



FTC Cracks Down on Scammers Trying to Take Advantage of the Economic Downturn

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New Public Education Video Helps Consumers Steer Clear of Business Opportunity Fraud

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The Federal Trade Commission today announced a law enforcement crackdown on scammers trying to take advantage of the economic downturn to bilk vulnerable consumers through a variety of schemes, such as promising non-existent jobs; promoting overhyped get-rich-quick plans, bogus government grants, and phony debt-reduction services; or putting unauthorized charges on consumers' credit or debit cards.

Dubbed "Operation Short Change," the law enforcement sweep announced today includes 15 FTC cases, 44 law enforcement actions by the Department of Justice, and actions by at least 13 states and the District of Columbia. During a joint press conference today at the FTC, David Vladeck, Director of the FTC's Bureau of Consumer Protection, was joined by Assistant U.S. Attorney General Tony West; Roy Cooper, Attorney General of North Carolina; and a Washington, D.C. job seeker who was conned by a company that made false promises of maintenance and janitorial work.

"Rising unemployment, shrinking credit, record-setting foreclosures, and disappearing retirement accounts are causing consumers tremendous anxiety about making ends meet," Vladeck said. "But to con artists, today's challenging economy presents just another opportunity to play on consumers' worry and bilk them out of money."

"Thousands of people have been swindled out of millions of dollars by scammers who are exploiting the economic downturn," Vladeck added. "Their scams may promise job placement, access to free government grant money, or the chance to work at home. In fact, the scams have one thing in common--they raise people's hopes and then drive them deeper into a hole."

To help consumers understand how easy it is to be conned--and how to avoid fraud--the FTC produced a new consumer education video featuring a former scammer who hawked phony business opportunities and ultimately served prison time for deceiving investors. To view the video, go to ftc.gov or YouTube.com/ftcvideos. In the video, the former scammer gives an insider account of how these operations use high-pressure tactics and celebrity endorsers to trick cash-strapped

consumers, and how consumers can protect themselves by demanding written disclosures on earnings and other sales data.

Operation Short Change: FTC's Law Enforcement Actions

The FTC today announced that it has brought eight new cases against companies that have conned consumers who are struggling to make a living and pay their bills during these difficult economic times. The Commission brought seven additional cases challenging similar conduct earlier this year.

In each new case, the FTC alleged that the defendants' practices were deceptive or unfair. In some of the cases, the FTC also charged the defendants with making illegal electronic funds transfers or violating the Telemarketing Sales Rule.

In the law enforcement actions announced today, the Commission charged:

John Beck/Mentoring of America, two principals, and three purported "inventors" marketed three get-rich-quick schemes, duping hundreds of thousands of consumers into paying approximately \$300 million. The defendants marketed "John Beck's Free & Clear Real Estate System," "John Alexander's Real Estate Riches in 14 Days," and "Jeff Paul's Shortcuts to Internet Millions." The defendants allegedly made false and unsubstantiated claims about potential earnings for users of these systems. They used frequently aired infomercials to sell the systems for \$39.95 and then contacted the purchasers via telemarketing to offer "personal coaching services," which cost several thousand dollars and purportedly would enhance their ability to earn money quickly and easily using the systems. In addition, all purchasers were signed up for continuity programs that cost an additional \$39.95 per month, but which were not adequately disclosed to consumers. Some consumers also continued receiving unwanted sales calls after they told the defendants' telemarketers to stop calling. This case was filed in the U.S. District Court for the Central District of California.

Wagner Ramos Borges, through a host of front companies, including "Job Safety USA," allegedly systematically targeted people seeking maintenance and cleaning work. Luring job seekers with print and online classified advertisements in newspapers throughout the country, Borges allegedly tricked them into paying \$98 for a worthless and needless credential called a "certificate registration number" supposedly so that the consumers could get maintenance or cleaning jobs—jobs that Borges did not provide. This case was filed in the U.S. District Court for the District of Maryland Greenbelt Division.

Grants For You Now and its affiliates and principals operated Web sites such as grantsforyounow.com, grantoneday.org, and easygrantaccess.com that deceived consumers by promising them free government grant money to use for personal expenses or to pay off debt. According to the FTC complaint, after obtaining consumers' credit or debit account information to process a \$1.99 fee for grant information, the defendants failed to adequately disclose that consumers would be enrolled in a membership program that cost as much as \$94.89 a month. Some consumers also were charged a one-time fee of \$19.12 for a third-party "Google Profit" program. All the defendants' Web sites falsely offered a "100% No Hassle Money Back Guarantee." This case was filed in the U.S. District Court for the Central District of California.

Cash Grant Institute and its principals allegedly waged an automated robocall campaign promoting bogus claims that consumers were qualified for grant money from the government, private foundations, and wealthy individuals that they could use to overcome their financial problems. They made similar misleading claims about "free grant money" on their Web sites, cashgrantsearch.com and requestagrant.com. This case was filed in the U.S. District Court for the Western District of New York.

Mutual Consolidated Savings, its affiliates, and principals used telemarketing robocalls and the Internet to push a phony "Rapid Debt Reduction" program to consumers in the United States and Canada, according to the FTC complaint. The defendants allegedly convinced consumers to pay them \$690 to \$899 for the program by misrepresenting that the program would reduce credit card interest rates, save thousands of dollars and enable consumers to pay off their debt three to five times faster than they could under their current payment schedule. The defendants also failed to make good on promises that they would refund the fees paid if consumers' credit card interest rates were not reduced. Finally, they

did not disclose to Canadian customers that the quoted price was in U.S. dollars. This case was filed in the U.S. District Court for the Western District of Washington at Tacoma. In investigating Mutual Consolidated Savings, the FTC received assistance from the Canadian Competition Bureau. Both the Competition Bureau and the FTC are members of the Vancouver Strategic Alliance, a law enforcement task force located in Vancouver, British Columbia, Canada. In carrying out the terms of the court order in Mutual Consolidated Savings, the FTC received assistance from the Tacoma, WA Police Department.

Google Money Tree, its principals, and related entities allegedly misrepresented that they were affiliated with Google and lured consumers into divulging their financial account information by advertising a low-cost kit that they said would enable consumers to earn \$100,000 in six months. They then failed to adequately disclose that the fee for the kit would trigger monthly charges of \$72.21, the complaint states. This case was filed in the U.S. District Court for the District of Nevada.

Penbrook Productions, run by Michael Allen Brooks, promoted a work-at-home scheme online that used spokesperson “Angela Penbrook,” and charged \$197 for the opportunity to become a “certified” rebate processor, earning as much as \$225 per hour. According to the FTC complaint, after purchasing, consumers discovered that the work-at-home “opportunity” had nothing to do with processing rebates, but merely instructed the consumers about becoming an affiliate marketer. Despite Penbrook’s “100% Ironclad, 3-month ‘Make Money Or It’s Free,’ Triple Satisfaction Guarantee,” consumers then found that they could not get a refund. The defendants thus misrepresented that consumers would be hired as rebate processors, made false earnings claims, and misrepresented the refund guarantee. This case was filed in the U.S. District Court for the Central District of California Southern Division.

Classic Closeouts, illegally made unauthorized charges and debits to the consumers’ accounts months or years after they bought low-cost clothing or household goods from classiccloseouts.com, the FTC charged. The charges usually ranged from \$59.99 to \$79.99, and Classic Closeouts charged some consumers’ accounts multiple times. Consumers’ efforts to contact the defendants to contest the charges were unsuccessful. Many consumers also disputed the charges with their financial institutions. After the financial institutions reversed the unauthorized charges, the defendants contested these disputes, falsely claiming that consumers had chosen to join the Classic Closeouts “frequent shopper club.” This case was filed in the U.S. District Court for the Eastern District of New York.

The Commission vote to issue each complaint was 4-0. The Commission has obtained temporary restraining orders barring further illegal conduct and freezing the assets in these cases: *FTC v. Wagner Ramos Borges d/b/a Job Safety USA*, *FTC v. In Deep Services, Inc. d/b/a Grants For You Now*, *FTC v. Cash Grant Institute*, *FTC v. Mutual Consolidated Savings*, *FTC v. Google Money Tree*, and *FTC v. Classic Closeouts, LLC*. The agency is asking the courts for permanent injunctions that would provide for possible consumer redress in each of the cases announced today.

The FTC would like to acknowledge the assistance of the San Bernardino County Sheriff’s Department and the Better Business Bureau of Southland, Inc., Colton, California, in connection with *FTC v. In Deep Services, Inc.*; and the Utah Department of Commerce’s Division of Consumer Protection and the Draper Police Department in connection with *FTC v. Google Money Tree*.

In addition, the FTC initiated, settled or otherwise resolved seven law enforcement actions earlier this year in similar types of cases:

Freedom Foreclosure Prevention Services, <http://www.ftc.gov/opa/2009/06/freedom.shtm>, an alleged employment and foreclosure-rescue scam.

Medical Billers Network Inc., <http://www.ftc.gov/opa/2009/05/mbn.shtm>, an alleged work-at-home scam involving medical billing work.

Network Services Depot, <http://www.ftc.gov/opa/2009/04/nsd.shtm>, an alleged Ponzi scheme involving an “Internet kiosk” business opportunity scam.

United Credit Adjusters, Inc., <http://www.ftc.gov/opa/2009/03/unitedcredit.shtm>, an alleged credit repair operation that made false and deceptive claims to consumers.

Group One Networks, Inc., <http://www.ftc.gov/opa/2009/03/groupone.shtm>, an alleged telemarketing scam offering consumers with poor or no credit a general-use credit card for an up-front fee of as much as \$250.

Global Marketing Group, <http://www.ftc.gov/opa/2009/02/gmg.shtm>, an alleged payment-processing scam involving fictitious credit cards and unauthorized debits made to consumers' bank accounts.

Market Development Specialists, <http://www.ftc.gov/opa/2009/01/mds.shtm>, an alleged scam involving rebates for computer equipment and other electronics.

The enforcement actions announced today named the following defendants:

Mentoring of America – Gary Hewitt; Douglas Gravink; John Beck; John Alexander; Jeff Paul; Family Products, LLC; John Beck Amazing Profits, LLC; John Alexander, LLC; and Jeff Paul, LLC, doing business as Shortcuts to Millions, LLC. **Wagner Ramos Borges** – d/b/a, Job Safety USA, Sparkle Industrial, Sparkle Maintenance, Star Maintenance, Aim Janitorial & Flooring, and United Maintenance. **Grants for You Now** – Ryan Champion and Joseph C. Fleming IV. **Cash Grant Institute** – Paul Navestad aka Paul Richard; Global Ad Agency, Domain Leasing Company, and/or Global Advertising Agency; and Chintana Maspakorn aka Christina Maspakorn. **Mutual Consolidated Savings** – Paul Morris Thompson and Miranda Cavender. **Google Money Tree** – Infusion Media, Inc.; West Coast Internet Media, Inc.; 2 Two Warnings, LLC; Two Par Investments, LLC; Platinum Teleservices, Inc.; Jonathan Eborn; Stephanie Burnside; Michael McLain Miler; and Tony Norton. **Penbrook Productions** – Make You Famous Consulting; Process from Home; and Michael Allen Brooks. **Classic Closeouts** – classiccloseouts.com; ThirdFree.com; and Daniel Greenberg.

NOTE: The Commission authorizes the filing of complaints when it has “reason to believe” that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. A complaint is not a finding or ruling that the defendants have actually violated the law.

Copies of the documents related to these cases are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 1,500 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's Web site provides free information on a variety of [consumer topics](#).

PRESS RELEASE REFERENCE:

[FTC Targets Scams Spawned by Economic Downturn](#)

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Cases Announced Today: FTC File Nos. 072-3138, 092-3066, 092-3103, 092-3099, 082-3216, 092-3060, 092-3122, 082-3236

Other 2009 cases: FTC File Nos. 092-3061, X05-0036, 042-3188, 082-3211, 072-3230, 062-3186, 072-3201



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