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FTC Announces Claim Deadline and Redress Distribution Date in Matter of SkyBiz.com

Final Opportunity For Victims To File Claims Against International Pyramid Scheme Defendants

The Federal Trade Commission is announcing the final date for victims of the SkyBiz.com pyramid scheme to file claims for a refund with the redress administrator. The illegal scheme operated internationally until 2001 and promised wealth but delivered nothing. SkyBiz victims from more than 200 countries throughout the world will soon be receiving a refund.

The Commission filed a complaint against the company and its principals in May 2001 and reached a settlement with the defendants in January 2003. The settlement provided for up to \$20 million in consumer redress.

The Redress Program: Under the SkyBiz redress program, consumers who filed claims and have been found eligible will receive a distribution equal to the amount of their SkyBiz purchase, minus any commissions they received under the program. Robb Evans & Associates (REA), the redress administrator, will send a broadcast e-mail to consumers announcing the final cut-off date for filing as a claimant and the date of the planned distribution, as detailed below.

Foreign and US consumers who want to file a claim in this matter must do so by **March 30, 2007**. Victims will be able to file claims on a website available in several languages. The website will also discuss the form of payment of the redress. The final redress distribution to consumers will be made by **May 21, 2007**, most likely in the form of Stored Value Cards (SVCs), which can be used in the US and abroad, that must be used for purchases before September 20, 2007.

To view the latest information regarding the SkyBiz redress fund, consumers can go to:
www.skybiz-redress.com.

Case History: In May 2001, the FTC filed suit in U.S. district court in Tulsa, Oklahoma, against SkyBiz and its principals, alleging they promoted a pyramid scheme with claims of quick riches. The complaint alleged the defendants used sales presentations, seminars, teleconferences, and its Web site to tout the opportunity to earn thousands of dollars a week by recruiting new “associates” into the program. The cost to join the SkyBiz program was \$125, supposedly to pay for an “e-Commerce Web Pak.” Focusing on the “huge amounts of money” participants could earn, the defendants encouraged participants to buy more than one Web Pak at a time. According to the Commission, the plan was a classic pyramid scheme, promoted by fraudulent earnings claims.

The case was scheduled to go to trial on January 16, 2003. By that date, the FTC also had pursued the case in the courts of Ireland and Bermuda, and received assistance from law enforcers in numerous countries including Australia, South Africa, New Zealand, and Canada. Before the trial, however, the defendants stipulated to a settlement that was entered by the court on January 29, 2003. The settlement provided \$20 million for consumer

redress and barred the defendants from participating in pyramid schemes or making specific earnings claims when promoting future business ventures.

An FTC press release issued on March 24, 2003, details the terms of the settlements with several of the individual defendants in the case, as well as the participation the FTC received from other law enforcement agencies in bringing and settling the complaint. The initial details of the redress plan were announced in a May 14, 2004 press release. Both releases can be found on the FTC's Web site.

The Commission wishes to acknowledge the numerous members of The International Consumer Protection and Enforcement Network (ICPEN) who provided substantial assistance in the administration of redress in this case.

Copies of the documents related to the SkyBiz matter 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 more than 1,600 civil and criminal law enforcement agencies in the U.S. and abroad.

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(<http://www.ftc.gov/opa/2007/03/skybiz.htm>)