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Skybiz Ordered to Repatriate Millions in Offshore Assets

Illegal Pyramid Scheme Funds Should Be Preserved for Consumer Redress

A U.S. District Court judge has ordered the operators of an allegedly illegal pyramid scheme to return millions of dollars being held in offshore accounts to preserve them for consumer redress, pending trial. At the request of the Federal Trade Commission, in June 2001 a U.S. District judge temporarily halted the unlawful activities of the SkyBiz operation, froze the defendants' assets to preserve them for consumer redress, and appointed a receiver to oversee the corporate defendants. The defendants argued that the assets of its offshore affiliate, Skybiz International, were not covered by the Temporary Restraining Order issued in June, or by the Preliminary Injunction extending its provisions, issued in August. U.S. District Judge Claire V. Eagan disagreed, and has ordered Tulsa-based Skybiz to return the assets, including tens of millions in an account in Ireland, to the U.S., for possible use as consumer redress.

In a related development, one defendant in the alleged pyramid scheme has agreed to settle FTC charges that the scheme violated federal law. The settlement bars Ronald E. Blanton, who was president of one of the affiliated corporations, from engaging in illegal marketing schemes in the future and requires that he pay \$15,000 in consumer redress.

On May 20, 2001, the Federal Trade Commission charged that SkyBiz.com, Inc., World Service Corporation, WorldWide Service Corporation, James S. Brown, Elias F. Masso, Nanci H. Masso, Kier E. Masso, Stephen McCullough, and Ronald E. Blanton created and operated the SkyBiz Program, an operation that promoted a work-at-home business opportunity with claims of quick riches, was actually an illegal pyramid scheme. The agency alleged that 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 defendants 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. In June 2001, the Commission added SkyBiz International Ltd. as a defendant.

The settlement announced today resolves the charges against Blanton. The other defendants are awaiting trial.

The settlement will bar Blanton from engaging, participating or assisting in any pyramid, Ponzi, or other illegal marketing scheme in the future. In any future marketing enterprises in which he participates, the settlement bars him from misrepresenting the income or rewards a participant is likely to earn, the income that previous participants earned, and that participants can recoup their investment. It also bars him from providing others with the means and instrumentalities to engage in deceptive conduct and from transferring any customer lists developed from the operation of the SkyBiz program. In addition, the settlement requires that the defendant disclose the number and percentage of current marketing program participants who have made a profit, and the average and median amount of money made by each current participant. Finally the settlement requires the defendant to pay \$15,000 in consumer redress.

The Commission vote to file the Stipulated Final Judgment and Order was 5-0. It was filed in U.S. District Court for the Northern District of Oklahoma, in Tulsa.

NOTE: A Stipulated Final Judgment and Order is for settlement purposes only and does not constitute an admission by the defendant of a law violation. Stipulated judgments have the force of law when signed by the judge.

Copies of the Stipulated Final Judgment and 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, 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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