

FTC v. 2xtream Performance International LLC. (2000)

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FTC v. 2xtream Performance International LLC. (2000)

Case: FTC v. 2xtream Performance International LLC. (2000)

Subject Category: Consent Order

Agency Involved: FTC

[FTC v. 2xtream Performance Internatinal LLC Complaint](#)

Complaint Synopsis: The FTC alleged that 2xtream and its officers used false and misleading trade practices in marketing a day-trading training program. The program was accused of not being a legitimate business, but a front for an illegal pyramid scheme.

Consent Details: 2xtream and its officers agreed to a stipulated final judgment with the FTC. The judgment granted a permanent injunction against some defendants' participation in a "prohibited marketing program" as that term was defined in the agreement, required that the defendants retain a performance bond before participating in any other MLM program, and enjoined them from making further false misrepresentations when marketing business opportunities. Other defendants were permanently enjoined from participation in MLM activities and required to pay over \$2 million in restitution. The judgment also provided for an \$80 million payment in the event that the value of any

company asset was misrepresented to the FTC. The FTC also required the defendants to submit compliance reporting to the Commission.

Practical Importance to Business of MLM/Direct Sales/Direct Selling/Network Marketing/Party Plan/Multilevel Marketing: The promotion of a pyramid scheme can be prosecuted in many ways. Here, the FTC brought charges of false trade practices, but the defendants may also have been charged under state or federal securities laws, or state anti-pyramid laws.

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