

ATTACHMENT D-2

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AN ACCURACY ASSESSMENT OF SANDIEGOCAN.ORG BLOGS REGARDING BONNER PUBLICATIONS AND, SPECIFICALLY, PAUL MAMPILLY

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Commissioned by: San Diego Consumers' Action Network

As per your request, I have undertaken a review of San Diego Consumers' Action Network blogs that reference or evaluate Bonner Publications (hereafter "Bonner") with a specific eye towards the investment products offered by Sovereign State. I have reviewed both the contents of your two blog entries dated [25 October 2016](#) and [17 November 2016](#) together with independently assessed information available on the Internet. My review finds much to affirm your professional assessment that Bonner-sponsored publications, such as Sovereign State engage in marketing strategies targeting persons susceptible to fear-mongering politics. In exploring the claims and actions alleged by [San Diego Consumers Action Network's blogs](#), I find them to be credible, persuasive, and, if anything, understated.

I have intentionally not reviewed the allegations made by attorneys for Mampilly in a draft complaint that was emailed to SDCAN, so as to not influence this independent evaluation of the blogs. Instead, I have reviewed the Bonner publications through the eyes of an unsophisticated investor yet not one incapable of reason and critical thought. Bonner has created a network of sites designed to exploit the gullibility of those who are less than diligent than I was in assessing their veracity. Each one claims to be independent of the other yet they are nothing more than different fingers of the same hand: the hand poised to take the money of people who are afraid and naïve.

What follows is the trail of research spawned from Agora Financial, just one of the myriad of companies and fronts created to cross-support Bonner's financial get rich schemes, but there are many more. Agora Financial and these other Bonner companies (e.g) [Common Sense Publishing](#), [Insiders Strategy Group](#), [Laissez Faire Books](#), [Money Map Press](#), [NewMarket Health](#), [OmniVista Health](#), [Opportunity Travel](#), [Institute for Natural Healing](#), Oxford Club, [Stansberry & Associates Investment Research](#), The Daily Reckoning, [Banyan Hill](#)) all produced similar paths leading to misleading and overreaching claims to induce and misinform potential members. The formula is the same for all: scare potential investors with doom and gloom predictions of the future, suggest urgency, promise that they can predict the future with virtual certainty, promote a three-tiered membership program that comes with "free" books and

then, according to customer comments and reviews, charge more money than was indicated or agreed and refuse to refund upon request. Sovereign State, the publication with which Mr. Mampilly had been associated when SDCAN conducted its 2016 analysis appears to have been closed or rendered inactive.

In my investigation of these schemes, I discovered Bonner's systematic template of over-inflated scare tactics and investment hype. Boolean searches using the investment group's name and "scam" led to other Bonner-funded sites that would, on the surface, appear to resolve any qualms the unsophisticated investor might have by appearing to be an objective review. But upon closer inspection, they revealed a seamy entanglement with the organization it sought to critique.

Bonner's unprincipled marketing strategy is fully on-display in its promotion of an Agora publication by an author named James Rickards. A quick search for AGORA FINANCIAL and SCAM returned this [Google-bomb](#) planted article claiming to answer the question: "[Strategic Intelligence Review : Is Agora Financial Scam by Jim Rickards?](#)" Designed to placate the unsophisticated investor, this review is nothing more than advertisement for Agora Financial ("Agora"). Indeed, before ever launching into why or why not Agora is a scam, the article links to Agora for the reader to subscribe. The article goes on to provide a sales marketing pitch for Agora with none of the critical analysis you would expect in a legitimate assessment. For example, the fact that Jim Rickards, who is referred to throughout on a first name basis – Jim, has a theory that has been adopted by 10 persons in the world is offered as proof positive that the theory is valid. No mention of who these 10 persons are nor why so few people in the world have chosen to sign-on.

The claim is that "this theory warns against every aspect of the impending collapse." Even on its face, that claim would appear to be specious. Those skilled in the art of predicting the future would never claim to have predicted "every aspect" of the future as this so-called critical review asserts.

The fact that the website offers "members only" access to a vast array of materials also frustrates any critical analysis of the efficacy of these materials. Essentially, it's a pay-to-play proposition. Indeed, there are lots of "free" materials that "members only" receive as this biased review details but the membership is not free so the materials would therefore not be free. Rather than offering "free" information, this appears to be a self-promoting book club to sell Bonner and Jim Rickards' publications under the guise of a "membership."

The article boasts: "The reality is that when these trigger events start to occur, there will be no time to think about the next move. The time to take advantage of the impending crisis is now. Playing on this fear, it offers "Agora Financial's Strategic Intelligence System" that allegedly teaches unsophisticated investors how to pick the right stocks while avoiding "toxic" market conditions which others will encounter.

Notably, stealing a page from the "time limited offer" ploy used by retailers, the article, dated January 27, 2017 also indicates that the next trigger event will occur on April 21,

2017. There is no critical review nor facts to support this assertion. It's designed to encourage the consumer to buy quickly to avoid the "impending crisis." Sales 101.

This alleged critical analysis then spotlights three book reviews, humorously labeling them as "legit reviews." If this article was truly a critical analysis of "Jim" and Agora, there would be legitimate negative reviews included as well to analyze or address. A quick search found the following [negative review](#) of Rickard's book "The New Case for Gold:"

"Gold is intrinsically worthless or intrinsically priceless. You can build a financial model to value it, but every input is just going to be your imagination..." - [Mark Levitt](#)

I write as someone whose semester-long capstone course for the political science major was "Lessons of the Great Depression," in which I read all of the same major academic literature (Keynes, Friedman, Eichengreen, Bernanke, etc.) that this book alternates between citing from or dismissing. This author either misread– or deliberately misrepresents – the reasoned conclusions of this research into why having a gold-based monetary system is a very, very bad idea (e.g. [Golden Fetters: The Gold Standard and the Great Depression, 1919-1939](#)). Nor does he mention gold's numerous public policy downsides for a modern economy, such as the inability of governments to finance popular social insurance programs... which on second thought, may not be downsides to this author (as I note the Ron Paul endorsement on the dust jacket). I just want to clear the air about that, because if you don't share this book's underlying "sky is falling" economic assumptions, his argument that an ounce of gold will inevitably be worth up to \$10,000 – so you should stake a major chunk of your life savings speculating on these intrinsically worthless rocks, instead of investing in productive assets – doesn't make any sense, once the veneer of supportive peer-reviewed evidence falls away.

A college student armed with critical thinking skills might see past the gold glitter to hopefully realize it's all fools' gold. But this population is not Bonner's targeted audience. Instead, the use of fear and paranoia in the marketing materials seemingly preys upon older and less sophisticated investors who lack the capacity to independently assess the claims raised. I will discuss this vulnerable population later in this evaluation.

The article boasts a full refund is available but the comments to the article suggest otherwise, with numerous persons reporting they were charged more than had been represented and that other than reversing the charges on their credit card, they had no success in getting the charges refunded by Agora, Rickards or Bonner. After outlining the three membership offers and pricing plans, and providing yet another link for persons to subscribe, the article concludes, "The Strategic Intelligence System by Jim Rickards is Scam Free." The author, Peter Morris, formerly "was a General Partner and

member of NEA's Management Committee" according to a scant biography. [According to a DOJ federal whistleblower](#) who exposed their funding fraud, NEA has pathologically funded startup, healthcare, medical device fraud that has killed, injured and cost taxpayers billions. Johnson and Johnson subsequently was ordered to pay \$18 million in civil damages.

In researching the claims of San Diego Consumer Action Network about Paul Mampilly's \$7 Tech Stock Gamble I was led down a similar path of circular support from other Bonner subsidiaries. A google search of PAUL MAMPILLY and SCAM nets another google-bomb, a Banyan Hill publication, which asks and purports to answer: [Paul Mampilly: Scam Artist? Fraudster? Or the Real Deal?](#) The article leads off with one correct fact: "The Internet is littered with scams to cheat you out of your money." The irony is that the source of that article and its subject are two such scams.

Astonishingly, the publication boasts Paul is its employee and then toots its own horn, writing: " Paul writes for Banyan Hill Publishing, an up-and-coming investment research firm that distributes financial strategies for people to better protect and grow their wealth." And goes on to admit that Banyan Hill Publishing "is a subsidiary of the alternative press network Agora Inc." An alternative press network reporting on alternative facts, otherwise known as misrepresentations, falsehoods and fiction.

The article expands and touts Agora and Banyan Hill Publishing for several paragraphs, making numerous bandwagon claims about how many subscribers and locations they have worldwide. The bandwagon fallacy is erroneous logic because it presumes that if there are many customers then the business must be good. Instead, this may instead indicate that many customers were unable to critically examine the business' claims.

The article boldly claims, "It's not a scam, as some critics have suggested, yet the article does not detail any of these criticisms or the basis thereof, but instead continues with its over-reaching assertions: "It's an entirely new and innovative form of investing that helps people navigate and make sense of the stock market without paying exorbitant fees, as they would if they let someone else manage their money."

The article tempers itself by cautioning "one should be aware that there is always risk when it comes to buying stocks" yet follows that caution by claiming the long-term risk is greatly diminished and the short-term risk is limited to only \$80 per every \$1000 invested. All this caution is for naught, however, as the article concludes, "If he's even half right, *early investors* could still make a fortune."

One commenter to the Paul Mampilly Scam Alert remarked, "if you catch anyone willing to spend dozens of minutes trying to convince you to accept their costly advice that, even just potentially, could lead you down a dead-end road to a big cliff, just turn around and put them in your rear view." Indeed. But the target demographic such scam investments seek to victimize are those who may be fooled by this self-promotion and not scared away.

A cautious investor will realize, as San Diego Consumer Action Network points out to the investing public, “[p]eople who have the inside track on how to make a ton of money don’t sell it to anyone who has a credit card. They guard it carefully, sharing only with their most trusted friends and family. It’s human nature.”

However, as noted by a number of gerontologists, law enforcement and university-sponsored researchers, seniors are often more vulnerable to fear-messaging, or what some experts call “fright mail. Studies indicate that those over 65 are 34 percent more likely to have lost money on a financial scam than people in their 40s, according to research by the [Stanford Center on Longevity and the Financial Industry Regulatory Authority's Investor Education Foundation](#). [This joint study project finds](#) that financial fraud, ranging from Ponzi schemes to online phishing scams and work from home schemes, swindles Americans out of billions of dollars each year to the tune of up to [\\$40 billion to \\$50 billion each year](#). And almost 1 in 20 elderly respondents in a large 2014 study of New York residents reported being financially exploited at some point in their later lifetime. In addition, [one estimate says](#) only 1 in 44 financial fraud victims report what has happened, often out of embarrassment or fear that their children will want to take control of their finances. Financial and online fraud against aging adults [are now considered the "crimes of the century"](#) by the National Council on Aging.

I’ve witnessed first-hand that not everybody has the time, motivation or inclination or, in the case of seniors and vulnerable consumers, the capacity to spend tens of hours researching legitimate sources to determine if they are legally being misled. In the case of the Bonner publications, including but not limited to the now-shuttered Sovereign Society and Paul Mampilly, the research posted on the SDCAN website could reasonably be credited with saving the nest eggs of an untold numbers of seniors and unsophisticated investors who may succumb to the complex fear-messaging that permeates Bonner Publication marketing materials.

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