

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
GREENVILLE DIVISION**

TIM CLARK, JOHANNA CLOUGHERTY,  
MICHAEL CLOUGHERTY, on behalf of  
themselves and all others similarly situated,

Plaintiffs,

v.

GOLDLINE INTERNATIONAL, INC.,

Defendant.

CIVIL ACTION

6:10-cv-1884-HFF

CLASS ACTION COMPLAINT

**I.  
NATURE OF THE ACTION**

1. Plaintiffs and proposed class representatives Tim Clark, Johanna Clougherty, and Michael Clougherty (“Plaintiffs”) bring this action individually and on behalf of all other persons similarly situated against Defendant Goldline International, Inc. (“Goldline”) to recover damages arising from Goldline’s violation of the Racketeer Influenced and Corrupt Organizations Act (“RICO”), 18 U.S.C. § 1961, *et seq.*, unfair and deceptive trade practices, and unjust enrichment.

2. This action is brought as a class action pursuant to Federal Rule of Civil Procedure 23 on behalf of a Class, described more fully below, which includes all persons or entities domiciled or residing in any of the fifty states of the United States of America or in the District of Columbia who purchased at least one product from Goldline since July 20, 2006.

3. Goldline is a precious metal dealer that buys and sells numismatic coins and bullion to investors and collectors all across the nation via telemarketing and telephone sales. Goldline is an established business that has gained national prominence in recent years through its association with conservative talk show hosts it sponsors and paid celebrity spokespeople who

have agreed to promote Goldline products by playing off the fear of inflation to encourage people to purchase gold and other precious metals as an investment that will protect them from an out of control government. Goldline grossly overcharges for its numismatic coins and bullion, falsely and deceptively claims that its products are “good” investments, and its sales persons misrepresent themselves as “Investment Advisors” or “Financial Advisors” able to give “investment advice” and imply that they have a fiduciary responsibility to get customers the most return on their investments.

4. Goldline products are, in fact, a bad investment, and its marketing scheme is nothing more than a scam designed to induce market-wary investors to purchase numismatic coins and bullion worth far less than represented by Goldline and its outside associates. Goldline has made millions of dollars in profits at the expense of Plaintiffs and Class Members as a result of this fraudulent and deceptive scheme.

## **II. PARTIES**

5. Plaintiff Tim Clark is a citizen and resident of the State of Oregon. Plaintiff Clark purchased numismatic coins from Goldline.

6. Plaintiffs Michael Clougherty and Johanna Clougherty (the “Clougherty Plaintiffs”) are citizens and residents of the State of Arizona. The Clougherty Plaintiffs purchased numismatic coins from Goldline.

7. Defendant Goldline International, Inc. is a corporation incorporated in Delaware, having its principal place of business at 1601 Cloverfield Boulevard, Santa Monica, California 90404-4162.

**III.  
JURISDICTION & VENUE**

8. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. § 1331 because this action arises under the laws of the United States, including 28 U.S.C. § 1964(c).

9. This Court has supplemental jurisdiction over Plaintiffs' state law claims pursuant to 28 U.S.C. § 1367(a).

10. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and (c) because Goldline resides in this district and a substantial part of the events or omissions giving rise to the claims herein occurred within this District.

11. Goldline resides in this District for purposes of 28 U.S.C. § 1391 because it is subject to general personal jurisdiction in this District. Goldline has continuous and systematic contacts with South Carolina, including this District, through selling its products in South Carolina to South Carolina residents, including residents of this District. Goldline is also subject to specific personal jurisdiction in this District because its contacts with this District gave rise to the instant action.

**IV.  
FACTUAL ALLEGATIONS**

12. This action against Goldline is necessary to recover for economic loss suffered by Plaintiffs and the Class as a result of Goldline's systematic scheme to fraudulently induce market-wary consumers into purchasing numismatic coins and bullion at grossly inflated prices. Goldline is a precious metal dealer that buys and sells numismatic (collector) coins and bullion coins and bars to consumers.

13. Goldline has over 250 employees, most of whom are telephone sales personnel who have been trained to engage in a uniform system of high-pressure sales tactics during each

telephonic inquiry. Goldline has been in business since 1960 but has gained national prominence by exploiting the economic decline in recent years through television commercials, Goldline-sponsored conservative talk show hosts, and paid celebrity spokespeople. Goldline has annual sales of over \$500 million.

14. Goldline grossly overcharges its customers for numismatic coins and bullion. According to a recent Congressional study, the average Goldline markup was 90% above the melt value of the coin, and the largest markup on a coin was 208% above the melt value. The average Goldline markup in comparison to the best market price on competitor's websites was 47%, and going as high as 101% on one of the coins Goldline offered according to the study. The Goldline numismatic coins used in the study had an average markup of 152%, and the Goldline bullion coins used in the study had an average markup of 28%.

15. Goldline falsely claims to offer "good" investments and that purchasing its products is a better investment than investing in the stock market via national television and radio commercials and during its employees' conversions with potential customers. Goldline's biggest selling point is that buying numismatic coins and bullion is a hedge against the declining value of the U.S. dollar. By selling gold and other precious metals at twice their melt value, however, the price of gold and other precious metals would need to double for consumers to break even on their "investment" in Goldline products. In other words, the customer loses money on this "investment" the moment the transaction is completed. Thus, by claiming that this sort of purchase is a "good" investment, Goldline misleads consumers for the purpose of tricking them into overpaying for its products.

16. In furtherance of its fraudulent scheme, Goldline associated with conservative pundits to drive a false narrative in order to profit from the sale of grossly overpriced Goldline

products. Fred Thompson, Dennis Miller, Mark Levin, Laura Ingraham, Lars Larson, Michael Smerconish, Monica Crowley, and Mike Huckabee have all been paid spokespeople for Goldline. The message these commentators push is that the U.S. government is out of control and unsafe economically, that inflation will continue to devalue the dollar, and that as an investor you should protect yourself by investing in gold and other precious metals that will increase in value in an inflationary/low U.S. dollar value environment.

17. Fox News talk show host and political commentator Glenn Beck was also a paid spokesperson until mid-December 2009 but is no longer acting as one because it violated Fox News's rules. Goldline continues to sponsor Glenn Beck's program, however, and he encourages his viewers to purchase gold, now without mentioning Goldline. Glenn Beck has repeatedly dedicated whole segments of his television program to advocating that the U.S. money supply is on a path to hyperinflation under President Barack Obama. He promotes the purchase of gold as the only safe investment alternative for consumers, and his audience is presented with a Goldline advertisement when his show cuts to a commercial break. Goldline also sponsors the talk shows of other conservative pundits who deliver similar messages followed by commercial breaks that air Goldline advertisements.

18. For example, on October 17, 2009, Goldline spokesman Beck stated on his television program, The Glenn Beck Show:

Tonight, are we facing the end of the almighty dollar? . . . So I'm sure we can all assume that the dollar is here to stay, and everything is just peachy. But in the offchance that, maybe, somebody in the Middle East wouldn't tell us exactly the truth, you know, that they're not exactly 100 percent reliable, maybe we should discover what it means for our dollar and our country if it's no longer pegged to oil. What does that mean for you? . . . Any way to protect yourself? Gold.

19. On November 23, 2009, Beck stated on his television program: "We could be

facing recession, depression or collapse. Nothing Left! . . . I like to call it the three G system here for this, its God, Gold and Guns.”

20. On April 9, 2008, Goldline spokesman Beck stated on his television program:

Explain, if I'm right, the policy that the Government has is something that, what is it, the WS2 or something like that policy which is – what is it, Stu? BW2, which is Bretton Woods 2 which is basically the world needs us; we can borrow; it doesn't matter how much we'll borrow because the world will never disconnect from the world's consumers. . . . Best thing we can do is buy the gold, right?

21. On December 3, 2009, Goldline spokesman Beck stated on his television program:

There are those in power that [. . .] want to destroy the dollar or . . . the dollar is on life support and they'd like it to stay there. It's true. Not much that you and I can do about it. Well, there are a few things. You can prepare yourself, that's what's next year is a really all about on our program. Preparing yourself and part of that is – or could be – protecting yourself with gold. If you have the money to buy it, protect yourself from an out of control government with gold.

22. In the publication Politico, Goldline spokesman Beck stated:

I think you're nuts. When the system eventually collapses, and the government comes with guns and confiscates, you know, everything in your home and all your possessions, and then you fight off the raving mad cannibalistic crowds that Ted Turner talked about, don't come crying to me. I told you: get gold.

23. In a Goldline radio ad, Goldline spokesman Beck stated:

Just the other night I was rereading Atlas Shrugged, and in it one of the characters is talking about the value of money and how paper dollars really hold no value whatsoever. They represent your work. The only thing of real value is gold. What you've backed that dollar up with. Well, we no longer back our dollars up with gold. If things get dicey, we're on a banking crisis now, the declining value of the dollar, what will hold its value? Gold. I want you to call 866-GOLDLINE and find out about buying gold.

You can buy it as an investment. I buy it really as insurance because it's the one thing that will have value forever.

24. In a Goldline television commercial, Goldline spokesman Beck stated:

I've been spending a lot of time with the Founding Fathers lately, and I – in fact, I just read last night – there was a letter between – I think it was Thomas Jefferson and John Adams toward the end of their life, and they talked about how – what the future of America was going to be like and how bright it was going to be. And then it was going to shake apart and there would be troubled times, but then it would reset itself and it would be great again. But I'd like a little bit of insurance. That's why I want to talk to you a little bit about Goldline.

I went out and I toured Goldline I think about a year ago, and went to Goldline out in Los Angeles. Before I started turning you on to Goldline, I wanted to look them in the eye. This is a top-notch organization that's been in business since 1960. You see, back in 1933, FDR said, "OK, we're going to take all your gold and, gee, it's worth, \$8 an ounce?" But some people got smart and they said, "Well, wait a minute, I've got antique coins. You can't melt these down. These are antique coins." So I'm enough of a guy who doesn't trust the crazy people in Washington enough to say, "Yeah, I don't think I'm gonna buy the new Krugerrand," which I don't know if you can get anymore. I'm gonna buy an antique coin, which has intrinsic value.

If you're like our Founding Fathers, Thomas Jefferson and John Adams, then just know that what's on the horizon is temporary and this too shall pass. Here's the deal: Call Goldline, study it out, pray on it. If it's the right thing for you, then do it. But please study it out, find the people that you trust. The people that I trust are the people at Goldline. And you can talk to the people on the phone. They're not gonna pressure you. If it's the right thing for you and your family and you want some insurance, trust the people at Goldline. Thanks.

25. In a Goldline radio ad, Goldline spokesman Mike Huckabee stated:

I'll bet you're concerned about the economy and the depreciation of the dollar just like me. That's why people are diversifying their portfolio with gold, as a way to protect against a falling dollar and future inflation. Goldline has been helping people acquiring gold for 50 years. The people at Goldline will explain just how easy it is for you to buy gold that's delivered directly to you.

26. In a Goldline radio ad, Goldline spokesman Dennis Miller stated:

Hey folks in a perfect world we could print all our own money, buy ridiculous amounts of stuff and live happily ever after. Well life ain't a fairy tale my friends. Look at the economy, they're spending more than Paris Hilton on a bad day and it doesn't get us a tiny dog and a pink purse either. It leads to a lower dollar. What can we do to diversify our portfolio and protect against that falling dollar? Buy gold. Gold prices have tripled in value and they are up more than 40% in the past 2 years. I trust Goldline.

27. In a Goldline radio ad, Goldline spokeswoman Laura Ingraham stated:

With the stock market where it is, volatile, moving up one day, down the next, the trillion dollar budget deficit. And look what's happening in the banking industry, the government continuing to print money it looks like. It's important to remember there's only a finite amount of gold. It makes sense in these types of economic times to seek a safe harbour. And that is gold. . . . It serves as a great ballast against inflation.

28. In a Goldline radio ad, Goldline spokesman Fred Thompson stated:

Our country is experiencing the worst economic crisis since the Great Depression. Stocks and real estate have lost much of their value and government is spending trillions of dollars in a desperate attempt to bail us out. In these tough times I believe you should own gold. Gold offers diversification so all your eggs aren't all in one basket. And gold is one of the few investments that is going up every year since 2001. My choice for gold is Goldline.

29. Goldline and its spokespeople thus represent that purchasing Goldline products is a good investment by portraying them as a hedge against the declining value of the U.S. dollar. However, using this premise to charge an inflated price is fraudulent and deceptive for several reasons. First, the investor is not getting a true hedge because the value of the dollars s/he spends is decreased at the root of the transaction by grossly overpaying for numismatic coins and bullion, which undermines the reason the investor enters the transaction in the first place. Second, the numismatic coins (collector coins) Goldline pushes hardest have the least melt value, and having precious metals with a high melt value is the entire premise of hedging against the



value of the U.S. dollar according to Goldline and its outside associates. But at every stage of the marketing and sales process, Goldline employees and its spokespeople uniformly represent to consumers that they cannot lose on these “investments.”

30. Goldline employees aggressively push the sale of numismatic coins over bullion because Goldline has the largest profit margin on numismatic coins and its sales representatives make the largest commission on numismatic coins. The sales representatives tell customers that the reason they should purchase numismatic coins over bullion is because the government cannot confiscate them in the state of a national financial emergency. This is in reference to an overturned executive order issued by President Roosevelt in 1933 that required Americans to sell their gold to the government, with an exception for “gold coins having a recognized special value to collectors of rare and unusual coins having a recognized special value to collectors of rare and unusual coins.” The executive order, however, did not define “special value” or “collector value” or “collectibles.” Nevertheless, Goldline’s sale representatives, and its paid spokespeople and the television personalities it sponsors, perpetuate the misrepresentation that the government cannot confiscate Goldline numismatic coins because it makes the selling of the high-priced numismatic coins easier.

31. In addition, Goldline sales representatives misrepresent their ability to give “investment advice.” When an interested potential investor calls Goldline to inquire about its products, the inquiry is handled by a sales representative who has been trained to follow a script designed to conjure fears about the current state of the economy, the volatility of the dollar, and an outright financial collapse. If the caller seems reluctant to purchase, the sales professional is required to “turn over” the call to a management level employee, who professes to have superior knowledge and expertise about the assets. By offering investment advice during the telephonic

sales process, Goldline employees imply that they have a fiduciary responsibility to get customers the most return on their investments.

32. Goldline sales representatives also claim or imply that they are “Investment Advisors” or “Financial Advisors” during the telephonic sales process, which also implies that they have a fiduciary responsibility to get customers the most return on their investments. However, Goldline sales professionals are not licensed “Investment Advisors,” and, therefore, owe no such fiduciary duty to the customer.

33. Furthermore, Goldline intentionally misleads customers by purporting to have a fair buy-back policy. During the telephonic sales process, Goldline employees tell customers that Goldline will buy back their numismatic coins and bullion, but this is not guaranteed anywhere in the terms of service. Goldline employees attempt to confuse customers when discussing buy back prices, telling them that Goldline will give them a return slightly under the “bid” price when they decide to sell their numismatic coins and bullion back. This is misleading and confusing because Goldline calls the price the customer originally pays the “buy” price, while the “bid” price is the non-marked up cost of the coin, and Goldline employees do not explain that distinction to customers during the telephonic sales process. Goldline thus falsely and deceptively leads its customers to believe that Goldline will buy back its products at the same price or a better price depending on the market, and that they cannot lose on their “investments” in Goldline products.

34. Goldline employees also falsely, deceptively, and misleadingly represented that other precious metal dealers charge an up-front fee consisting of a percentage of the total purchase price, while Goldline only charges a 1% liquidation fee when it buys numismatic coins and bullion back from customers. In addition, Goldline employees fail to disclose Goldline fees

that include: (1) storage fees if a customer wants Goldline to hold the gold; (2) conversion fees if a customer stored the gold with Goldline but now wants it mailed; and (3) a delivery fee of \$25.

35. Goldline also offers a seven-day cancellation policy that it does not honor.

36. Plaintiff Clark heard the statements by Beck and Huckabee quoted above in Goldline television and radio commercials while listening to talk radio, Fox News, and CNBC daily in 2008 and the beginning of 2009. Plaintiff Clark also saw a Goldline television commercial in January or February 2009 in which Fred Thompson, who had just ran for President, endorsed Goldline's employees as his advisors and stated that he bought from them and viewers should too. Based on those representations, Plaintiff Clark was persuaded that investing in precious metals was a better investment than investing in the stock market and felt that he could trust Goldline.

37. Plaintiff Clark called Goldline in March 2009 to purchase American Eagle Silver bullion coins ("Silver Eagles"). However, Goldline Senior Account Executive Michael Ehrlich pressured Plaintiff Booth into purchasing 1964 Kennedy coins instead—1964 Kennedy coins are numismatic coins that have a much larger profit margin for Goldline. Ehrlich misrepresented to Plaintiff Clark that: (1) the 1964 Kennedy coins would be "far better" than the silver eagles—"it's a better investment"; (2) the 1964 Kennedy coins would be worth more and had intrinsic value; (3) the 1964 Kennedy coins were 90% silver (they are actually 77% silver); (4) Goldline would buy back the coins at the same price at which he bought them or a better price depending on the market; and (5) the Silver Eagles would not be personal assets and when Plaintiff Clark sold them back to Goldline, it would have to file a form with the I.R.S. Ehrlich also falsely and deceptively implied that he owed Plaintiff Clark a fiduciary responsibility to get him the most return on his investment. As a result, Plaintiff Clark purchased 3,500 1964 Kennedy coins,

paying Goldline \$34,023.52 in March 2009; Goldline gave Plaintiff Clark 300 1964 Kennedy coins free of charge. Those 3,800 coins were only worth \$16,823.00.

38. The day after he sent a check to Goldline (and within the period Goldline says that customers can cancel their purchases), Plaintiff Clark attempted to cancel his purchase, but Goldline would not cancel it. After the price of silver increased from approximately \$12 to \$19 per ounce, Plaintiff Clark called Ehrlich six times in an attempt to sell his 1964 Kennedy coins back to Goldline. Ehrlich never returned Plaintiff Clark's phone calls, and Goldline refused to buy back his coins. Goldline eventually offered to buy back Plaintiff Clark's coins at \$7.10 per coin, approximately two dollars less per coin than he paid Goldline, even though the price of silver had risen approximately \$7 per ounce since he purchased the coins.

39. The Clougherty Plaintiffs viewed Goldline television commercials in May and June 2009 that represented that Goldline's gold products are a good investment. The Clougherty Plaintiffs also viewed Goldline's website, which claimed that the price of gold will keep going up and might reach \$1,300 per ounce. Based on those representations, the Clougherty Plaintiffs were persuaded that investing in precious metals was a better investment than investing in the stock market and felt that they could trust Goldline.

40. The Clougherty Plaintiffs called Goldline in July 2009 for information. Goldline sales representative David Fields convinced the Clougherty Plaintiffs to purchase gold numismatic coins by misrepresenting that: (1) the value of the U.S. dollar keeps going down, and gold prices are going up, and so are the prices of gold numismatic coins; (2) gold will become scarce; and (3) Goldline would buy back the numismatic coins at the same price they paid for them or at a better price depending on the market. Fields also implied that he had a fiduciary responsibility to get them the most return on their investment. As a result, the Clougherty

Plaintiffs purchased seventy 1915 Austrian 4 ducat gold coins at a price of \$719.37 per coin (\$50,355.90 in total) and two hundred seventy-four 1915 Austrian 1 ducat gold coins at a price of \$180.87 per coin (\$49,558.38 in total). A month later, they purchased two more 1915 Austrian 1 ducat gold coins at \$180.87 per coin and twelve Franklin silver one-half dollars at \$7.67 per coin.

41. After the price of gold had risen by more than \$300 per ounce, the Clougherty Plaintiffs called Fields in June 2010 to find out the price at which Goldline would buy back their coins. They realized that they had been ripped off when Fields told them how little Goldline would give for the coins. The Clougherty Plaintiffs sold the seventy Austrian 4 ducat gold coins back to Goldline at \$595.59 per coin, and they sold the two-hundred seventy six 1915 Austrian 1 ducat gold coins back at \$155.00 per coin. Despite the significant increase in the price of gold, the Clougherty Plaintiffs sustained a nearly twenty-five percent loss on their investment in those numismatic coins. Goldline had added a 40% markup on the value of the coins when it sold them to the Clougherty Plaintiffs.

42. Through the foregoing methods, Goldline and its outside associates have fraudulently and deceptively misled Plaintiffs and the Class. Plaintiffs and the proposed Class members reasonably relied upon the above-described fraudulent and deceptive representations made by Goldline, its employees, and its outside associates when purchasing Goldline products at grossly inflated prices. If those fraudulent and deceptive representations had not been made to Plaintiffs and the proposed Class members, they would not have purchased Goldline products at prices far in excess of their market value.

**V.**  
**CLASS ACTION ALLEGATIONS**

43. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, Plaintiffs bring this action on their own behalf and on behalf of the proposed Class. Plaintiffs seek certification of a Class that consists of:

- (a) all persons or entities domiciled or residing in any of the fifty states of the United States of America or in the District of Columbia who purchased at least one Goldline product since July 20, 2006 (the “Class”); and
- (b) a subclass of all persons or entities domiciled or residing in Arkansas, Colorado, Connecticut, Florida, Kansas, Missouri, New Jersey, New Mexico, New York, Ohio, Oregon, South Carolina, Vermont, and Washington who purchased at least one Goldline product since July 20, 2006 (the “Sub-Class”).

44. The Class is comprised of hundreds, if not thousands, of purchasers of Goldline products throughout the United States, making joinder impracticable. The exact number of Class members is unknown, but their identity can be ascertained through Goldline’s records. The disposition of the numerous claims of the Class members in a single class action will provide substantial benefits to all parties and to the Court.

45. There is a well-defined community of interest in the questions of law and fact involved affecting the Class. The questions of law and fact common to the Class predominate over questions affecting only individual Class members, and include, but are not limited to, the following:

- (a) whether Goldline engaged in a scheme to defraud Plaintiffs and the Class;
- (b) whether Goldline falsely, deceptively, and/or misleadingly represented the investment value of its products to Plaintiffs and the Class;
- (c) whether Goldline associated with third parties to induce Plaintiffs and the Class to purchase its products at a price well above market value;
- (d) whether Goldline’s conduct violated 18 U.S.C. § 1962(c);
- (e) whether Goldline’s false, deceptive, and misleading marketing of its products in association with others violated the common law of unjust enrichment; and

- (f) whether Plaintiffs and the Class are entitled to compensatory, statutory, and punitive damages and attorneys' fees and costs as a result Goldline's conduct.

46. Plaintiffs assert claims that are typical of the Class, having purchased Goldline products at rates far above their market value. Plaintiffs and Class Members have similarly suffered harm arising from Goldline's financial advice, unscrupulous salesmanship tactics, and false and/or deceptive buy-back procedure.

47. Injuries sustained by Plaintiffs and Class Members flow, in each instance, from a common nucleus of operative facts—Goldline's and its associates' fraudulent and deceptive representation of the investment value of Goldline products and the conditions of the economy for the purpose of inducing Plaintiffs and Class Members to purchase Goldline products at a price far in excess of market value.

48. Plaintiffs are adequate representatives of the Class because their interests do not conflict with and are not antagonistic to the interests of the Class Members they seek to represent. Plaintiffs will fairly and adequately represent and protect the interests of the Class. Plaintiffs have retained counsel who are competent and experienced in the prosecution of class action litigation.

49. Plaintiffs and Class Members have all suffered and will continue to suffer substantial harm and damages due to Goldline's and its associates' wrongful conduct. A class action is superior to other methods for the fair and efficient adjudication of the subject controversy. Absent a class action, most proposed Class members will likely find the cost of litigating their individual claims to be prohibitive, and will have no effective remedy at all. Therefore, absent a class action, the proposed Class members' injuries will not be redressed and Goldline's misconduct will proceed without remedy. Class treatment of common questions of law and fact is also superior to multiple individual actions or piecemeal litigation in that it

conserves the resources of the courts and the litigants and promotes consistency and efficiency of adjudication. Additionally, Goldline has acted and failed to act on grounds generally applicable to Plaintiffs and the Class, requiring Court imposition of uniform relief to insure compatible standards of conduct toward the Class.

50. Notice can be provided to original purchasers of Goldline products at Goldline's expense via internet publication and through the U.S. mail.

**VI.  
CAUSES OF ACTION**

**COUNT I – RICO: 18 U.S.C. § 1962 (C)**

51. Plaintiffs reallege and incorporate by reference each preceding paragraph as if fully set forth herein and further allege as follows.

52. Goldline is a “person” within the meaning of 18 U.S.C. § 1961(3).

53. The Precious Metals Marketing Enterprise (“Enterprise”) is an association-in-fact within the meaning of 18 U.S.C. § 1962(c), consisting of Goldline and the conservative talk show hosts Goldline sponsors and the spokespeople Goldline pays, including Glenn Beck, Fred Thompson, Dennis Miller, Mark Levin, Laura Ingraham, Lars Larson, Michael Smerconish, Monica Crowley, and Mike Huckabee. Goldline and those persons associated for the common purpose of inducing Plaintiffs and Class Members to purchase Goldline's grossly overpriced products by playing off of public fears and representing that Goldline products are a good investment.

54. Goldline and the other members of the Enterprise created and maintained systematic links for the common purpose of gaining revenue from marketing numismatic coins and bullion. Each member of the Enterprise received substantial revenue from marketing numismatic coins and bullion. Such revenue was exponentially greater than it would have been



if Goldline products had been marketed in a non-fraudulent and non-deceptive manner. All members of the Enterprise were aware that Goldline exercised control over the Enterprise's activities. Furthermore, each part of the Enterprise benefited from the existence of other parts.

55. Goldline has participated in and conducted the affairs of the Enterprise through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c). Goldline organized the Enterprise to function as a cohesive unit, while retaining ultimate decision-making responsibility and control. Goldline's pattern of racketeering activity includes acts indictable under 18 U.S.C. § 1341 (mail fraud), § 1343 (wire fraud), and § 1952 (use of interstate facilities to conduct unlawful activity).

56. Goldline is distinct from the Enterprise because the other members of the Enterprise are not Goldline's agents and are not under its control. Goldline exercises control over the affairs of the Enterprise, not over its associates.

57. Goldline's use of the mails and wires to participate in and conduct the affairs of the Enterprise include but are not limited to:

- (a) Television commercials in which paid spokespeople uniformly misrepresented to viewers that Goldline products are good investments, as described more fully in the preceding paragraphs;
- (b) Radio commercials in which paid spokespeople uniformly misrepresented to listeners that Goldline products are good investments, as described more fully in the preceding paragraphs;
- (c) Representing on its website that the price of gold will keep going up and might reach \$1,300 per ounce, as described more fully in the preceding paragraphs;
- (d) Thousands of telephone conversations in which Goldline employees falsely and deceptively represented to potential customers that Goldline products are good investments, that the consumers could not lose on such investments, that numismatic coins are a better investment than bullion, that Goldline would buy back its products at the same or better prices depending on the market, and made other false and deceptive representations to potential customers, as

described more fully in the preceding paragraphs; and

(e) Receiving the proceeds of its improper scheme through the mails and wires.

58. In addition, Goldline's corporate headquarters has communicated by United States mail, e-mail, telephone, and facsimile with Goldline-sponsored talk show hosts and paid spokespeople in furtherance of Goldline's use of the Enterprise to carry out the fraudulent and deceptive marketing scheme.

59. Goldline has violated 18 U.S.C. § 1952 by distributing, and intending to distribute, the proceeds of unlawful activity through mailing checks to paid spokespeople across interstate lines.

60. The Enterprise engaged in, and its activities affected, interstate commerce through marketing and selling bullion and numismatic coins to hundreds, if not thousands, of individuals throughout the United States via national television programs, such as Glenn Beck's program on Fox News, national television and radio commercials, transporting bullion and numismatic coins across state borders to customers, and other means.

61. The racketeering activities through which Goldline participated in and conducted the Enterprise's affairs amounts to a common course of conduct intended to deceive and harm Plaintiffs and Class Members. Each racketeering activity was related, had a similar purpose, involved the same or similar participants and methods of commission, and had similar results affecting similar victims.

62. The Enterprise's activity and Goldline's pattern of racketeering activity dates back to at least 2006 and has since continued without interruption.

63. Goldline's racketeering activities are part of its ongoing business, and they constitute a continuing threat because they are still occurring on a daily basis. Goldline's

racketeering activities have injured, and threaten to continue injuring, thousands of purchasers of its products.

64. Plaintiffs and the Class have been injured in their business and property by reason of Goldline's RICO violations, as Goldline's above-described racketeering activity directly and proximately caused Plaintiffs and Class Members to purchase grossly overpriced Goldline products and sustain ascertainable damages.

65. By virtue of these violations of 18 U.S.C. § 1962(c), Goldline is liable to Plaintiffs and the Class for three times the damages they have sustained, plus the cost of this suit, including reasonable attorneys' fees.

**COUNT II – VIOLATION OF STATE CONSUMER PROTECTION STATUTES**

66. Plaintiffs reallege and incorporate by reference each preceding paragraph as though set forth fully herein and further allege as follows.

67. Goldline's advertising, marketing, distribution, and sales of Goldline products, as well as providing financial advice and counseling, constitute conduct and activities in the course of trade and commerce.

68. Since at least 2006, Goldline has engaged in unfair, unconscionable, deceptive, and unlawful trade practices and acts in violation of the state consumer protection statutes listed below when, *inter alia*, (1) it misrepresented the true nature and value of those products in television and radio advertisements and during telephone conversations between its employees and Plaintiffs and the proposed Class members, (2) its employees claimed that they were "Investment Advisors" or "Financial Advisors" and gave investment advice during telephone conversations with Plaintiffs and the proposed Class members, both of which implied its employees had a fiduciary responsibility to get Plaintiffs and the proposed Class members the

greatest return on their “investments”; (3) it trained its employees to follow a script designed to conjure fears about the current state of the economy, the volatility of the dollar, and an outright financial collapse during telephone conversations with Plaintiffs and Class Members; (4) its employees guaranteed that Plaintiffs and the proposed Class members could not lose on their investments in Goldline’s products; (5) its employees misrepresented to Plaintiffs and the proposed Class members that investing in numismatic coins is a better investment than investing in bullion because the U.S. Government can confiscate bullion, and that the price of bullion will fluctuate while the price of numismatic coins will only increase; and (6) its employees guaranteed that Goldline would buy back its products from Plaintiffs and the proposed Class members at the same or better prices depending on the market. Goldline’s conduct that violates the state consumer protection statutes listed below is described more fully in the preceding paragraphs.

69. Goldline has engaged in deceptive trade practices and acts and misrepresentations in violation of Ariz. Rev. Stat. Ann. § 1521, *et seq.*

70. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of Ark. Code § 4-88-101, *et seq.*

71. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts and has made false representations in violation of Colo. Rev. Stat. § 6-1-105, *et seq.*

72. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of Conn. Gen. Stat. § 42-110b, *et seq.*

73. Goldline has engaged in unfair competition and unfair and deceptive practices and acts in violation of Fla. Stat. § 501.201, *et seq.*

74. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of Kan. Stat. § 50-623, *et seq.*

75. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of M. Ann. Stat. § 407.010, *et seq.*

76. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of N.J. Rev. Stat. § 56:8-1, *et seq.*

77. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of N.M. Stat. § 57-12-1, *et seq.*

78. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of N.Y. Gen. Bus. Law § 349, *et seq.*

79. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of Ohio Rev. Stat. § 1345.01, *et seq.*

80. Goldline has engaged in unconscionable, deceptive, and other unlawful trade practices and acts in violation of Or. Rev. Stat. § 646.605, *et seq.*

81. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of S.C. Code Ann. § 39-5-10, *et seq.*

82. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of 9 Vt. § 2451, *et seq.*

83. Goldline has engaged in unfair competition and unfair and deceptive trade practices and acts in violation of Wash. Rev. Code. § 19.86.010, *et seq.*

84. Goldline's unfair competition and unfair and deceptive trade practices and acts have directly, foreseeably, and proximately caused Plaintiffs and Class Members to purchase its products at grossly inflated prices.

85. By virtue of these violations, Goldline is liable to Plaintiffs and Sub-Class Members for the damages they have sustained as a result of the violations, and any other damages authorized by the above listed state consumer protection statutes, together with reasonable attorneys' fees.

**COUNT III – UNJUST ENRICHMENT**

86. Plaintiffs reallege and incorporate by reference each preceding paragraph as though set forth fully herein and further allege as follows.

87. Through its wrongful conduct described above, Goldline has reaped substantial profits from payments Plaintiffs and the proposed Class members made for Goldline products. Goldline's profits would have been reduced but for its wrongful and unlawful conduct.

88. In equity and good conscience, it would be unjust and inequitable to permit Goldline to retain the benefit it obtained from Plaintiffs' and the proposed Class members' expenditures on Goldline products as a result of Goldline's wrongful and unlawful conduct. Goldline has been unjustly enriched under common law principles.

89. Goldline must therefore disgorge its unjustly acquired profits and other monetary benefits resulting from its unlawful conduct and confer such profits and monetary benefits on Plaintiffs and the Class.

**VII.  
PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs pray for:

- An order certifying this matter as a class action with Plaintiffs as Class Representatives, and designating Plaintiffs' counsel as Class Counsel;
- Judgment in favor of Plaintiffs and the Class on Counts I-III;
- Pre-judgment and post judgment interest on such monetary relief;

- An award of reasonable attorneys' fees and costs; and
- Such other and further relief as the nature of the case may require or as may be determined to be just, equitable, and proper by this Court.

Respectfully submitted,

By: John B. White, Jr.  
HARRISON, WHITE, SMITH & COGGINS, P.C.  
John B. White, Jr. (Fed. ID No.: 4619)  
Donald C. Coggins, Jr. (Fed. ID No.: 198)  
178 West Main Street (29306)  
PO Box 3547  
Spartanburg, SC 29304  
[jwhite@spartanlaw.com](mailto:jwhite@spartanlaw.com)  
[dcoggins@spartanlaw.com](mailto:dcoggins@spartanlaw.com)  
(864) 585-5100 Telephone  
(864) 591-0491 Facsimile

CRAFT HUGHES LAW, P.C.  
W. Craft Hughes (Texas Bar No. 24046123)  
333 Clay Street, Suite 4720  
Three Allen Center  
Houston, Texas 77002  
[craft@crafhugheslaw.com](mailto:craft@crafhugheslaw.com)  
(713) 857-4106 Telephone  
(888) 350-3931 Toll-Free  
(888) 995-3335 Facsimile  
(*pro hac* admission will be requested)

BAILEY PERRIN BAILEY  
Fletcher V. Trammell (Texas Bar No. 24042053)  
Justin C. Jenson (Texas Bar No. 24071095)  
440 Louisiana, Suite 2100  
Houston, Texas 77002  
[ftrammell@bpblaw.com](mailto:ftrammell@bpblaw.com)  
[jjenson@bpblaw.com](mailto:jjenson@bpblaw.com)  
(713) 425-7100 Telephone  
(866) 716-8300 Toll-Free  
(713) 425-7101 Facsimile  
(*pro hac* admission will be requested)

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Greenville, South Carolina

*Attorneys for Plaintiffs*