



**For Release: January 2, 2014**

## **Court Blocks Telemarketer That Pitched High-End Merchandise to Hispanic Consumers, Then Charged Them Up-Front Fees for Worthless Products**

### **Defendants Intimidated and Threatened Consumers Who Would Not Pay**

At the Federal Trade Commission's request, a U.S. district court has temporarily shut down a telemarketing operation that allegedly targeted Hispanic consumers with false promises that they could make money by reselling high-end goods such as Gucci and Ralph Lauren, and then charged them between \$400 and \$490 up-front for shoddy, off-brand products. The agency also alleged that the telemarketers threatened consumers who refused to pay with arrest, phony lawsuits, and made other intimidating statements.

The FTC charged the defendants with violating the FTC Act and the agency's Telemarketing Sales Rule (TSR), and is seeking to permanently end misleading and intimidating practices by the organization, known by various names, including Oro Marketing.

"Oro Marketing used deception and threats to take advantage of people who were trying to make ends meet," said Jessica Rich, Director of the FTC's Bureau of Consumer Protection. "We intend to permanently stop this conduct."

According to the FTC's complaint, Oro's sales pitch began with unsolicited calls to Spanish-speaking consumers, in which telemarketers offered packages of brand-name merchandise, including clothing, purses, and perfumes, at wholesale prices. They allegedly claimed that consumers could resell the products they bought from the defendants, making a profit in their local communities.

Oro Marketing's telemarketers told the consumers to pay the UPS or FedEx agent delivering the merchandise with a money order for the package, according to the complaint. When Oro sent the merchandise, they specifically instructed the delivery drivers not to allow the consumer to open the package until they had the money order in hand.

When consumers received the package and paid with the money order, however, they typically found that the products were of low quality and generic or unbranded. If the consumers complained to the company, the FTC charges, they were told the company would send another shipment with the correct items, along with a refund check for the first shipment, if the consumer would again pay between \$400 and \$490 upon delivery. Consumers who paid for the new products found them to be as shoddy as those in the original package, and not the brand names promised, which included Armani, Coach, Bulgari, Ralph Lauren, and Tommy Hilfiger.

The complaint also alleges that if the consumer failed to accept and pay for the merchandise, the defendants often threatened them with fines, phony lawsuits, wage garnishment, and damage to their credit history. In other cases, Oro allegedly threatened that consumers would be arrested or reported to immigration authorities.

In filing its complaint, the Commission is seeking to permanently stop the defendants' allegedly deceptive conduct to prevent future violations of the FTC Act and the TSR, and to provide refunds to consumers harmed by Oro Marketing's practices.

The Commission vote authorizing staff to file the complaint was 4-0. It was filed in the U.S. District Court for the Central District of California, and the court granted the FTC's request for a temporary restraining order on December 3, 2013. The parties subsequently agreed to, and the court entered, an order extending the TRO until January 10, 2014.

The defendants named in the case are: Cream Group, also doing business as Terra Nova, TNT, Inc. and CRM, Inc.; Sami Charchian, also doing business as Oro Marketing, Inc., Modo, Modo Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and Nation/Modo, individually and as an owner or director of Cream Group, Inc.; John Charchian, a/k/a Djahangir Charchian and Jahangir John Charchian, also doing business as Oro Marketing, Inc., Modo, Modo Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and Nation/Modo, individually and as an owner or director of Cream Group, Inc.; and Norma Rae Ramos, individually and as officer and director of Cream Group, Inc.

The FTC has information for consumers in both English and Spanish to help them avoid telemarketing resale scams.

NOTE: The Commission authorizes the filing of 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 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 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides free information on a variety of consumer topics. Like the FTC on Facebook, follow us on Twitter, and subscribe to press releases for the latest FTC news and resources.

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