

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

JOHN PAUL BUSTAMANTE, STEVEN PAUL,
MICHAEL WHITTEN, JOHN MOORE, AND
CHRISTOPHER TAWIL

Intervenors

v.

WEALTH ASSISTANTS LLC

Plaintiff,

v.

THREAD BANK

Defendant.

United States Courts
Southern District of Texas
FILED

March 29, 2024

Nathan Ochsner, Clerk of Court

Civil Action No. 4:24-CV-00040

**COMPLAINT IN INTERVENTION BY JOHN PAUL BUSTAMANTE, STEVEN PAUL,
MICHAEL WHITTEN, JOHN MOORE, AND CHRISTOPHER TAWIL**

Intervenors—John Paul Bustamante, Steven Paul, Michael Whitten, John Moore, and
Christopher Tawil—by and through their undersigned attorney, hereby bring this Complaint in
Intervention against Wealth Assistants LLC (“Wealth Assistants”) and allege as follows:

SUMMARY OF CASE

1. Wealth Assistants defrauded Intervenors and hundreds of other individuals out of millions of dollars. Specifically, Wealth Assistants advertised that it would provide its clients with substantial income by setting up and managing lucrative online Amazon stores that the clients would own. But Wealth Assistants did not provide the promised services. Instead, it used the fees it collected from Intervenors and its other clients for the benefit of its principals.

- 1 2. Wealth Assistants' clients would pay it an upfront fee of up to \$125,000 to set up and
2 manage an online Amazon store in the client's name. After that, the client would pay for the
3 store's inventory, along with certain other smaller fees. In return, the individual would be
4 entitled to collect between 50 percent and 70 percent of the online store's gross profits.
- 5 3. Wealth Assistants advertised that the profits of an online store it managed should grow to
6 more than \$10,000 per month by the end of the store's first year.
- 7 4. Hundreds of individuals, including Intervenors, purchased the business opportunity Wealth
8 Assistants offered. Most of these purchasers were middle class, and many had to use all their
9 retirement savings or take out home equity loans to make the purchase.
- 10 5. Wealth Assistants never intended to follow through on its promises.
- 11 6. Some of Wealth Assistants' clients never even received an online store after paying the fee.
12 Others received stores (which themselves are valueless and can be easily and freely set up),
13 but their stores were never stocked with any inventory. Others paid Wealth Assistants for
14 inventory after receiving inventory invoices from Wealth Assistants that turned out to be
15 fake; the inventory never actually appeared in their stores.
- 16 7. Ultimately, the vast majority of Wealth Assistants' clients have received less than \$10,000
17 in profits from their online stores, and many never received a single dollar of revenue from
18 their stores (if they received stores at all).

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22 **JURISDICTION AND VENUE**

- 23 8. Intervenors' claims arise under the laws of Texas. This Court has original diversity
24 jurisdiction, pursuant to 28 U.S.C. § 1332, because the action involves a controversy
25 between citizens of different states and the amount in controversy exceeds \$75,000.00 USD,
26 exclusive of interest and costs.

1 9. Wealth Assistants is a limited liability corporation now known as “Yax Ecommerce LLC.”

2 Upon information and belief, its sole member is Ryan Carroll, who is a resident of Florida.

3 10. Thread Bank is a limited liability corporation. Upon information and belief, its sole member

4 is Christopher J. Black, who is a resident of Tennessee.

5 11. John Paul Bustamante is a resident of California and has suffered ascertainable damages
6 greater than \$75,000 as a direct result of Wealth Assistants’ fraud.

7 12. Steven Paul is a resident of New Hampshire and has suffered ascertainable damages greater
8 than \$75,000 as a direct result of Wealth Assistants’ fraud.

9 13. Michael Whitten is a resident of Alabama and has suffered ascertainable damages greater
10 than \$75,000 as a direct result of Wealth Assistants’ fraud.

11 14. John Moore is a resident of Maryland and has suffered ascertainable damages greater than
12 \$75,000 as a direct result of Wealth Assistants’ fraud.

13 15. Christopher Tawil is a resident of California and has suffered ascertainable damages greater
14 than \$75,000 as a direct result of Wealth Assistants’ fraud.

15 16. Venue is proper in this District, pursuant to 28 U.S.C. § 1391, because a substantial part of
16 the events or omissions giving rise to the claims in this Complaint occurred in this District
17 and because Wealth Assistants is subject to the Court’s personal jurisdiction with respect to
18 this action.
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21 **FACTS**

22 **A. Wealth Assistants Purported To Sell Online Store Management Services**

23 17. The following is a summary of Wealth Assistants’ agreements with its clients, including
24 Intervenor:
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- 1 a. Wealth Assistants' clients would pay it to set up an online store on the Amazon
2 platform that the clients would own. These stores offered goods for shoppers to
3 purchase online.
- 4 b. Wealth Assistants' clients would pay for the online store's inventory.
- 5 c. Wealth Assistants' clients were required to pay certain other fees, such as annual
6 fees and a "success fee" when the store was successfully set up.
- 7
- 8 d. Wealth Assistants would manage the store, including by providing customer service,
9 maintaining relationships with suppliers, and managing the inventory.
- 10 e. Wealth Assistants' clients would keep between 50 percent and 70 percent of the
11 gross profits generated by the stores, and Wealth Assistants would take the
12 remaining profits for itself as a management fee.

13 18. Until December of 2022 or January of 2023, most or all of Wealth Assistants' clients signed
14 a standardized contract containing the terms described below.

15 19. The contracts referenced in the paragraph above contained numerous statements that Wealth
16 Assistants knew were false. For example, the contracts stated:

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18 The Client will own a turnkey automated drop shipping Amazon retail store, which
19 will be built and operated by the Service Provider. Product research, supplier
20 negotiations, supplier relationships, product listing, day-to-day price updates, quality
21 control, processing returns, customer service, financial reporting, and business
22 growth in the direction of \$10,000+ net profit monthly (assuming Client has the
23 necessary resources, cash/credit) are among the services provided.

24 20. The contracts also stated "In months 12 – 60+, the goal will be to net the Client upwards of
25 multiple 6-figures per year (\$350-\$600K+ per year) if Client remains with the Service
26 Provider and this Contract is not terminated for any such reason."

27 21. Wealth Assistants knew that nobody planned to provide Wealth Assistants' clients with the
28 full set of services Wealth Assistants was promising in those contracts. For example, Wealth
Assistants knew that it did not have a goal of generating \$10,000 of monthly profit in

1 Intervenor's stores. Wealth Assistants knew that it instead intended to neglect Intervenor's
2 stores so that the stores would generate little or no profits.

3 22. The contracts also contained the following "Buyback" clause:

4 If Client has substantially complied with all the provisions of this Service
5 Agreement, and after the Client's 1st anniversary of getting their first Amazon sale,
6 they have not made back their initial \$55,000 (fifty-five thousand dollars) investment
7 from net profit on their business, the Service Provider will offer them a buy-back of
8 their Amazon retail store or waive their two thousand five hundred dollars (\$2,500)
annual store renewal fee if they have not yet paid it or credit them their annual
renewal fee in full if they have already paid it.

9 23. Wealth Assistants knew that it never intended to honor its Buyback clause.

10 24. In December of 2022, or January of 2023, Wealth Assistants began using different
11 standardized contracts for its new clients. The later standard contracts stated that "The
12 Service Provider's principal aims are to provide a 'done for you' operation for Client,
13 focusing on high-quality lawfully commercialized products offered at competitive prices
14 accompanied by excellent customer service for end-user customers in a manner that
15 promotes growth."
16

17 25. The following "description of services" appeared in the contracts referenced in the
18 paragraph above:

19
20 A. Initial Phase. Initially, Service Provider will manage the process of transferring the
21 Store to Client (the "Migration"). Migration includes but is not limited to: finalizing
22 the Transfer (described at Exhibit D), changing account names, email address, bank
23 account information, payment information, and other steps required by the Host.
Migration generally takes 1 to 2 weeks but may be substantially delayed if issues
arise. Migration completes upon delivery of new account credentials and the training
manual.

24
25 B. Ramp-Up. During the remainder of the first year, Service Provider will steadily
26 encourage and support ramping up the scale of the Store by, for example, increasing
27 product listings, optimizing SEO, and exploring advertising opportunities. Increased
28 inventory will be required to meet increased demand as described below. The focus
of this period is to lay the groundwork for future success.

MONTHS	COST OF INVENTORY PER MONTH
1	\$15,000
2 - 3	\$30,000
4 - 6	\$50,000
7 - 12	\$70,000
13 – 18 *	\$90,000
* The end of this period is the “ Milestone. ”	

26. Wealth Assistants knew that it would not be able to “ramp up” stores at the rate it promised in its contracts.

27. Likewise, the following description of Wealth Assistants’ “Management” services appeared in the same contracts:

B. Management. Service Provider will serve as a business consultant for the Store; performing for example:

- Product research and analysis of market data to identify top-selling products,
- Supplier relationships,
- Strategic sourcing or bulk-ordering products from optimal suppliers,
- Planning warehousing and fulfillment options,
- Product listings including, pricing decisions, and pricing updates,
- Deployment of Store look and feel (including Store name which may change from time to time),
- Customer service including quality control, and processing returns, and
- Internal financial reporting.

Service Provider shall make commercially reasonable efforts to maintain the uniqueness of the Store. In the event Client discovers certain inventory overlap with other stores, Client agrees to notify Service Provider.

28. Wealth Assistants knew that it would not provide the “Management” services described in that portion of the contracts.

29. The same contracts also promised Intervenors a purported “Buyback Warranty,” which stated, in part, as follows:

In the event Profit does not exceed the Threshold by the Milestone, Client may elect to receive from Service Provider: (1) a Credit, or (2) the Buyback Amount.

1 “Profit” means Gross Income less the Success Fee received by the Milestone.

2 “Threshold” means the Set-Up Fee.

3 “Credit” means an amount equivalent to the Annual Fee, and redeemable, at Client’s option, by refund if already paid, or by application to Client’s account.

4 “Buyback Amount” means an amount equivalent to the Threshold less the Profit.

5 30. Wealth Assistants knew that it never intended to honor the terms of its Buyback Warranty,
6 and Wealth Assistants in fact did not honor the terms of its Buyback Warranties with
7 Intervenor.

8 **B. Wealth Assistants’ Marketing**

9 31. Wealth Assistants sent most or all of its prospective clients projections showing that the
10 stores Wealth Assistants managed would generate more than \$10,000 per month. An
11 example of such a slide is shown below:

12

13 **OUR AMAZON MANAGEMENT PROJECTIONS**

MONTH	HYPOTHETICAL GROSS SALES	HYPOTHETICAL PROFIT TOTALS	HYPOTHETICAL MARGINS
1 to 3	up to \$20,000	up to \$4,000	15-20%
3 to 6	\$20,000 to \$35,000	\$3,000 to \$7,000	15-20%
6 to 9	\$35,000 to \$50,000	\$5,000 to \$10,000	15-20%
9 to 12	\$50,000 to \$80,000	\$7,500 to \$16,000	15-20%
First year totals	\$315,000 to \$525,000	\$49,500 to \$105,000	15-20%
12 to 16	\$80,000 to \$110,000	\$12,000 to \$22,000	15-20%
16 to 20	\$110,000 to \$135,000	\$16,500 to \$27,000	15-20%
20 to 24+	\$135,000 to \$185,000+	\$20,250 to \$37,000+	15-20%

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22 These images and sales summary are not actual and are used for example purposes only. Wealth Assistants is in no way affiliated, associated, authorized, or endorsed by, or any way officially connected with Amazon Inc. No client's success, earnings, or production results should be viewed as typical, average, or expected. Not all clients achieve the same or similar results, due to many factors including, but not limited to, the amount of inventory purchased per month to be sold on your store, margin of products sold, and your results may be higher or lower than those stated in our clients testimonials. This is why we offer a conditional buy back clause described in our service agreements to those that decide to partner with us.

23 *Please note these numbers are before our profit splits

24 32. Very few, if any, of Wealth Assistants’ investors ever achieved the “monthly profit totals”
25 advertised by Wealth Assistants.

26 33. Wealth Assistants knew that its clients could not reasonably expect to achieve more than
27 \$10,000 per month in profits.
28

1 34. The slide deck also included the following slide:

2

3 **OUR 100%**

4 **STORE BUY BACK***

5 **We're so confident in our**

6 **ability to build you an**


7 **income stream on Amazon**

8 **that we offer all of our**

9 **clients a 12-18 month**

10 **buyback on their initial**

11 **onboarding investment.**



12 **How it works:**

13 If you have not recouped your initial investment back within 12-18 months from your first sale we will give you the opportunity to either:

14 **1** Have us buy back your Amazon store from you at the price difference you didn't make back or...

15 **2** We will waive your annual store renewal fee and continue operating and scaling your Amazon Store free of charge.

16 * See "buy-back" clause in our service agreements

17 ** Please request and read our service agreement so you understand our buy back clause prior to hiring us to manage your store

18 35. Wealth Assistants knew that it did not intend to honor the "Buy Back" guarantee advertised in the slide above.

19 36. Wealth Assistants also lured clients with false advertising on social media. For example, on March 28, 2023, Wealth Assistants posted on its Facebook account that "you'll have the opportunity to sell your business 2-3 years from opening up your Amazon store (once your sales are \$100K+/monthly)."

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21 **C. Intervenor's Experiences With Wealth Assistants**

22 37. All Intervenor's received from Wealth Assistants representations stating that they could expect to earn more than \$10,000 per month by purchasing the business opportunity Wealth Assistants was offering.

23 38. Relying on those representations, all Intervenor's spent at least \$30,000 to purchase the business opportunity Wealth Assistants offered.

24 39. Yet, not one Intervenor has received \$10,000 in revenue over the *lifetime* of their store.

1 40. On June 29, 2023, Wealth Assistants' representative Peter McLean sent Intervenor **John**
2 **Paul Bustamante** projections indicating that if Bustamante purchased the business
3 opportunity Wealth Assistants was offering, he would receive more than \$10,000 per month
4 in profits by the end of the store's first year. Bustamante relied on those projections when
5 purchasing the business opportunity Wealth Assistants offered.

6 41. Intervenor Bustamante never even received the store that Wealth Assistants promised to set
7 up and manage for him.

8 42. On June 7, 2022, Wealth Assistants' representative Mack McKaughan told Intervenor
9 **Steven Paul** that if he purchased the business opportunity Wealth Assistants was offering,
10 he would receive more than \$10,000 per month in profits by the end of the store's first year.
11 Paul relied on those projections when purchasing the business opportunity Wealth Assistants
12 offered.

13 43. Intervenor Paul has received less than \$3,000 in revenue in connection with that store.

14 44. In or around September of 2023, Wealth Assistants' representative Jared Day told Intervenor
15 **Michael Whitten** that if he purchased the business opportunity Wealth Assistants was
16 offering, he would receive more than \$10,000 per month in profits by the end of the store's
17 first year. Whitten relied on those projections when purchasing the business opportunity
18 Wealth Assistants offered.

19 45. Intervenor Whitten never even received the store that Wealth Assistants promised to set up
20 and manage for him.

21 46. In or around July of 2022, Wealth Assistants' representative Charles Butler told Intervenor
22 **John Moore** that if he purchased the business opportunity Wealth Assistants was offering,
23 he would receive more than \$10,000 per month in profits by the end of the store's first year.
24 Moore relied on those projections when purchasing the business opportunity Wealth
25 Assistants offered.
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1 47. Intervenor Moore received less than \$1,000 in revenue from the store over the store's
2 lifetime.

3 48. On June 2, 2022, Wealth Assistants' representative Luigi Caceres told Intervenor **Chris**
4 **Tawil** that if he purchased the business opportunity Wealth Assistants was offering, he
5 would receive more than \$10,000 per month in profits by the end of the store's first year.
6 Tawil relied on those projections when purchasing the business opportunity Wealth
7 Assistants offered.
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9 49. Intervenor Tawil has received less than \$3,000 in revenue in connection with that store.

10 **CAUSE OF ACTION FOR FRAUD BY ALL INTERVENORS AGAINST WEALTH**
11 **ASSISTANTS LLC**

12 50. Intervenor incorporate by reference all allegations above.

13 51. "To prevail on a fraud claim, an intervenor must demonstrate four elements: (1) a material
14 misrepresentation; (2) made with knowledge of its falsity or made recklessly without
15 knowledge of the truth; (3) made with the intent that the other party should act; and (4) that
16 the other party acts in reliance on the misrepresentation and suffers injury." *Lyda*
17 *Constructors, Inc. v. Butler Manufacturing Co.*, 103 S.W.3d 632, 638 (Tex. App. 2003).
18 Wealth Assistants made misrepresentations to Intervenor to entice them to purchase its
19 services.
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21 52. Wealth Assistants knew of the falsity of the misrepresentations to Intervenor.

22 53. Intervenor relied on those misrepresentations when purchasing services or goods from
23 Wealth Assistants.
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25 54. Intervenor suffered damages as a result.

26 **PRAYER FOR RELIEF**

27 **WHEREFORE**, Intervenor respectfully request that the Court:
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- A. Award compensatory, consequential, exemplary, and punitive damages to Intervenors in the amount of \$1,000,000;
- B. Award attorneys' fees and costs to Intervenors in an amount to be determined at trial;
- C. Grant to Intervenors whatever other relief is just and proper.

Jury Trial Demanded

DATED: February 9, 2024

/s/Joushua Stein
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CERTIFICATE OF SERVICE

I hereby certify that on February 9, 2024, a true and correct copy of the foregoing document was transmitted using the CM/ECF system, which automatically sends notice and a copy of the filing to all counsel of record. On the same day, I also mailed a copy of the foregoing document to Thread Bank at their address of 210 East Main Street, Rogersville, TN 37857.

/s/Nico Banks
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