Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

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Skybiz Pyramid Settlement to Provide $20 Million for Consumers

Evidence Showed Over 96 Percent of Recruits Lost Money

Distribution of $20 million dollars in consumer redress will begin in the near future for victims of SkyBiz, an alleged massive international pyramid operation based in Tulsa, Oklahoma. The money for consumer redress is part of a settlement between the pyramid's promoters and the Federal Trade Commission, which charged that their scheme violated federal laws. The settlement also bars the defendants from participating in pyramid schemes in the future, and bars them from misrepresenting business ventures. It bars one defendant from engaging in any multilevel marketing programs for life and bars three others from engaging in multilevel marketing programs in the for periods ranging from seven to 22 years.

In May 2001, the FTC filed suit in U.S. District Court in Tulsa, Oklahoma charging that Tulsa-based SkyBiz and its principals promoted a pyramid scheme with claims of quick riches. The FTC alleged that in sales presentations, seminars, teleconferences, Web site presentations and other marketing material, the defendants touted 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, ostensibly used to buy an "e-Commerce Web Pak." The company's sales presentations, however, focused on the huge sums of money that could be made by recruiting additional participants. Participants were urged to invest in more than one "Web Pak" to maximize their earning potential.

The FTC claimed that the program was a classic pyramid scheme. The agency charged that the claims that consumers who invested in SkyBiz would make substantial income were deceptive; that the defendants' failure to disclose that most people in pyramid schemes lose money is deceptive; that the 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. The FTC alleged that all four actions violate the FTC Act.

The case was scheduled to go to trial January 6, 2003. By that date, the FTC had also fought the case in the courts of Ireland and Bermuda, participated with law enforcement agencies in Australia, South Africa, New Zealand, Canada, and the United Kingdom, and partnered with consumer agencies in Hawaii, Michigan, North Carolina, Oklahoma, Wisconsin and Wyoming.

The defendants agreed to a settlement, reached in principle January 4, and entered by the court on January 28th, to end the litigation as to these nine defendants.

The FTC filed the suit in U.S. District Court in the Northern District of Oklahoma. The corporate entities named in the suit include: SkyBiz.com, Inc; World Service Corporation; Nanci Corporation International; and WorldWide Service Corporation. The FTC also named several individual defendants, including: Elias F. Masso; Nanci H. Masso; Kier E. Masso; James S. Brown; Stephen D. McCullough; and Ronald E. Blanton. Blanton settled the FTC charges in January 2002. The trial of Stephen McCullough is scheduled to start April 14, 2003.

Investors who believe they qualify for redress can visit http://www.skybizredress.com for further information.

The settlement will provide $20 million for consumer redress and will bar all the defendants from participating in pyramid schemes or misrepresenting the amount of sales, income, profits or rewards of any future business venture. Nanci Corporation is permanently barred from engaging in, advertising, or selling any multilevel marketing program. The settlement bars Elias F. Masso from engaging in any aspect of multilevel marketing for 22 years, James S. Brown for 10 years, and Kier E. Masso for seven years. All of the defendants are barred from providing others with the means and instrumentalities to make false and misleading statements. In addition, the settlement requires that when the defendants make any claims regarding earnings, profits or sales volume for future marketing programs, they disclose the number and percentage of participants who have made a profit through the program and disclose the average and median amount of money made. The settlement bars the defendants from sharing their customer lists and contains record-keeping provisions to allow the agency to monitor compliance with the order.

The Commission wishes to acknowledge the substantial assistance provided by the Royal Canadian Mounted Police; Australian Competition and Consumer Commission; South African Department of Trade and Industry; New Zealand Commerce Commission; United Kingdom Department of Trade and Industry; the attorneys general of Wyoming, Michigan, North Carolina, and Wisconsin; the Oklahoma Department of Securities; and the Hawaii Securities Enforcement Unit of the Department of Commerce and Consumer Affairs.

NOTE: A stipulated final judgement is for settlement purposes only and does not constitute an admission of a law violation. Stipulated final judgments and orders have the force of law when signed by the judge.

Copies of the complaint and 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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