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|  PLAINTIFF, | § | IN THE DISTRICT COURT |
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| | § | |
| VS. | § | 296 TH JUDICIAL DISTRICT |
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| ADVANTAGE CONFERENCES, LLC, | § | |
| TIMOTHY S. DARNELL, | § | |
| INDIVIDUALLY, | § | |
| JACK M. WEINZIERL, | § | |
| INDIVIDUALLY, AND | § | |
| JAMES MCHUGH, INDIVIDUALLY | § | |
| DEFENDANTS. | § | COLLIN COUNTY, TEXAS |

PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff,  ("Plaintiff"), moves for Summary Judgment on her entire case against Defendants, Advantage Conferences, LLC, Timothy S. Darnell ("Darnell"), Individually, Jack M. Weinzierl ("Weinzierl"), Individually, and James McHugh ("McHugh"), Individually, (collectively referred to as "Defendants"), and in support thereof, shows:

I.

All of the Defendants have appeared herein.

II.

Plaintiff's Motion embraces her entire case against the Defendants. There are no genuine issues as to any material fact necessary to establish each and every element of the Plaintiff's causes of action against the Defendants for fraud, conspiracy, and deceptive trade practices, and Plaintiff is entitled to a judgment as a matter of law on these causes of action against Defendants.

III.

In support of this Motion, Plaintiff relies upon the Affidavits of [REDACTED] Heather Dobrott, and Thomas J. Foster, which are attached hereto as Exhibits “1”, “2” and “3” respectively and incorporated herein by reference. Those Affidavits establish the following:

1. Defendant Advantage Conferences, LLC (“Advantage Conferences”) is a Texas limited liability company. Advantage Conferences represents to the public that its product sold to the public is a self-improvement and wealth-enhancement business conference. In reality, the real business of Advantage Conferences is operating a pyramid where sales representatives who have been recruited by Advantage Conferences pay a fee to Advantage Conferences and then turn around and sell the same “income opportunity” to newer down-stream sales representatives for a fee. No one but the sales representatives ever purchase the business conferences.
2. Advantage Conferences describes its conferences in its promotional materials as “powerful information that bridges the gap between your current financial status and where you truly desire to be.” Advantage Conferences represents that this “powerful information” is delivered in a two-day conference, referred to as the “Millionaire Mindset Conference,” held four times a year where “attendees absorb real-life stories, lessons, strategies and advice from bona-fide millionaires.” The subject matter of the conference, Advantage Conferences represents in its promotional materials, is “appropriate only for someone serious about earning a SIX or SEVEN DIGIT INCOME within 18 months or less.” The

cost of the two-day conference is \$9,995.00. Advantage Conferences also offers ancillary products such as CDs and DVDs, but those items are not at all a focus of the business.

3. The “income opportunity” which Plaintiff purchased from Advantage Conferences consists of an “income producing system” which, Advantage Conferences says, provides “common people” the ability to earn \$7,000.00 Over & Over & Over Again.” Advantage Conferences tells recruits that the “income producing system” is designed so that they may earn “Tens of Thousands of Dollars QUICKLY” and makes millions of dollars in a “MATTER OF A FEW MONTHS!” Six figure incomes and greater are held out as “realistic” annual earnings for everyone. Advantage Conferences promises recruits they can earn these huge incomes part-time (10-15 hours/week) without selling anything or even talking to anybody. According to the interest form given by Advantage Conferences to prospective purchasers of the “income opportunity,” only those interested in making \$100,000, \$200,000, \$500,000, or \$1,000,000 in a year’s time should apply for Advantage Conferences’ income opportunity. According to the Advantage Conferences representative simply “turns [the system] on and receives the money.” It is, according to the Advantage Conferences’ promotional materials, “absolutely predictable!”
4. Advantage Conferences focuses on promoting its "income opportunity", primarily through the internet. Almost all of Advantage Conferences’ representatives maintain a “personalized marketing website,” through which they recruit additional representatives. Consistent with Advantage Conferences’ description

of a representative as a “professional inviter,” the primary purpose of the websites is to invite recruits (i.e., persons looking for an income opportunity) to fill out an interest form to initiate the “3 Simple Steps.”

5. The “3 Simple Steps” are an online recruiting tool designed to explain the income opportunity to a recruit without the recruiting representative having to explain it. In Step 1, a recruit reads online the Getting Started E-Package (“GSEP”). Then, in Step 2, the recruit reviews the Advantage Conferences compensation plan. Next, in Step 3, the recruit participates in a “\$7,000.00 Call.” In the compensation presentation (Step 2), recruits are told the importance of attendance at weekly training sessions because such sessions explain:

...how we attract people to come into our business and start those incredible multiplications of two in the matrix and reverse margin.

There is little, if any, focus on selling the conference to consumers who are not interested in the income opportunity. Rather, the focus is on exposing the income opportunity to thousands of people on a weekly basis.

6. According to Advantage Conferences, no selling of products to the public is required in order to make money from this “income opportunity.” The GSEP (step 1) emphasizes that “most of [Advantage Conferences’] training focuses on how to accomplish exposure of your business to thousands of people on a weekly basis.” Indeed, Advantage Conferences teaches its representatives that if a recruit asks “what is your product?” that recruit is “not a prospect.” The mission of an Advantage Conferences representative is to enroll, i.e., to recruit, “EMPs [Extraordinary Marketing Professionals] over the next year” to be MMC-IV

mentors. Advantage Conferences representatives are taught different approaches to recruiting such as: “I promote a unique income opportunity call Advantage Conferences and target individuals via the Internet who are serious about becoming millionaires.” Productivity at Advantage Conferences, therefore, “is the direct result of how many people you have exposed the Advantage Conferences opportunity to. Expose this opportunity to big numbers – you will receive big numbers.” As a result of this focus on recruiting, since January 2005, no retail sales of the conferences have been made to persons not participating in the income opportunity.

Advantage Conferences’ Compensation Plan Rewards
Recruitment of Representatives, not Retail Sales of the
Conference to Non-Participants in the Income Opportunity.

7. To be eligible to earn \$7,000.00 commissions, an Advantage Conferences representative must be a “pro-rep IV,” also known as an “MMC-IV.” To qualify as a “pro-rep IV,” a representative must make three “qualifying sales” of the conference, at the price of \$9,995.00 each, one of which “qualifying sales” can be the representative’s own \$9,995.00 “purchase.” The first three “qualifying sales,” along with the commissions generated thereby, are passed up or paid to the representative’s upline “pro-rep IV.” Once a representative pays \$9,995.00 and recruits two others who also pay \$9,995.00, the representative qualifies as a “pro-rep IV” and is eligible to earn a \$7,000.00 commission on his or her next recruitment at \$9,995.00.
8. After a representative qualifies as a pro-rep IV, the next recruit is entered into the pro-rep’s own “pay register” to start the “Power of Two.” The “Power of Two”

refers to the multiplication of recruits by two in a pro-rep's pay register. The pay register includes anyone personally recruited by the pro-rep and the first two they recruit, *ad infinitum*. For example, when a qualified pro-rep IV recruits another representative to pay \$9,995.00 for the conference, the pro-rep IV earns \$7,000.00. When that new representative recruits two more people to pay \$9,995.00, the pro-rep IV receives \$14,000.00. When those two each recruit two to pay \$9,995.00, the pro-rep IV receives \$28,000.00 (4 x \$7,000.00) and so on. Using geometrical progressions, Advantage Conferences demonstrates to recruits how they can quickly amass hundreds of thousands of dollars with "infinite depth" through this recruitment system. According to the GSEP, by recruiting only "35 total people" to participate in the income opportunity, one can earn a total profit of \$245,000.00. This recruiting can continue "infinitely! 1, 2, 4, 8, 16, 32, 64 etc. all multiplied by \$7,000.00 EACH!" Advantage Conferences entices recruits with the prospect of earning over \$1,000,000.00 in just 28 weeks as a result of the "Miraculous Power of 2."

9. Although Advantage Conferences claims a recruit can qualify as a "pro-rep IV" by paying the application fee of \$59.95 and "selling" three conferences to others for \$9,995.00 (instead of a self purchase plus two), no one qualifies in this fashion. Mr. Darnell has not "seen a single person who hasn't committed to the full conference make any money at all" because of an "unwritten 'law,' unceasingly at work," that one must purchase the conference to succeed in the Advantage Conferences income opportunity. Advantage Conferences questions a representative's commitment to building the business if the conference is not

purchased. Indeed, the compensation plan is designed to provide enormous incentive for representatives to make the initial upfront purchase of \$9,995.00. Because a representative's own conference "purchase" counts as one of the three "qualifying sales," he/she has to recruit only two more new representatives to qualify for pro-rep IV status and thus become eligible for the promised lucrative rewards. Moreover, without the purchase, a representative's third "sale" is also "passed up" to the upline pro-rep and the representative forfeits not only the \$7,000.00 commission but also the "organizational growth" of that third leg which, according to Advantage Conferences, is worth potentially hundreds of thousands of dollars. Thus, Advantage Conferences exerts tremendous psychological and economic pressure on a new representative to make the large initial purchase to qualify to earn the huge commissions which Advantage Conferences says are "absolutely predictable!," "TOTALLY REALISTIC" and "next to impossible to fail." Accordingly, Advantage Conferences itself describes the failure to purchase the conference as "business suicide."

10. Darnell was the President of Advantage Conferences and participated in pre-purchase conversations with Plaintiff. Weinzierl also participated in these pre-purchase conversations with Plaintiff and was the head of the Advantage Conferences group to which Plaintiff was assigned. Defendant McHugh also participated in these pre-purchase conversations with Plaintiff and he was directly up-stream from Plaintiff in the same group with Plaintiff.
11. The actions of individual Defendants Darnell ("Darnell"), Weinzierl ("Weinzierl"), and McHugh ("McHugh"), which are complained of in this lawsuit

occurred at such times that those individual defendants were as either officers and/or authorized agents acting separately, jointly, and/or in concert with each other on behalf of Defendant Advantage Conferences. In 2005, Plaintiff entered into an agreement with Advantage Conferences whereby Plaintiff invested in a multi-level marketing “income opportunity” sold by Advantage Conferences based on the representations of the individual Defendants made either separately, jointly, and/or in concert with each other. Plaintiff was induced into purchasing the investment in Advantage Conferences by the representations of the individual Defendants made either separately, jointly, and/or in concert with each other. Such representations made to Plaintiff were false and the misrepresentations made to the Plaintiff were made intentionally.

12. Plaintiff relied on such misrepresentations in entering into the agreement with Advantage Conferences and investing money into the business operated by Advantage Conferences. The following misrepresentations, each of which induced Plaintiff into purchasing an interest in the business were made to Plaintiff by the individual Defendants either separately, jointly, and/or in concert with each other:

- a. Those Defendants did not disclose to the Plaintiff that the primary focus of Advantage Conferences was in promoting a pyramid scheme.
- b. It was a sham to state that there were business conferences sold to the public.

- c. It was false and misleading to state that “common people” are given the opportunity to earn “\$7,000.00 over and over and over again” and that they would earn that amount of money over and over again.
- d. It was misleading and deceptive to state that the “income producing system” is designed so that the Plaintiff could easily earn “tens of thousands of dollars quickly” and make millions of dollars in a “matter of a few months.”
- e. A six-figure income and greater are held out as “realistic” annual earnings for everyone. In fact, the promotional materials provided by Advantage Conferences and/or the individual Defendants state that making millionaires is what Advantage Conferences is all about.
- f. The promotional materials promised Plaintiff that she could earn huge incomes part-time (based on working 10 – 15 hours per week) without selling anything or even talking to anybody.
- g. According to the interest form provided by Defendants, only those interested in making \$100,000.00, \$200,000.00, \$500,000.00, or a million dollars in a year’s time should apply to Advantage Conferences income opportunity.
- h. The promotional materials state that an Advantage Conferences representative simply “turns the system on and receives the money.” It is according to Advantage Conferences materials “absolutely predictable.”

- i. McHugh falsely represented to Plaintiff that if Plaintiff would invest an additional \$9,000.00 into the business two of his family members would do likewise, which would result in income to Plaintiff.
 - j. Advantage Conferences claimed it was a member of the Better Business Bureau when it was not a member.
13. In the compensation presentation provided to prospective purchasers of the “income opportunity,” prospective purchasers are told the importance of attendance at weekly training sessions because such sessions explain, “how we attract people to come and do our business and start those incredible multiplications of two in the matrix and reverse margin.”
14. The prospective investors are not told that the “income opportunity” being sold to them is nothing more than a Pyramid Scheme.
15. Giving the sixty (60) days written notice under Section 17.505 of the Texas Business and Commerce Code was rendered impracticable by reason of the necessity of filing suit in order to prevent the expiration of the statute of limitations.
16. The following are the actual economic damages suffered by Plaintiff as a result of her being induced into purchasing the “income opportunity” of Advantage Conferences:

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| Purchase price charged for Plaintiff’s purchase of the “income opportunity” | \$8,569.95 |
| Office Expense directly related to purchase of “income opportunity” | \$211.50 |
| Purchase of Education Materials from Advantage Conferences directly related to purchase of the “Income Opportunity” | \$419.96 |
| Plaintiff’s purchase of Advertising which was directly related to her purchase of the “Income Opportunity” | \$2,235.35 |

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|---|--------------------|
| Attorneys' fees incurred by Plaintiff for a Weinzierl Charity which were directly related to her purchase of the "Income Opportunity" | \$125.00 |
| TOTAL ECONOMIC DAMAGES | \$11,561.76 |

17. The dollar amount which Plaintiff believes that she should be awarded by the Court to compensate her for the mental anguish that she has suffered as a direct result of the fraud and false representations by the Defendants is the amount of \$100,000.00.

18. Plaintiff has found it necessary to retain the Law Office of Foster & Foster, P.C. to prosecute this lawsuit and Plaintiff's claims under the Texas Deceptive Trade Practices Act. Plaintiff is entitled to recover the amount of \$26,500.00 as her reasonable and necessary attorneys' fees, an additional \$10,000.00 in the event of an appeal to the Court of Appeals, an additional \$10,000.00 in the event a petition for review is filed with the Texas Supreme Court, and an additional \$10,000.00 in the event the Texas Supreme Court grants a petition for review.

WHEREFORE, PREMISES CONSIDERED, Plaintiff requests the Court grant Plaintiff's Motion for Summary Judgment against Defendants, and that Plaintiff have:


1. Judgment against Defendants jointly and severally for the Plaintiff's economic damages of \$11,561.76;
2. Judgment against Defendants jointly and severally for \$100,000.00 as actual damages for the Plaintiff's mental anguish;
3. Additional damages of \$223,123.52 under Section 17.50(b)(1) of the Texas Deceptive Trade Practices Act which is equal to two times the total

amount of Plaintiff's economic damages and the damages for Plaintiff's mental anguish;

4. Judgment against Defendants jointly and severally for Plaintiff's reasonable attorneys' fees of \$26,500.00 in the trial court, plus additional awards in the event of an appeal as specified above
5. Judgment against the Defendants jointly and severally for costs of this suit;
6. Judgment against the Defendants jointly and severally for pre-judgment interest at the highest rate allowed by law;
7. Judgment against the Defendants jointly and severally for post-judgment interest at the highest rate allowed by law;
- and
8. Judgment for such other and further relief to which Plaintiff may be justly entitled.

Respectfully submitted,
Law Office of
Foster & Foster, P.C.


By: _____


Thomas J. Foster
State Bar No. 07299000
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Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above document has been served on the 11th day of August, 2009 via certified mail on all Defendants.



Thomas J. Foster

FIAT

IT IS HEREBY ORDERED that this Motion is set for hearing on the _____
day of _____, 2009, at _____ a.m.

THE HONORABLE JUDGE PRESIDING

[REDACTED]
PLAINTIFF,

VS.

**ADVANTAGE CONFERENCES, LLC,
TIMOTHY S. DARNELL,
INDIVIDUALLY,
JACK M. WEINZIERL,
INDIVIDUALLY, AND
JAMES MCHUGH, INDIVIDUALLY
DEFENDANTS.**

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IN THE DISTRICT COURT

296TH JUDICIAL DISTRICT

COLLIN COUNTY, TEXAS

AFFIDAVIT OF **[REDACTED]**

STATE OF CALIFORNIA §

COUNTY OF FRESNO §

BEFORE ME, the undersigned authority, on this day personally appeared Zena Karelin, who being by me duly sworn, on her oath stated:

1. My name is **[REDACTED]**. I am the Plaintiff in this suit. I am over the age of twenty-one (21), of sound mind, and am fully competent to make this Affidavit. The statements contained herein are within my personal knowledge and are true and correct.
2. I found out about Advantage Conferences in May, 2005 from Doug VanDeventer, an acquaintance of mine. He stated "I have never, ever come across a business that offers as solid a platform and support system to create wealth like Advantage Conferences. There are no smoke and mirrors and all the right stuff. I encourage you to go to my website and review all three steps and learn how this wonderful Christian business that can and will bless you and your

family. I've found great fulfillment in running this business, spiritually, financially and emotionally. It's growing into something I never expected. Advantage Conferences is a true oasis in the desert!" I was made to believe that Advantage Conferences was this wonderful Christian Company with integrity.

3. I needed to build up my retirement. I wanted to learn about business and how to start my own business.
4. Doug VanDeventer had not made his qualifying sales yet, so I dealt with and my commission went to his upline James McHugh.
5. I was invited to participate in a conference call (The \$7,000.00 Call) presided over by Tim Darnell and in which Jack Weinzierl, James McHugh and other Advantage Conferences representatives also participated. On the \$7,000.00 phone call I was told that I would make \$7,000.00 over and over and over again. This was held out to be not only possible, but realistic and absolutely predictable.
6. On The \$7,000.00 Call I was promised that the money I would spend I could get it back in a month. I signed the Application and Enrollment Agreement for New Representatives. On the Interest Form I checked that I was serious about earning 1 million dollars as I was told to be expecting to make at least \$100,000.00 or potentially much more in my first year.
7. It was explained to me that I would be able to add a zero to my current monthly income and expect to make that with Advantage Conferences. Tim stated regarding income " I want you to add a zero to the amount of money you are making now. For example, if you are making \$4,000.00 per month add a zero to that which brings it to \$40,000.00 per month."

8. I was told to get the money anyway I could. I understood it was a Christian business with integrity that would train me to run my own successful and ethical business. I was told to use credit cards, borrow from my 401k, borrow from friends and borrow from the equity of my home etc.
9. I was given the impression that the people in Advantage Conferences were Millionaires.
10. I was told that the Advantage Conferences' conferences were going to be held four times per year with 6 millionaire/ multi millionaire speakers invited by Tim Darnell to speak at the Conference. Each speaker was given 90 minutes to tell how they built their business and "SOME THINGS NO ONE EVER HEARD BEFORE." All the speakers' names and the business they were in were withheld until one arrived at the conference. This information was withheld deliberately so people had to attend the Conference. Only two conferences were held in 2005.
11. I told Doug V I could not fly and Doug stated, "You can be treated the same as the International Reps. Conferences will be video taped and you will receive a video tape or DVD. International Reps would not fly for ½ day, 1 day or some even for the 2 day Conferences. The Reps will be sent a CD or DVD instead." So, since they had agreed to a way for me to satisfy the conference attendance requirement and knew I could not fly and had to work, I still should have been eligible for a refund as they didn't offer me the DVDs of the conference for the \$9,995.00 payment they had received with that being a stipulation.

12. Advantage Conferences claimed many things were trademarked that were not so protected.
13. Advantage Conferences claimed it was a member of the Better Business Bureau when they were not.
14. I had complaints from my prospects and was told to delete them by Jack Weinzierl (my mentor).
15. James McHugh tricked me into upgrading.
16. On June 9, 2005 I signed the Application and Enrollment Agreement for New Representatives. I signed up as an MMC-I at the \$1000.00 level. I paid \$1,059.95 including the website and service fee for the 1/2 day Millionaire Mindset Conference. I signed the Conference Order Form. I paid by check (#1810.)
17. On June 16, 2005 I received a call from my MMC_IV sponsor Jim McHugh asking me for a favor. I was told to upgrade to an MMC-II he would place 2 family members under me. So I did upgrade and sent in \$1,005.00 check (# 1461) for the 1 day Millionaire Mindset Conference.
18. In late June 2005 Jim Mc Hugh called again stating that he was going to upgrade one of the two family members to an MMC-IV and would like me to upgrade to an MMC-IV also, so I would get credit and qualify to start earning commissions.
19. June 30, 2005 I sent in an \$8,000.00 check (#1459) for a 2 day Millionaire Mindset Conference.

20. He said, "after I upgraded that they would do so as well and I would then be qualified and I could begin making \$7,000.00 checks." His family members, Jennifer and Joyce, never wanted to be in the business and never upgraded. That was simply a trick by Jim McHugh to get an additional \$6,000.00 from me into his own pocket.
21. I was told, "I show people that they can actually and realistically make"\$7,000.00 Over & Over & Over Again™?..... The answer and truth is that "\$7,000.00 Over & Over Again™ is not only possible, it is absolutely predictable! You are going to be taught a powerful System that anyone, and I mean ANYONE can operate. Our System is so simple ingenious, and IT is the star, not you. You are simply the one who turns it on and receives the money."
22. I was under tremendous pressure. I was pushed and coerced to upgrade quickly from \$1,000.00 to \$2,000.00 to \$10,000.00 all in less than a month's time. I did not even have time to go through the training process.
23. My life savings was spent on this Christian Business opportunity. The defendants committed fraud because they intentionally misrepresented material facts to me and these lies resulted in proximate damages to me. I have struggled to make it since I invested in Advantage Conferences and lost so much money. I had to refinance my home in a desperate struggle to save it. I have had very difficult times with my family. When my grandchildren ask me for things I have to say no. I don't have the money for clothes and shoes they need or any extras.

24. Defendants Advantage Conferences, Tim Darnell, Jack Weinzierl, and James McHugh either separately, jointly, and/or in concert with each other, made the following misrepresentations to me:

- a. Those Defendants did not disclose to the Plaintiff that the primary focus of Advantage Conferences was in promoting a pyramid scheme.
- b. It was a sham to state that there were business conferences sold to the public.
- c. It was false and misleading to state that “common people” are given the opportunity to earn “\$7,000.00 over and over and over again” and that they would earn that amount of money over and over again.
- d. It was misleading and deceptive to state that the “income producing system” is designed so that the Plaintiff could easily earn “tens of thousands of dollars quickly” and make millions of dollars in a “matter of a few months.”
- e. A six-figure income and greater are held out as “realistic” annual earnings for everyone. In fact, the promotional materials provided by Advantage Conferences and/or the individual Defendants state that making millionaires is what Advantage Conferences is all about.
- f. The promotional materials promised Plaintiff that she could earn huge incomes part-time (based on working 10 – 15 hours per week) without selling anything or even talking to anybody.
- g. According to the interest form provided by Defendants, only those interested in making \$100,000.00, \$200,000.00, \$500,000.00, or a million

dollars in a year's time should apply to Advantage Conferences income opportunity.

- h. The promotional materials state that an Advantage Conferences representative simply "turns the system on and receives the money." It is according to Advantage Conferences materials "absolutely predictable."
- i. McHugh falsely represented to me that if I would invest an additional \$9,000.00 into the business, two of his family members would do likewise, which would result in commission income to me. When I invested this additional \$9,000.00 into the business, McHugh received an additional \$6,500.00 of commissions. McHugh's promise that his family members would make a corresponding investment in the business turned out to be a complete misrepresentation and I received no such commission income.
- j. Advantage Conferences claimed it was a member of the Better Business Bureau when it was not a member.

25. In total, I suffered at least \$11,561.76 in economic damages directly caused by Defendants' lies. More specifically, the actual economic damages suffered by me as a result of the Defendants' conduct are as follows:

| | |
|--|------------|
| Purchase price charged for my purchase of the "income opportunity" | \$8,569.95 |
| Office Expense directly related to my purchase of "income opportunity" | \$211.50 |
| Purchase price of Education Materials from Advantage Conferences directly related to my purchase of the "Income Opportunity" | \$419.96 |
| My purchase of Advertising which was directly related to my purchase of the "Income Opportunity" | \$2,235.35 |

| | |
|---|--------------------|
| Attorneys' fees incurred by me for a Weinzierl Charity which were directly related to my purchase of the "Income Opportunity" | \$125.00 |
| TOTAL ECONOMIC DAMAGES | \$11,561.76 |

26. I also had to hire an attorney to file this lawsuit and collect this Summary Judgment and in doing so have incurred over \$26,500.00 in reasonable and necessary attorney's fees. I ask the Court to assess at least \$100,000.00 in damages against the Defendants to compensate me for my mental anguish.

Further Affiant Sayeth Not.

Zena Karelin
Zena Karelin

Subscribed and sworn to before me on this _____ day of August, 2009 to which
witness my hand and official seal. See Below

State of California, County of Stanislaus
Subscribed and sworn to (or affirmed) before me on this
6 day of August, 2009, by Zena Karelin
proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Lillian Mae Refuerzo
(Signature of Notary)

Notary Public, in and for the
State of _____



**ADVANTAGE CONFERENCES, LLC,
TIMOTHY S. DARNELL,
INDIVIDUALLY,
JACK M. WEINZIERL,
INDIVIDUALLY, AND
JAMES MCHUGH, INDIVIDUALLY
DEFENDANTS.**

[illegible]

296TH JUDICIAL DISTRICT

COLLIN COUNTY, TEXAS

STATE OF TEXAS §
COUNTY OF COLLIN §

1. My name is Heather Dobrott. I am a friend of the Plaintiff [REDACTED]. I am over the age of twenty-one (21), of sound mind, and am fully competent to make this Affidavit. The statements contained herein are within my personal knowledge derived from my experience and involvement with and/or relating to Advantage Conferences, LLC, its promotional materials and the other Defendants herein as described below in this Affidavit and those statements contained herein are true and correct.

AFFIDAVIT OF HEATHER DOBROTT – Page 1
 [REDACTED] Affidavit of Heather Dobrott



they couldn't use. I decided to educate myself more about these MLM businesses.

- I ended up on Quatloos.com which is owned by an attorney and moderated by a number of attorneys and other professionals who want to educate the public about these types of ventures. I did extensive research with the guidance of regular posters there and began my work of blogging about MLMs.

Much of my early blogging concerned the Dallas based Ignite which is currently being sued in federal court for racketeering and operating a pyramid scheme. As it was obvious I was local to this area by my posts, another poster on the anti-scam site, Scam.com asked me to look at Advantage Conferences. I was floored to discover that Tim Darnell of Advantage Conferences was suing the Dallas Better Business Bureau. I diligently read everything online concerning this opportunity beginning in October 2005 and blogged extensively about it on both sites. My devotion to evaluating MLMs and educating the public led to me being named a moderator on Scam.com, a volunteer position that I am proud to hold. I archived and posted every last webpage, e-mail, advertisement, audio and video about Advantage Conferences that I could get. As time went on a number of representatives from Advantage Conferences contacted me. They had been terribly harmed financially and emotionally by this venture and I had a number of them sending me what they had related to their involvement in Advantage Conferences.

In December 2006 an impressive article was published in the Houston Press by Craig Malisow who I have been in contact with. It exposed the criminal background of associates of Tim Darnell. It outlined the many previous scams

Darnell had repped for or set up himself. It also had MLM expert Robert Fitzpatrick commenting on the pyramid aspect of this venture that leads to the vast majority of participants losing their money. After that article an attorney on Quatloos.com posted some actual court documents that were referenced in that article from Advantage Conferences groundless, frivolous suit against the BBB of Dallas. This attorney was looking for someone in the Dallas area to obtain copies of any additional records at the courthouse and I immediately volunteered my services. I read every page of the thousands in the record and purchased copies of many of them. I began posting them in their entirety and quoting excerpts for my posts where I regularly discussed what I learned from these documents. One excerpt that got a lot of attention was this passage from the BBB's Summary Judgment Motion:

“The BBB membership standards require....truth and honesty in advertising and selling practices....The (BBB) website raised concerns about AC's business model and the truthfulness of its advertising Specifically, **the BBB questioned AC's use of certain trademarks and copyrights found on its website, its earning representations and whether AC was primarily engaged in promoting a pyramid scheme.**” The Judge granted the motion in all respects so those issues were adjudicated and the fodder of much discussion.

Jack Weinzierl, under nine different usernames, was posting on Scam.com and we had a very lively and contentious discussion going for the last three years. That led me to much more in depth investigation. Jack Weinzierl repeatedly threatened me and other poster with litigation for sharing facts, documents and

our opinions of this venture. From the Better Business Bureau case court documents Advantage Conferences was adjudicated to be a pyramid scheme. I calculated a 98% loss rate for the representatives. That is the percentage that lost money. Knowing from Mr. Weinzierl that at least 50% of the representatives joined at the top level for \$10,000.00, then it was obvious with business expenses, advertising, hotel, rental car and airfare etc. that those MMC-IV reps had around \$20,000.00 in losses each. Tim Darnell admitted under oath during the BBB case that he had had no retail sales of the conference. That would mean it was nothing more than a recruiting scheme / pyramid scheme with all the sales inside the pyramid as the BBB suit clearly demonstrated. Tim Darnell thought Advantage Conferences had one retail sale of the conference as of June 2008, but at that point he changed the compensation plan.

I made a concerted effort to contact every enforcement agency that would have jurisdiction to act on this venture. The Attorney General's office has a substantial file including many of the documents from the BBB suit. The FTC and SEC have information I sent in concerning Advantage Conferences. The Texas Department of Insurance turned the file over to an enforcement attorney to investigate the *Hidden Treasures*, stranger owned life insurance program of Advantage Conferences, that had no policies written and representatives out thousands and tens of thousands in expected commissions that never materialized. When an enforcement attorney of the Texas State Securities Board saw online that Tim Darnell had filed suit against me they launched an investigation into

Advantage Conferences. Again, all the court documents and pertinent records I had were forwarded to them at their request.

Advantage Conferences / Tim Darnell set up a bogus charity actually stealing the name of his church Cottonwood Creek Baptist Church to incorporate in Texas as a non-profit. The church submitted an Affidavit saying they in fact had no affiliation with Darnell, or Advantage Conferences or his Treasures for the Kingdom Foundation. The church said he did not have permission to use their name or act on their behalf and they also confirmed they were not on the boards of any of Darnell's various questionable ventures. Darnell had claimed 501 (c) 3 status as an affiliate of that church. I sent a lengthy file to the IRS EO Classification Office here in Dallas and spoke at length on several occasions with an Exempt Organization specialist who assisted me in filing the complaint with the IRS. Tim Darnell fraudulently solicited money claiming his Treasures for the Kingdom Foundation was a federally recognized 501 (c) 3. When I contacted the Texas Secretary of state about his fraudulent charity they confirmed he had not been given any exemption by the IRS under any code and instructed me to forward my information to the Attorney General's Office as they are the agency in Texas that deals with fraudulent charity activity.

In the fall of 2007 Tim Darnell began a concerted campaign to frighten me into silence. He had threatened fellow church members to which the McKinney police responded and he was told to quit threatening people. His victims told me their attorney told him if he made any additional threats it would be turned over to the DA's office for prosecution. Since, he knew he couldn't threaten me overtly

he resorted to making speeches, sending out e-mails and publishing webpages that accused me of sending him death threats and stalking both his family and Jack Weinzierl. I turned myself in to the Allen police and demanded they investigate. Without Tim Darnell and Jack Weinzierl making a report they could do nothing. When Tim Darnell filed suit against me he brought in all those fabrications and had no evidence to support those allegations. His attempt to get an injunction went nowhere and all the remaining charges were litigated in my favor. He and his attorney were not able to produce a single false statement of fact made by me. That suit led to me getting access to the remaining court documents from the BBB case for my attorneys and I to put together my defense. So, I have carefully studied all the court documents and much more in great detail due to the suit Tim Darnell filed against me and because of my formal complaints to a number of enforcement agencies.

Jack Weinzierl filed chapter 7 bankruptcy in an effort to get out of this case. The Department of Justice had a number of complaints and I worked closely with the attorney that handled his case to assemble all of the earnings claims Weinzierl had made in Advantage Conferences and the many other scams he got involved in from 2005 - 2008. Jack continued to post blogs, ads and videos touting his great success and telling folks to follow him and let him mentor them as a "Christian Millionaire Mentor" while he was in bankruptcy claiming to be virtually destitute with \$200.00 cash in his pocket a mere \$800.00 in his checking account and little else in assets to speak of. At his bankruptcy hearing, which I attended, he cried of his desperate poverty, but curiously wished to reaffirm the

debt on his 1.2 million dollar mansion which prompted in depth questioning from the Department of Justice attorney. I posted all of those earnings claims and documents from the bankruptcy for the public.

3. Defendant Advantage Conferences, LLC (“Advantage Conferences”) is a Texas limited liability company. Advantage Conferences represents to the public that its product sold to the public is a self-improvement and wealth-enhancement business conference. In reality, the real business of Advantage Conferences is operating a pyramid where sales representatives who have been recruited by Advantage Conferences pay a fee to Advantage Conferences and then turn around and sell the same “income opportunity” to newer down-stream sales representatives for a fee. No one but the sales representatives ever purchase the business conferences.

4. Advantage Conferences describes its conferences in its promotional materials as “powerful information that bridges the gap between your current financial status and where you truly desire to be.” Advantage Conferences represents that this “powerful information” is delivered in a two-day conference, referred to as the “Millionaire Mindset Conference,” held four times a year where “attendees absorb real-life stories, lessons, strategies and advice from bona-fide millionaires.” The subject matter of the conference, Advantage Conferences represents in its promotional materials, is “appropriate only for someone serious about earning a SIX or SEVEN DIGIT INCOME within 18 months or less.” The cost of the two-day conference is \$9,995.00. Advantage Conferences also offers

ancillary products such as CDs and DVDs, but those items are not at all a focus of the business.

5. The "income opportunity" which Plaintiff purchased from Advantage Conferences consists of an "income producing system" which, Advantage Conferences says, provides "common people" the ability to earn \$7,000.00 Over & Over & Over Again." Advantage Conferences tells recruits that the "income producing system" is designed so that they may earn "Tens of Thousands of Dollars QUICKLY" and makes millions of dollars in a "MATTER OF A FEW MONTHS!" Six figure incomes and greater are held out as "realistic" annual earnings for everyone. Advantage Conferences promises recruits they can earn these huge incomes part-time (10-15 hours/week) without selling anything or even talking to anybody. According to the interest form given by Advantage Conferences to prospective purchasers of the "income opportunity," only those interested in making \$100,000, \$200,000, \$500,000, or \$1,000,000 in a year's time should apply for Advantage Conferences' income opportunity. According to the Advantage Conferences representative simply "turns [the system] on and receives the money." It is, according to the Advantage Conferences' promotional materials, "absolutely predictable!"

6. Advantage Conferences focuses on promoting its "income opportunity", primarily through the internet. Almost all of Advantage Conferences' representatives maintain a "personalized marketing website," through which they recruit additional representatives. Consistent with Advantage Conferences' description of a representative as a "professional inviter," the primary purpose of

the websites is to invite recruits (i.e., persons looking for an income opportunity) to fill out an interest form to initiate the “3 Simple Steps.”

7. The “3 Simple Steps” are an online recruiting tool designed to explain the income opportunity to a recruit without the recruiting representative having to explain it. In Step 1, a recruit reads online the Getting Started E-Package (“GSEP”). Then, in Step 2, the recruit reviews the Advantage Conferences compensation plan. Next, in Step 3, the recruit participates in a “\$7,000.00 Call.” In the compensation presentation (Step 2), recruits are told the importance of attendance at weekly training sessions because such sessions explain:

...how we attract people to come into our business and start those incredible multiplications of two in the matrix and reverse margin.

There is little, if any, focus on selling the conference to consumers who are not interested in the income opportunity. Rather, the focus is on exposing the income opportunity to thousands of people on a weekly basis.

8. According to Advantage Conferences, no selling of products to the public is required in order to make money from this “income opportunity.” The GSEP (step 1) emphasizes that “most of [Advantage Conferences’] training focuses on how to accomplish exposure of your business to thousands of people on a weekly basis.” Indeed, Advantage Conferences teaches its representatives that if a recruit asks “what is your product?” that recruit is “not a prospect.” The mission of an Advantage Conferences representative is to enroll, i.e., to recruit, “EMPs [Extraordinary Marketing Professionals] over the next year” to be MMC-IV mentors. Advantage Conferences representatives are taught different approaches

to recruiting such as: "I promote a unique income opportunity call Advantage Conferences and target individuals via the Internet who are serious about becoming millionaires." Productivity at Advantage Conferences, therefore, "is the direct result of how many people you have exposed the Advantage Conferences opportunity to. Expose this opportunity to big numbers – you will receive big numbers." As a result of this focus on recruiting, since January 2005, no retail sales of the conferences have been made to persons not participating in the income opportunity.

Advantage Conferences' Compensation Plan Rewards
Recruitment of Representatives, not Retail Sales of the
Conference to Non-Participants in the Income Opportunity.

9. To be eligible to earn \$7,000.00 commissions, an Advantage Conferences representative must be a "pro-rep IV," also known as an "MMC-IV." To qualify as a "pro-rep IV," a representative must make three "qualifying sales" of the conference, at the price of \$9,995.00 each, one of which "qualifying sales" can be the representative's own \$9,995.00 "purchase." The first three "qualifying sales," along with the commissions generated thereby, are passed up or paid to the representative's upline "pro-rep IV." Once a representative pays \$9,995.00 and recruits two others who also pay \$9,995.00, the representative qualifies as a "pro-rep IV" and is eligible to earn a \$7,000.00 commission on his or her next recruitment at \$9,995.00.
10. After a representative qualifies as a pro-rep IV, the next recruit is entered into the pro-rep's own "pay register" to start the "Power of Two." The "Power of Two" refers to the multiplication of recruits by two in a pro-rep's pay register.

The pay register includes anyone personally recruited by the pro-rep and the first two they recruit, *ad infinitum*. For example, when a qualified pro-rep IV recruits another representative to pay \$9,995.00 for the conference, the pro-rep IV earns \$7,000.00. When that new representative recruits two more people to pay \$9,995.00, the pro-rep IV receives \$14,000.00. When those two each recruit two to pay \$9,995.00, the pro-rep IV receives \$28,000.00 (4 x \$7,000.00) and so on. Using geometrical progressions, Advantage Conferences demonstrates to recruits how they can quickly amass hundreds of thousands of dollars with “infinite depth” through this recruitment system. According to the GSEP, by recruiting only “35 total people” to participate in the income opportunity, one can earn a total profit of \$245,000.00. This recruiting can continue “infinitely! 1, 2, 4, 8, 16, 32, 64 etc. all multiplied by \$7,000.00 EACH!” Advantage Conferences entices recruits with the prospect of earning over \$1,000,000.00 in just 28 weeks as a result of the “Miraculous Power of 2.”

11. Although Advantage Conferences claims a recruit can qualify as a “pro-rep IV” by paying the application fee of \$59.95 and “selling” three conferences to others for \$9,995.00 (instead of a self purchase plus two), no one qualifies in this fashion. Mr. Darnell has not “seen a single person who hasn’t committed to the full conference make any money at all” because of an “unwritten ‘law,’ unceasingly at work,” that one must purchase the conference to succeed in the Advantage Conferences income opportunity. Advantage Conferences questions a representative’s commitment to building the business if the conference is not purchased. Indeed, the compensation plan is designed to provide enormous

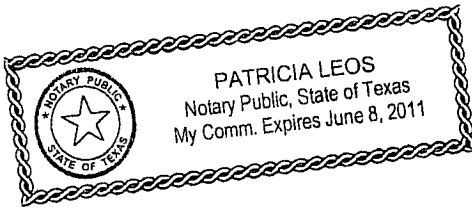
incentive for representatives to make the initial upfront purchase of \$9,995.00. Because a representative's own conference "purchase" counts as one of the three "qualifying sales," he/she has to recruit only two more new representatives to qualify for pro-rep IV status and thus become eligible for the promised lucrative rewards. Moreover, without the purchase, a representative's third "sale" is also "passed up" to the upline pro-rep and the representative forfeits not only the \$7,000.00 commission but also the "organizational growth" of that third leg which, according to Advantage Conferences, is worth potentially hundreds of thousands of dollars. Thus, Advantage Conferences exerts tremendous psychological and economic pressure on a new representative to make the large initial purchase to qualify to earn the huge commissions which Advantage Conferences says are "absolutely predictable!," "TOTALLY REALISTIC" and "next to impossible to fail." Accordingly, Advantage Conferences itself describes the failure to purchase the conference as "business suicide."

12. In the compensation presentation provided to prospective purchasers of the "income opportunity," prospective purchasers are told the importance of attendance at weekly training sessions because such sessions explain, "how we attract people to come and do our business and start those incredible multiplications of two in the matrix and reverse margin."
13. The prospective investors are not told that the "income opportunity" being sold to them is nothing more than a Pyramid Scheme.

Further Affiant Sayeth Not.

Heather O. Dobrott
Heather Dobrott

Subscribed and sworn to before me on this 7 day of August, 2009 to which
witness my hand and official seal.



Patricia
Notary Public, in and for the
State of Texas

[REDACTED]
PLAINTIFF,

VS.

**ADVANTAGE CONFERENCES, LLC,
TIMOTHY S. DARNELL,
INDIVIDUALLY,
JACK M. WEINZIERL,
INDIVIDUALLY, AND
JAMES MCHUGH, INDIVIDUALLY
DEFENDANTS.**

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IN THE DISTRICT COURT

296TH JUDICIAL DISTRICT

COLLIN COUNTY, TEXAS

AFFIDAVIT OF THOMAS J. FOSTER

THE STATE OF TEXAS

§
§
§

COUNTY OF COLLIN

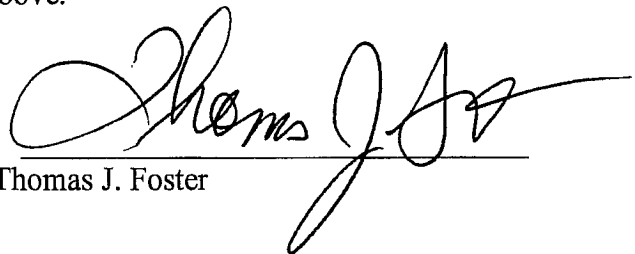
BEFORE ME, the undersigned official, on this day personally appeared Thomas J. Foster, who being first duly sworn stated as follows:

1. "My name is Thomas J. Foster. I am over twenty-one years of age, have never been convicted of a crime, and am fully competent to make this Affidavit. I am a shareholder with the Law Office of Foster & Foster, P.C., and I have personal knowledge of the facts hereinafter set out and make this Affidavit in support of the award of attorney's fees in the above-styled and numbered cause. All facts stated herein are true and correct.
2. "I am a duly licensed attorney practicing in this Court and the State of Texas where I have appeared as attorney of record in cases similar to this one where attorney's fees have been awarded by the court, and I am familiar with the range of reasonable attorney's fees in the geographical area where this suit is pending in cases similar to this case. I represent Plaintiff, Zena Karelin, in this suit.
3. "Plaintiff retained the Law Office of Foster & Foster, P.C., to prosecute this suit. My firm has rendered certain legal services in connection with the above-styled lawsuit. I have reviewed the work done and the papers prepared by our firm for this case. In my opinion, the sum of \$26,500.00 is a reasonable amount of attorney's fees in this case for services rendered for my clients in the trial court through the date of the hearing on Plaintiff's Motion for Summary Judgment for this case. It is further my

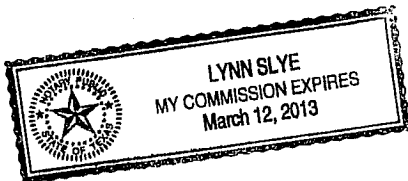
opinion that a reasonable amount of attorney's fees in the event of an appeal to the Court of Appeals is an additional \$10,000.00, an additional \$10,000.00 in the event a petition for review is filed with the Texas Supreme Court, and additional \$10,000.00 in the event the Texas Supreme Court grants a petition for review.

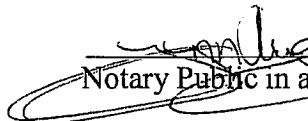
4. "Taking into consideration the amount in controversy, the court in which this case is pending, the nature of the case, the pleadings on file herein, and time already expended in rendition of legal services in this case, I am of the opinion that a reasonable attorney's fee in this case would be at least the sums as respectively set out above."

FURTHER AFFIANT SAYETH NOT.


Thomas J. Foster

SUBSCRIBED AND SWORN TO BEFORE ME by the said Thomas J. Foster
this 17th day of August, 2009, to certify which witness my hand
and seal of office.




Notary Public in and for the State of Texas