

# ST. LOUIS POST-DISPATCH

## Elaborate sales presentation was a scam, FTC alleges

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By ROBERT PATRICK / St. Louis Post-Dispatch

Michael Pianga, like many aspiring entrepreneurs across the country, was looking for a business opportunity when he happened across an ad for Asset Protection Group Inc. three winters ago.

APG promised that for \$9,800, consumers would be trained and would earn "substantial profits" by selling their services setting up Nevada corporations to clients who wanted to hide their assets from the Internal Revenue Service, potential lawsuits, "capricious federal judges" and law enforcement agencies, according to federal court documents.

After talking to company representatives, reading brochures, watching a video presentation that featured actor Robert Wagner and checking out the company, Pianga signed up and paid up.

But the California resident had no luck winning clients, despite cold calls, brochures and \$3,100 that went to a company for sales leads, Pianga testified Wednesday in federal court in St. Louis.

Pianga was there on behalf of Federal Trade Commission lawyers in their bid to shut down APG.

FTC lawyers say that APG, APGMarketing and business partners Richard C. Neiswonger and William Reed defrauded customers by misrepresenting the potential for six-figure income as consultants. They also say Neiswonger and Reed lied about a success rate of 20 to 50 percent for closing deals and failed to tell customers that they had paid other consultants to sing the company's praises.

They didn't tell clients or potential customers that Reed's Colorado law license had been suspended for "misrepresentations and dishonesty," federal court documents claim.

FTC lawyers also say that Neiswonger and Reed never told potential clients that Neiswonger settled similar allegations lodged by the FTC over a "business opportunity fraud" in federal court in St. Louis in 1997 and had to pay the government almost \$4 million, court documents show. He also pleaded guilty of wire fraud and money laundering and spent 18 months in federal prison.

The FTC says that APG business practices violate the 1997 consent order that Neiswonger signed. It won a temporary restraining order this summer that froze APG assets, gave a court-ordered receiver control of the company and largely shut down the business.

Lawyers for Neiswonger and Reed deny the government's allegations and are seeking to end the restraining order and the removal of the receiver.

Receiver Robb Evans' report in July said that company accounting was incomplete, but that almost 2,000 customers had paid about \$19.8 million to the company since January 1999.

Neiswonger made about \$2.8 million and Reed made \$3 million, the receiver estimated.

The receiver also attempted to estimate the success rate of APG consultants and said that almost 54 percent never made a sale. About 40 percent set up one to five corporations. Overall, only 6.3 percent made enough sales to earn back the \$9,800 fee.

Robert McAllister, Neiswonger's lawyer, said his client took the 1997 order very seriously and that APG sales literature was designed to avoid misrepresentations. McAllister said Neiswonger would testify and would explain how he was complying with the order.

McAllister also challenged FTC lawyers, saying that of 2,000 customers, only eight had complained to the FTC. The others, McAllister said, "got what they bought."

Reed's lawyer, Leonard Frankel, said in court that there was no evidence that Reed ever knew about the 1997 injunction. Reed knew only that Neiswonger couldn't make income claims and prospective customers had to be told that references were compensated.

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