

For Release: July 12, 2004

Companies Operating Out of Tennessee and Florida Charged with Violating Numerous Federal Laws

Defendants Operated Phony Business Ventures, Ripping Off Consumers for Tens of Thousand of Dollars

A federal district court in Tennessee has stopped a common enterprise of seven corporations and five individuals from continuing to operate an illegal business opportunity scheme which has marketed telephone calling cards and multi-purpose public access Internet terminal business ventures to consumers nationwide since August of 2001. In their sales seminars and promotional materials, the defendants made false and unsubstantiated earnings claims, and misrepresented their cancellation and refund policies. The defendants failed to provide consumers with timely, complete, and accurate disclosure statements and earnings claims documents as required by the Franchise Rule. In addition, the defendants' telemarketing campaign resulted in numerous violations of the FTC's "Do Not Call" provision of the Telemarketing Sales Rule (TSR).

The Court has appointed a temporary receiver and frozen the defendants' assets.

The Temporary Restraining Order names: Internet Marketing Group, Inc., based in Lebanon, Tennessee; OneSetPrice, Inc., RPM Marketing Group, Inc., and National Events Coordinators, Inc., all based in Orlando, Florida; First Choice Terminal, Inc., based in Baton Rouge, Louisiana; First Choice Terminal, Inc., based in Scottsdale, Arizona; and B & C Ventures, Inc., based in Reno, Nevada. The individual defendants are David G. Cutler, Cindy Gannon, Paul D. Bonnallie, Tisa Christiana Spraul, and Michael J. Hatch.

The FTC's complaint alleges that, since August 2001, the defendants, acting as a common enterprise, have marketed and sold telephone calling cards and multi-purpose public-access Internet terminal business opportunities at prices ranging from \$12,995 to \$249,950. The defendants sell their business ventures to consumers at weekend sales seminar or "shows" held at hotels throughout the United States. Consumers receive pre-recorded telemarketing messages inviting them to attend the shows and directing them to call a toll-free "reservation" number to receive show invitations, directions, and discount certificates. The defendants' shows are conducted in stages. First, there are general sessions where an overview of the business venture is presented. Through written applications and a "point" system for rating prospects, potential purchasers are selected as "qualified" and invited to attend at least on additional detailed session. The defendants then pressured qualified purchasers to sign a Purchase Agreement and make a payment, according to the FTC.

According to the FTC, the defendants have engaged in the following deceptive practices:

- Beginning in August 2001, the defendants' common enterprise, acting through defendant OSP, marketed and sold OneSetPrice business ventures involving the distribution of telephone calling cards, with prices ranging from \$12,995 to \$71,120. In its promotional materials and at its shows, OSP misrepresented that OneSetPrice calling card distributors could earn substantial amounts of money, not only through initial sales of the cards, but from "recharges" of calling cards when the initial pre-paid time expired.
- Beginning in September 2003, the defendants' common enterprise sold First Choice Terminal business ventures involving the ownership and operation of public-access Internet terminals. The terminals sold from \$15,995 to \$249,950. Consumers were told that Internet terminal owner-operators would earn substantial amount of money through vending Internet and telecommunications services from Internet terminals to the public, as well as from selling advertising facilities on the terminals themselves.

Related Documents:

[Federal Trade Commission, plaintiff, v. Internet Marketing Group, Inc., a Tennessee Corporation; OneSetPrice, Inc., a Florida Corporation; First Choice Terminal, Inc., a Louisiana Corporation; First Choice Terminal, Inc., an Arizona Corporation; B & C Ventures, Inc., a Nevada Corporation; RPM Marketing Group, Inc., a Florida Corporation; National Event Coordinators, Inc., a Florida Corporation; David G. Cutler; Cindy Gannon; Paul D. Bonnallie; Tisa Christiana Spraul; and Michael J. Hatch, defendants, In the United States District Court, For the Middle District of Tennessee, Nashville Division, Civil Action No. 3-04 0568](#)

- By the end of 2003, the defendants moved their base of operation out of Florida to Tennessee. Beginning in January 2004, the defendants' common enterprise, acting through defendant IMG, has sold business ventures involving the ownership and operation of multi-purpose, public-access Internet and telecommunications terminals, ranging in price from \$15,435 to \$127,495.
- During their sales presentations, the defendants promised to provide refunds to purchasers under specified terms and conditions. Each company promised to provide a high degree of assistance to prospective purchasers, including training, marketing, accounting and technical support. The complaint alleges that the defendants misrepresented the consumers' rights to rescind or cancel their purchase agreements and receive refunds.
- In addition, according to the complaint, the defendants failed to provide timely, accurate, and complete basic disclosure statements or earnings claims documents, as required by the Franchise Rule.
- Finally, the complaint alleges that, on or after October 17, 2003, as part of their telemarketing campaigns, the defendants made many calls to private residential telephone numbers that were registered on the FTC's National Do Not Call Registry prior to August 31, 2003. The complaint also alleges that before then, the defendants violated several state "No Call" telemarketing laws, as well.

The Commission vote to authorize staff to file the complaint was 5-0. The complaint was filed in the U.S. District Court for the Middle District of Tennessee, Nashville Division on June 28, 2004. The TRO was issued on June 29, 2001, and has been extended until July 19, 2004.

NOTE: The Commission files a complaint 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. The complaint is not a finding or ruling that the defendant has actually violated the law. The case will be decided by the court.

Copies of the complaint and temporary restraining order 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 FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint in English or Spanish (bilingual counselors are available to take complaints), or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at <http://www.ftc.gov>. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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(<http://www.ftc.gov/opa/2004/07/nationalevent.htm>)