



215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • www.citizen.org

November 13, 2018

The Honorable Jerrold Nadler
Ranking Member
House Judiciary Committee
2138 Rayburn House Office Building
Washington, DC
20515

Dear Ranking Member Nadler

On behalf of the more than 500,000 members and supporters of Public Citizen, we ask you to investigate the conduct of Matthew Whitaker in his capacity as an advisory board member of World Patent Marketing. We understand that as incoming chair of the House Judiciary Committee, you intend to call Mr. Whitaker as your first witness.¹

The Federal Trade Commission (FTC) alleged that World Patent Marketing (WPM) lured hundreds of inventors to pay it a collective \$26 million for product development and promotion services that it never delivered.² According to the FTC, sales agents made false promises, the firm's website contained numerous false claims, including fabricated testimonials from supposedly successful customers, and featured an advisory board meant to communicate that the firm was guided by well-credentialed, leading citizens. One of these advisory board members was Matthew Whitaker, now the acting Attorney General.³ The press release announcing Whitaker's role at WPM emphasized his former role as United States Attorney for the Southern District of Iowa as his primary credential. The press release also lists as his first experience in the office of US Attorney as "the enforcement of federal crimes including mail and wire fraud." At the time that WPM announced his advisory board appointment, Whitaker worked primarily at a private law firm in Iowa.

The WPM press release quoted Whitaker endorsing the company: "As a former US Attorney, I would only align myself with a first class organization. . . . World Patent Marketing goes beyond making

¹ Brent Griffiths, *Nadler: Whitaker Will be "Our Very First Witness,"* [POLITICO](https://www.politico.com/story/2018/11/11/house-judiciary-whitaker-mueller-congress-982956), (Nov. 11, 2018) <https://www.politico.com/story/2018/11/11/house-judiciary-whitaker-mueller-congress-982956>

² *World Patent Marketing*, FEDERAL TRADE COMMISSION (website visited Nov. 8, 2018) <https://www.ftc.gov/enforcement/cases-proceedings/172-3010/world-patent-marketing>

³ *Former US Attorney Matthew G. Whitaker Extends His Membership On The World Patent Marketing Advisory Board*, PRWEB.COM (Dec. 22, 2014) <https://www.prweb.com/releases/worldpatentmarketing/matthewwhitaker/prweb12406265.htm>

statements about doing business 'ethically' and translates those words into action." Since the FTC found that WPM, in fact, did not provide the services it promised, Whitaker's statement must have been false.

For his role on the WPM advisory board, Whitaker was paid a retainer in regular payments of \$1,865, according to one news account.⁴ One media account found that he was "paid a total of \$9,375 in advisory fees by World Patent Marketing in five installments between 2014 and early 2016, according to documents filed in the FTC civil lawsuit, in U.S. District Court in Miami. He was owed a further \$7,500 at the time the FTC moved to seize the company, the documents show."⁵

Since the FTC found that essentially none of WPM's customers received the services for which they had paid thousands of dollars, it's not surprising that many of them complained. When those customers did so, including saying they would tell other entities such as the Better Business Bureau about the company's failure to honor customers' expectations, WPM responded with threatening emails. One of these emails came from Whitaker. In response to a customer identified as "A. Rudsky" who complained that WPM was a "scam," Whitaker emailed him: "Your emails and messages from today seem to be an apparent attempt at possible blackmail or extortion. You also mentioned filing a complaint with the Better Business Bureau and to smear World Patent Marketing's reputation online. I am assuming you understand that there could be serious civil and criminal consequences for you."⁶

Whitaker was not the only WPM agent who sent such emails. According to the FTC, when "consumers started to speak up when their hefty cash outlays weren't yielding the promised results" . . . [World Patent Marketing] 'intimidated and threatened customers to prevent them from complaining and to compel them to retract complaints' – a tactic consistent with the company's blog boast about a security detail of ex-Israeli soldiers who 'knockout first and ask questions later.' By suppressing honest consumer reviews in an effort to maintain a false front of reputability, the company 'instituted a positive feedback loop in which their unfair and deceptive practices reinforce each other.'" The court adjudicating the FTC claim "prohibited" the company "from threatening anyone who complains about them – a practice the Court held met the FTC's unfairness standard."⁷

These FTC findings illustrate potential serious wrongdoing, which would be completely irreconcilable for the person currently tasked with upholding the laws of the nation. Therefore, we ask the Committee to investigate the following issues:

1. Did Whitaker violate Section 5 of the Federal Trade Commission Act by failing to inform potential customers that he was paid to endorse WPM?

⁴ Jon Swaine, *Trump's Acting Attorney General Was Part Of Firm US Accused Of Scam*, THE GUARDIAN (Nov. 8, 2018) <https://www.theguardian.com/us-news/2018/nov/07/matthew-whitaker-trump-attorney-general-us-firm>

⁵ Mark Maremont, *Jeff Sessions' Successor Had Advised Company Accused of Scam*, WALL STREET JOURNAL, (Nov. 7, 2018), <https://www.wsj.com/articles/jeff-sessions-successor-had-advised-company-accused-of-scam-1541638397?mod=e2tw>

⁶ Email exchange between A Rudsky, and Matthew Whitaker, Case a:17-cv-20848, originally from MIAMI NEWS, ALSO WALL STREET JOURNAL https://www.wsj.com/public/resources/documents/WhitakerEmail08-25-2015.pdf?mod=article_inline

⁷ *How an "invention promotion" outfit demoted the truth*, FEDERAL TRADE COMMISSION (Sept. 13, 2017) <https://www.ftc.gov/news-events/blogs/business-blog/2017/09/how-invention-promotion-outfit-demoted-truth>

2. Did Whitaker engage in intimidation of WPM victims?
3. Did Whitaker provide all relevant information regarding his association with WPM as part of the employment and security clearance at the Department of Justice, both as chief of staff and now, as acting Attorney General?

Because Whitaker is now the acting Attorney General, we believe these questions are fundamental to determining if he is able to uphold the duties of the position. The nation deserves a person of unquestioned integrity as its chief law enforcer, and until these questions are answered in a satisfactory way, Whitaker's ability to adequately perform the job of Attorney General remains in doubt.

For questions, please contact Bartlett Naylor at bnaylor@citizen.org, and/or Remington Gregg at rgregg@citizen.org.

Sincerely,

Bartlett Naylor,
Financial Policy Advocate

Remington Gregg
Counsel for Civil Justice and Consumer Rights.