

ETWORK NEWS

NETWORK NEWS IS A PUBLICATION OF CONSUMER SENTINEL, LAW ENFORCEMENT'S SOURCE FOR CONSUMER COMPLAINTS

DO NOT CALL

The FTC has taken action against an operation that allegedly helped clients make illegal robocalls, phone numbers on the National Do Not Call Registry, and mask Caller ID information, in violation of the FTC's Telemarketing Sales Rule. According to the FTC's complaint, Sonkei Communications, Inc., Peter J. Turpel, and Joseph Turpel sold robocall services to telemarketers that offered credit card services, home security systems, and grant procurement programs. The defendants allegedly gave clients the means to hide their identity by transmitting inaccurate names on caller ID displays, like "SERVICE ANNOUNCEMENT." Tens of thousands of people complained about these calls. The Department of Justice filed the complaint on behalf of the FTC in the U.S. District Court for the Central District of California. **Read more.**

PHONY GOVERNMENT GRANTS

The FTC won a \$29.8 million judgment against the defendants remaining after prior settlements in **Grant Connect**, a government grants case. The U.S. District Court for the District of Nevada found that the defendants, Kyle Kimoto, his partners, and affiliated entities deceptively marketed their grant products. The business used pictures of President Obama and the American flag to bolster the impression that billions of dollars in free government grants were available quickly and easily for personal needs. The court order permanently bans the defendants from promoting a variety of products and services similar to those they had

STAT-o-SPHERE

At the end of FY 2011, the Do Not Call Registry included **209.7** million phone numbers — up more than 8 million from the end of FY 2010. National Do Not Call Registry Data Book for Fiscal Year 2011.

deceptively pitched to consumers around the country. **Read more.** In **Grant Writers Institute**, another phony government grants case, a U.S. district court **ordered** defendant Meggie Chapman to pay \$1.68 million for consumer refunds, and banned her from marketing money-making opportunities to consumers. Chapman provided telemarketing support to Grant Writers Institute, LLC, and several related entities, which allegedly lied to 8,000 people about being eligible for grants from the federal government. The final order was issued after an August 2011 trial. The other defendants in the case had either agreed to **settlement orders** or had default or summary judgment orders entered against them.

The government grant cases are part of the FTC's **ongoing crackdown** on scams that target American consumers in financial distress. Several law enforcement partners helped the FTC with these cases:

- + U.S. Department of State
- U.S. Attorneys for the Districts of Kansas and Nevada
- + Attorneys General offices of Illinois, Minnesota, Kansas and North Carolina
- Better Business Bureaus of Northern and Southern Nevada
- Reno and Las Vegas Metropolitan Police Departments Homeland Security Investigations Directorate (part of U.S. Immigration and Customs Enforcement) and New Zealand Department of Internal Affairs

Read more.



BUSINESS OPPORTUNITIES

The FTC has changed its Business Opportunity Rule to ensure that sellers simplify disclosures and that potential buyers have the information they need when they're considering buying a work-at-home program or any other business opportunity. The revised rule now also applies to home-based businesses that involve envelope stuffing, craft assembly and the like. Sellers must disclose key information in a one-page document, including their claims about



potential earnings, their cancellation and refund policy, any legal actions involving the seller, and a list of the people who bought the opportunity in the last three years. The changes take effect on March 1, 2012. **Read more.**

Check out the FTC's tips for potential business opportunity buyers: Looking to Earn Extra Income? Rule Helps You Avoid Bogus Business Opportunity Offers. Watch the video, The Business Opportunity Rule, at **business.ftc.gov/multimedia**.

SENTINEL TRAINING SESSIONS

FTC staff trained nearly 125 law enforcement officials on how to use Sentinel during nine web conferences in November. At least half the attendees were Department of Homeland Security (DHS) staff who are using Sentinel to investigate immigration services fraud.

WHO'S NEW?

New members include:

- 11 police or sheriff's departments in:
 - Connecticut
 - Maryland
 - Texas
 - Illinois
 - Ohio
 - Colorado
 - North Carolina
 - Kentucky
 - Minnesota
- state enforcement officials in:
- New York
- New Hampshire
- Nebraska; and
- the Canadian Radio-Television Telecommunications Commission.

IMPERSONATING AGENCIES

The FTC has filed a **complaint** in U.S. District Court to stop a defendant who allegedly tricked people by impersonating federal consumer assistance agencies or pretending to be affiliated with them. According to the FTC's complaint, Christopher Mallett solicited people in debt and referred them to companies selling mortgage, tax, and debt relief services with promises that their debts would be substantially reduced or eliminated. Mallett did business as Department of Consumer Services Protection Commission, U.S. Debt Care, World Law Debt, U.S. Mortgage Relief Counsel, gov-usdebtreform.net, worldlawdebt.org, usdebtcare.net, and FHA-homeloaninfo. Mallet furthered the deception by using the FTC's official seal, copying language about the FTC's mission, and claiming that the fictitious agency "monitors and researches" member companies that provide financial assistance to American consumers. Read more.

COMMENTS, QUESTIONS, OR KUDOS

Got a success story? Should we profile your agency? Want to share an article idea? Email **sentinel@ftc.gov.**

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