

**For Release:** May 30, 2006

## **Bogus Business Opportunity Promoters Now Out of Business**

*Group Bilked Consumers Out of Tens of Thousands Apiece*

Seven companies and five individuals, who scammed investors out of millions with their bogus business ventures, have settled charges brought by the Federal Trade Commission. The companies will give up their remaining assets to the FTC, and two of the individual defendants will pay more than \$197,000.

The group used aggressive telemarketing campaigns and weekend sales seminars held in hotels throughout the U.S. to deceptively market and sell their business opportunities involving rechargeable, prepaid phone cards and public-access Internet terminals at costs ranging from \$12,995 to almost \$250,500. The FTC alleged that in their sales seminars and promotional materials, the defendants made false and unsubstantiated earnings claims and misrepresented consumers' rights to cancel their purchase agreements and receive refunds. The FTC also alleged the defendants failed to give their customers timely, complete, and accurate disclosure statements and earnings claims documents, as required by law. The defendants also were charged with illegally calling consumers listed on the National Do Not Call Registry.

The defendants in the case – Internet Marketing Group, Inc.; OneSetPrice, Inc.; First Choice Terminal, Inc., a Louisiana corporation; First Choice Terminal, Inc., an Arizona corporation; B&C Ventures, Inc.; RPM Marketing Group, Inc.; National Event Coordinators, Inc.; David G. Cutler; Cindy Austen Gannon; Paul D. Bonnallie; Tisa Christiana Spraul; and Michael J. Hatch – were based in Tennessee, Florida, Louisiana, Arizona, and Nevada.

The order announced today enters a \$15 million judgment against the corporate defendants, who have few remaining assets. Their remaining assets, however, will be turned over to the FTC. The orders for each individual defendant also enter a \$15 million judgment against each person, suspended based on their inability to pay. Gannon, however, will pay \$99,500 and Hatch will pay \$97,875.78. If the individual defendants made misrepresentations on their financial statements, then they will be liable for the full \$15 million judgment.

The settlements prohibit the defendants from violating the FTC Act, the Franchise Rule, and the Do Not Call provisions of the Telemarketing Sales Rule.

Specifically, the defendants cannot misrepresent any material fact in connection with the promotion or sale of any franchise or business venture, including that: purchasers of a franchise or business venture are likely to earn substantial income; purchasers of a franchise or business venture will receive full refunds if they do not receive, within a specified period of time, the equipment, supplies, or products necessary to begin substantial operation of their businesses; purchasers of a franchise or business venture will receive refunds if they cancel their purchase agreement within three days; and purchasers of a franchise or business venture will receive full refunds of cash down payments if they are unable to obtain financing for, or otherwise afford payment of, the balances due under their purchase agreements.

The orders also prohibit the defendants from: failing to provide prospective franchisees with timely, complete, and accurate basic disclosure statements; failing to provide prospective franchisees with an earnings claims document or other disclosures; making any earnings claim or projection without having a reasonable basis at the time the claim or projection is made; and engaging in any other act or practice prohibited by the Franchise Rule, or failing to fulfill any other obligation imposed by the Franchise Rule.

The orders for each of the defendants also prohibit them from violating any provisions of the Do Not Call rule, and extend the disclosure requirements of the Franchise Rule to all business ventures.

### **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; FTC File No: 042-3035 Civil Action No. 3-04 0568

The Commission vote to authorize staff to file each stipulated final order was 5-0. The stipulated final orders for permanent injunction were filed and entered in the U.S. District Court for the Middle District of Tennessee.

**NOTE:** These stipulated final orders are for settlement purposes only and do not constitute an admission by the defendants of a law violation. A stipulated final order requires approval by the court and has the force of law when signed by the judge.

**Copies** of the legal documents associated with 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 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 thousands of civil and criminal law enforcement agencies in the U.S. and abroad.

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