

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

**COMMISSIONERS: Jon Leibowitz, Chairman
William E. Kovacic
J. Thomas Rosch
Edith Ramirez
Julie Brill**

In the Matter of

**LEGACY LEARNING SYSTEMS, INC.,
a corporation, and**

**LESTER GABRIEL SMITH,
individually and as an officer
and director of the corporation.**

DOCKET NO. C-

COMPLAINT

The Federal Trade Commission, having reason to believe that Legacy Learning Systems, Inc., a corporation, and Lester Gabriel Smith, an officer and director of the corporation (“respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Legacy Learning Systems, Inc. (“Legacy”) is a Tennessee corporation with its principal office or place of business at 624 Grassmere Park, Suite 16, Nashville, TN 37211.
2. Respondent Lester Gabriel Smith is Legacy’s CEO and owns 100% of the company. At all times relevant to this complaint, Smith, individually or in concert with others, formulated, directed, controlled, or participated in the acts or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of the corporation.
3. The acts and practices of respondents, as alleged herein, have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

4. Respondents manufacture, advertise, market, promote, offer to sell, sell, and distribute instructional courses containing DVDs and written materials throughout the United States through their website www.learnandmaster.com.

5. Respondents advertise their instructional courses on the Internet through a variety of techniques, including an affiliate program created in 2006, the Legacy Learning Systems Affiliate Program (the “Program”). After respondents admit affiliates into their Program, those affiliates generate commissions, ranging from 20% to 45% of the cost of each instructional course sold, by directing Internet purchasers to Legacy’s website at www.learnandmaster.com.

6. Respondents have recruited “Review Ad” affiliates for the Program, who promote Legacy’s instructional courses through positive endorsements in articles, blog posts, or other online editorial copy that contain hyperlinks to Legacy’s website in close proximity to the endorsements. Respondents’ Review Ad affiliates often post such endorsements using statements that give readers the impression the endorsements have been submitted by ordinary consumers.

7. Through the Program, respondents have disseminated or have caused to be disseminated advertisements for their instructional videos, including, but not necessarily limited to, those attached as Exhibit A. These advertisements contain the following statements:

www.bestguitarsoftware.com:

Features: ★★★★★ (5 Stars out of 5 stars)

The undisputed No. 1 training product for someone wanting to learn how to play the guitar.

www.learnandmasterlessons.com:

Read my Independent Review and Discover the Truth of Learn & Master Guitar Now!

Rank: #1 . . .

Simply the best beginner course available, Learn and Master Guitar is well structured, well paced, and contains an appropriate level of music theory and techniques to develop your musicianship.

www.reviewmspy.com:

Learn and Master Guitar. 4.9/5 Stars

The best home study DVD course for guitar I have ever seen.

www.guitarlessoninsider.com:

Learn and Master Guitar is by far the **most comprehensive guide out there** to help you learn to play the guitar . . . This truly is **the most you can get for your money** as far as a guitar course where you are able to learn at your own pace.

www.reviewsnest.com:

Reviews Nest
The Independent Reviews Site

What we think:

Putting it simply: Learn and Master Guitar emerged from our test as the King of “learn guitar at home” courses.

8. Through advertisements including, but not limited to, those set forth in Paragraph 7, a small number of respondents’ Review Ad affiliates have generated substantial revenues for Legacy. In fact, twenty-five of Legacy’s Review Ad affiliates are responsible for at least \$5 million in sales of Legacy’s instructional courses.

9. Since at least December 1, 2009, respondents’ contracts have stated that their Review Ad affiliates should “comply with the FTC guidelines on disclosures.” However, respondents have failed to implement a reasonable monitoring program to ensure that their Review Ad affiliates clearly and prominently disclose their relationship to Legacy. In fact, many of respondents’ Review Ad affiliates, including but not limited to those described in Paragraph 8, have endorsed Legacy’s instructional courses without any disclosure of their relationship to Legacy, or with disclosures accessible only through inconspicuous hyperlinks located at the bottom of the home pages of Review Ad affiliates’ web sites.

10. Through the means described in Paragraphs 5-9, respondents have represented, directly or indirectly, expressly or by implication, that reviews of their instructional videos were independent reviews reflecting the opinions of ordinary consumers.

11. In truth and in fact, the reviews for those instructional videos were not independent reviews reflecting the opinions of ordinary consumers. Legacy’s affiliates created these reviews in furtherance of Legacy’s Program to promote the sales of Legacy’s instructional videos. Therefore, the representation set forth in Paragraph 10 was, and is, false and misleading.

12. Through the means described in Paragraphs 5-9, respondents have represented, directly or indirectly, expressly or by implication, that reviews for Legacy’s instructional videos represented endorsements from persons who had used or reviewed those instructional videos. Respondents failed to disclose, or disclose adequately, that the endorser receives financial compensation from the sale of Legacy’s products. This fact would be material to consumers in their purchasing decision regarding the instructional videos. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

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

THEREFORE, the Federal Trade Commission this _____ day of _____, 2011, has issued this Complaint against respondents.

By the Commission.

Donald S. Clark
Secretary