assigns and its officers; Bernard Lewis, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

Decision and Order

I.

IT IS ORDERED that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any trading program, in or affecting commerce, shall not represent, in any manner, expressly or by implication:

- A. That users of respondents' currency trading program can reasonably expect to earn large profits, or as much as six or even seven figures annually (i.e., more than \$1,000,000);
- B. That users of respondents' currency trading program can reasonably expect to earn profits of \$500 to \$750 or more per day;
- C. That users of respondents' currency trading program can reasonably expect to earn large profits even if they have no previous experience in currency trading;
- D. The amount of earnings, income, or profit that a prospective user could reasonably expect to attain; or
- E. Any financial benefit or other benefit of any kind from the purchase or use of such trading program;

unless respondents possess and rely upon a reasonable basis substantiating the representation at the time it is made.

Decision and Order

II.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any trading program, in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication,

- A. That users of the program can reasonably expect to trade with little or no financial risk; or
- B. The extent of risk to which users of the program are exposed.

III.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any trading program, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the financial benefits of such program, unless they disclose, clearly and conspicuously, and in close proximity to the representation,

"CURRENCY [or STOCK, COMMODITY FUTURES, OPTIONS, ETC., as applicable] TRADING involves high risks and YOU can LOSE a lot of money."

Provided, the disclosure required by this Part is in addition to, and not in lieu of, any other disclosure that respondents may be required to make, including but not limited to any disclosure required by state or federal law or by a self-regulatory organization. The requirements of this Part are not intended to, and shall not be interpreted to, exempt respondents from making any other disclosure.

Decision and Order

IV.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any trading program, in or affecting commerce, shall not represent, in any manner, expressly or by implication, that the experience represented by any user, testimonial or endorsement of the trading program represents the typical or ordinary experience of members of the public who use the trading program unless:

- A. Respondents possess and rely upon a reasonable basis substantiating the representation at the time it is made; or
- B. Respondents disclose, clearly and conspicuously, and in close proximity to the endorsement or testimonial, either:
 - 1. what the generally expected results would be for users of the trading program, or
 - 2. the limited applicability of the endorser's experience to what users may generally expect to achieve, that is, that users should not expect to experience similar results.

For purposes of this Part, "endorsement" shall mean as defined in 16 C.F.R. § 255.0(b).

V.

IT IS FURTHER ORDERED that respondent CompuTrade LLC, and its successors and assigns, and respondent Bernard Lewis shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon

Decision and Order

request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials (including packaging) containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

VI.

IT IS FURTHER ORDERED that respondent CompuTrade LLC, and its successors and assigns, and respondent Bernard Lewis shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities. Respondents shall maintain and upon request make available to the Commission for inspection and copying each such signed and dated statement for a period of five (5) years after creation.

Decision and Order

VII.

IT IS FURTHER ORDERED that respondent CompuTrade LLC, and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution of a subsidiary, parent or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. *Provided, however,* that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge.

VIII.

IT IS FURTHER ORDERED that respondent Bernard Lewis, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities.

IX.

IT IS FURTHER ORDERED that respondent CompuTrade LLC, and its successors and assigns shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Decision and Order

X.

This order will terminate on June 5, 2020, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; *provided, however*, that the filing of such a complaint will not effect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

XI.

All notices required to be sent to the Commission pursuant to this Order shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 601 Pennsylvania Avenue, N.W., Washington, D.C. 20580. ATTN: In the Matter of CompuTrade LLC.

By the Commission.

Analysis to Aid Public Comment

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a consent order from CompuTrade LLC, a corporation, and Bernard Lewis, individually and as an officer of the corporation (together, “respondents”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

Respondents sell and distribute computer software and training for buying and selling foreign currencies on a daily basis. They advertise on their Internet Web sites, www.computrades.com and www.computrader.net. This matter concerns allegedly deceptive representations of the earnings and profit potential, as well as the extent of risk involved in using respondents' trading methods.

The Commission's proposed complaint alleges that respondents made unsubstantiated claims that users of respondents' currency trading program could reasonably expect to earn large profits of \$500 to \$750 or more per day, and as much as six or seven figures annually (i.e., more than \$1,000,000); that users could reasonably expect to earn huge profits even if they had no previous experience in currency trading; and that testimonials appearing in the advertisements for respondents' currency trading program reflected the typical or ordinary experience of members of the public who use the program. In addition, the complaint alleges that respondents misrepresented

Analysis to Aid Public Comment

that users of their currency trading program could reasonably expect to trade with little financial risk.

The proposed consent order contains provisions designed to prevent respondents from engaging in similar acts and practices in the future.

Part I of the proposed order requires respondents to have a reasonable basis substantiating any representation that users of respondents' currency trading program can reasonably expect to earn large profits: (1) of \$500 to \$750 or more per day; (2) of as much as six or even seven figures annually (i.e., more than \$1,000,000); or (3) even if they have no previous experience in currency trading. Part I also requires respondents to possess a reasonable basis substantiating claims about the amount of earnings, income, or profit that a prospective user of any trading program could reasonably expect to attain, or about any financial benefit or other benefit from any trading program offered by respondents.

Part II of the proposed order prohibits respondents from misrepresenting that users of any trading program can reasonably expect to trade with little or no financial risk and from misrepresenting the extent of risk to which users of any such program are exposed.

Part III of the proposed order requires respondents to disclose, clearly and conspicuously, "CURRENCY [or STOCK, COMMODITY FUTURES, OPTIONS, ETC., as applicable] TRADING involves high risks and YOU can LOSE a lot of money," in close proximity to any representation they make about the financial benefits of any trading program. This disclosure is in addition to, and not instead of, any other disclosure that respondents may be required to make.

Part IV of the proposed order prohibits respondents from representing without a reasonable basis that the experience represented by any user, testimonial or endorsement of any

Analysis to Aid Public Comment

trading program represents the typical or ordinary experience of members of the public who use the program; or respondents must disclose either what the generally expected results would be for users of the trading program, or the limited applicability of the endorser's experience to what users may generally expect to achieve, that is, that users should not expect to experience similar results.

Parts V and VI of the proposed order require respondents to keep copies of relevant advertisements and materials substantiating claims made in the advertisements and to provide copies of the order to certain personnel. Part VII requires CompuTrade to notify the Commission of any changes in the corporate structure that might affect compliance with the order. Part VIII requires that the individual respondent notify the Commission of changes in his employment status for a period of ten years. Part IX requires CompuTrade to file compliance reports with the Commission. Part X provides that the order will terminate after twenty (20) years under certain circumstances.

The purpose of this analysis is to facilitate public comment on the proposed order. It is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

R.N. MOTORS, INC.CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT AND
THE CONSUMER LENDING ACT

*Docket C-3947; File No. 9923246
Complaint, June 5, 2000--Decision, June 5, 2000*

This consent order prohibits Respondent R.N. Motors, Inc., in any lease advertisement, from making any reference to any charge that is part of the total amount due at lease signing or delivery or that no such charge is required, not including a statement of the periodic payment, unless the advertisement also states with "equal prominence" the total amount due at lease signing or delivery. The order also prohibits Respondent, in any lease, from stating the amount of any payment or that any or no initial payment is required at lease signing or delivery, unless the advertisement also states, clearly and conspicuously, all of the terms required by Regulation M, as amended and as follows: 1) that the transaction advertised is a lease; 2) the total amount due at lease signing or delivery; 3) whether or not a security deposit is required; 4) the number, amounts, and timing of scheduled payments; and 5) that an extra charge may be imposed at the end of the lease term in a lease in which the liability of the consumer at the end of the lease term is based on the anticipated residual value of the vehicle. Respondent is also prohibited from stating a percentage rate in an advertisement or in documents evidencing the lease transaction, unless respondent also states the notice required by Regulation M that "this percentage may not measure the overall cost of financing this lease." All disclosure required in advertising must be made clearly and conspicuously in all forms of advertising in all forms of media.

Participants

For the Commission: *Carole Reynolds, Michelle Chua, Jessica Rich, David Medine, and BE.*

For the Respondents: *James T. Flynn, Flynn, McKenna, Wright, & Karsh.*