



FTC Settlement Requires Online Trading Academy to Forgive Consumer Debt, and Principals to Turn Over Millions in Cash and Assets

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Online Trading Academy will be required to offer debt forgiveness to thousands of consumers who purchased its “training programs,” while the company’s founder and other individuals will together pay between \$5 and \$9.1 million and turn over assets under the terms of a [settlement with the Federal Trade Commission](#) that is expected to result in more than \$10 million to benefit injured consumers.

In February, the FTC [brought a lawsuit](#) alleging that OTA, led by Eyal Shachar, had deceived consumers for years with claims that purchasers of OTA’s investment training were likely to generate significant income. OTA claimed that anyone could learn to use its strategy, and filled its sales pitch with testimonials and hypothetical trades showing significant profits.

The FTC alleged that OTA had no evidence that purchasers were likely to realize the advertised profits, and that the company’s own surveys and third party trading data showed that most purchasers made little to no money. OTA also claimed that its instructors and salespeople were active, successful traders, pointing consumers to their supposed success as evidence the strategy worked. But the FTC alleged those claims were false or unsubstantiated, and that several high-profile OTA pitchmen admitted they did not make significant money trading. Finally, the FTC charged that when consumers realized the truth and asked for their money back, OTA illegally used form contracts to prevent them from telling the government or other consumers about OTA’s deception.

“OTA pitched a get-rich-quick investment strategy using fake or unrepresentative testimonials, depictions of wealth, and implied promises of profits,” said Andrew Smith, the Director of the FTC’s Bureau of Consumer Protection. “OTA had no support for its lavish earnings claims, and that’s illegal.”

Under the terms of the settlement, the defendants will be prohibited from making claims about potential earnings unless the claims are truthful and the defendants have written documentation to support them. They will also be prohibited from making claims without adequate support about how quickly consumers can become proficient in the defendants' trading "strategy" or the amount of time or money needed to generate significant income.

In addition, the defendants will be prohibited from calling their salespeople "education counselors," and from misrepresenting that instructors are active or successful traders.

The settlement also prohibits the defendants from using contracts that prevent their customers from interacting with law enforcement or posting reviews about the defendants online. It also requires the defendants to notify consumers of their right to post honest reviews and file complaints.

The settlement includes a monetary judgment of \$362 million, which is partially suspended due to the defendants' inability to pay. If the defendants are found to have misrepresented their financial status, the full amount of the judgment would become due immediately. The settlement requires Eyal Shachar to pay \$8.3 million and surrender a number of vehicles to the Commission, including a Cessna 400 airplane, a 2006 Bentley Mulsanne, a luxury motor home, a Cadillac Escalade, and six minivans. Darren Kimoto must pay \$736,300 and surrender a 2017 Land Rover, and Samuel R. Seiden must pay \$158,000. The cash and the proceeds of the vehicle sales will be used to provide refunds to affected consumers.

In addition, the settlement will require OTA to offer debt forgiveness to consumers who have debt owed to OTA for its training. The company will be required to give these consumers notice of the offer of debt forgiveness and consumers will have 45 days to request forgiveness. Consumers who elect forgiveness will lose access to any OTA courses they have purchased.

The settlement terms allow that for every dollar of debt forgiveness that OTA customers accept, Shachar's required payment will be decreased by 70 cents, up to \$4 million.

The Commission vote approving the stipulated final order was 4-0-1, with Commissioner Rebecca Kelly Slaughter recorded as not participating. The FTC filed the proposed order in the U.S. District Court for the Central District of California.

NOTE: Stipulated final orders or injunctions, etc. have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works to promote competition and to protect and educate consumers. You can learn more about consumer topics and report scams, fraud, and bad business practices online at ReportFraud.ftc.gov. Like the FTC on Facebook, follow us on Twitter, get consumer alerts, read our blogs, and subscribe to press releases for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

[FTC Sues Online Trading Academy for Running an Investment Training Scheme](#)

[FTC Obtains Temporary Restraining Order Against Alleged Investor Training Scheme Online Trading Academy](#)

[FTC Obtains Preliminary Injunction Against Investor Training Scheme Online Trading Academy](#)

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