



For Release: June 18, 2001

Court Appoints Temporary Receiver over International Pyramid Operation

Illegal Scheme Claims It Is Operating in 200 Countries World Wide

The Federal Trade Commission has asked a U. S. District Court Judge to halt the unlawful operations of SkyBiz.com, charging that the operation that purports to sell online tutorials on Web-based products is actually a massive illegal pyramid scheme which may have conned consumers around the world out of approximately \$175,000,000. At the request of the FTC, Chief Judge Terry C. Kern has temporarily halted all unlawful activities of the SkyBiz operation, frozen the defendants' assets to preserve them for consumer redress, and appointed a receiver, pending the preliminary injunction hearing scheduled for June 26, 2001.

The FTC suit was filed in U. S. District Court in the Northern District of Oklahoma. The corporate and individual defendants are based in Tulsa. The corporate entities named in the suit include: SkyBiz.com, Inc; World Service Corporation; Nanci Corporation International; and WorldWide Service Corporation. Several individual defendants were also named, including: James S. Brown; Stephen D. McCullough; Elias F. Masso; Nanci H. Masso; Kier E. Masso; and Ronald E. Blanton.

In papers filed with the court, the FTC alleges that since late 1998, the defendants have promoted a work-at-home business opportunity with claims of quick riches. One SkyBiz presentation claimed, *"This system was put together by a gentleman named Eric Rasmussen who basically joined SkyBiz and six months later was able to retire with an income of about 400,000 a month. Currently, [he] lives in the Gold Coast of Australia and he's making 76,000 a week and growing."* In in-person sales presentations, seminars, teleconferences, Web site presentations and in other marketing material, the defendants touted the opportunity to earn thousands of dollars a week by recruiting new "Associates" into the program. They provided CD-Roms, computer disks, videos and books promoting the SkyBiz programs and they provide a PowerPoint presentation on their website that can be downloaded to aid in recruiting new members. The cost to join the SkyBiz Program is \$125, ostensibly used to buy an "e-Commerce Web Pak," but in reality was to purchase the right to receive compensation for recruiting additional participants. Participants were urged to invest in more than one "Web Pak," to maximize their earning potential.

The FTC charged that the claims that consumers who invested in SkyBiz would make substantial income were false; that failure to disclose that most people in pyramid schemes lose money is deceptive; that defendant provided the means and instrumentalities for others to deceive consumers by providing speakers and promotional materials that made the false and misleading claims; and that SkyBiz was actually an illegal pyramid scheme. All four violate the FTC Act.

The complaint was filed by the FTC in U.S. District Court for the Northern District of Oklahoma on May 30, 2001, under seal. The seal was lifted June 8, 2001.

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 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, 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 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/2001/06/sky.htm>)