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Complaint

IN THE MATTER OF
WAYNE PHILLIPS, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket 9237. Complaint, Feb. 12, 1990—Decision, Oct. 11, 1991

This consent order requires, among other things, that Wayne Phillips, a Scottsdale, Arizona individual and two companies of which he was an officer, cease and desist distributing the "Government Grants" commercial and pay to the Commission consumer redress of \$50,000.

Appearances

For the Commission: *Sylvia J. Kundig* and *Jeffrey A. Klurfeld*.

For the respondents: *Eric M. Rubin, Rubin, Winston, Diercks & Harris*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Wayne Phillips, individually and as an officer of Accelerated Systems, Inc., and of United States Educational Services, Inc.; Accelerated Systems, Inc., a corporation; and United States Educational Services, Inc., a corporation ("respondents"); have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. (a) Respondent Wayne Phillips is an individual who has been an officer of Accelerated Systems, Inc., and of United States Educational Services, Inc. At all times material to this case, he has formulated, directed, and controlled the acts and practices of the corporate respondents, including the acts and practices alleged in this complaint. He resides at 15608 N. 55th Street, Scottsdale, Arizona, and his principal office or place of business is located at 13610 North Scottsdale Road #10-105, Scottsdale, Arizona.

(b) Respondent Accelerated Systems, Inc., is a corporation organized and doing business under the laws of the territory of the Northern Marianas Islands. Its offices and principal places of business

are located at 13610 North Scottsdale Road #10-105, Scottsdale, Arizona 85254, and at P.O. Box 17878, Salt Lake City, Utah.

(c) Respondent United States Educational Systems, Inc., is a corporation organized and doing business under the laws of the state of Nevada. Its office and principal place of business is located at 100 W. Grove Street #360, Reno, Nevada.

(d) Respondents have cooperated and acted together in carrying out the acts and practices alleged in this complaint. [2]

PAR. 2. Respondents have directed, participated in, and assisted others in the creation and dissemination to the public of advertisements and promotional materials that offer for sale various materials that are represented to feature information on obtaining government grants to start small businesses, including but not necessarily limited to a book titled *How To Start Your Own Business By Doing Business With The Government* (hereinafter "the government grants book") and a service called the "Grant Alert Service."

PAR. 3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Typical of respondents' advertising for the government grants book and the Grant Alert Service, but not necessarily all-inclusive thereof, is a 30-minute commercial that appears in the form of a talk show titled "Money Money Money" (hereinafter "the Government Grants commercial"), a complete transcript of which is attached hereto as Exhibit A. In the Government Grants commercial, Hal Morris and Debra Morris are represented to be the hosts of a talk show "about how to get government grants. Grants means the government gives you the money to go out and get involved in a business." (Ex. A, p. 1, 1. 4-10). Respondent Wayne Phillips, allegedly "America's foremost expert on low interest government loans and government grants." (Ex. A, p. 1, 1. 10-11) and the author of the government grants book, is purported to be a guest of the talk show.

COUNT 1

PAR. 5. The Government Grants commercial contains the following statements:

- (a) Debra Morris: "How much money does the government give out to help people start new businesses?"

Wayne Phillips: "Well, for small businesses, Debbie, there's 33 billion dollars." (Ex. A, p. 3, l. 27 - p. 4, l. 3)

- (b) Wayne Phillips: "Understand, folks, with 33 billion dollars sitting out there for small businesses. . . . If you were only to receive one one-thousandth of one percent of this money,, you would have a \$330,000 grant. And that's a lot of money. So I mean there is just so much money available, we couldn't sell enough books to get rid of all the money. Its almost an unlimited amount of money available out there for any kind of job and opportunity." (Ex. A., p. 22, l. 25 - p. 23, l. 6)

PAR. 6. By and through the use of the statements referred to in paragraph five, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that there is 33 billion dollars in grants available from federal, state, and local governments to start small businesses. [3]

PAR. 7. In truth and in fact, there is not 33 billion dollars in grants available from federal, state, and local governments to start small businesses. Therefore, respondents' representation as set forth in paragraph six is false and misleading.

COUNT II

PAR. 8. The Government Grants commercial contains the following statements:

- (a) Wayne Phillips: "You can start a part-time business right now—you can go out and start a part-time business in your house. Or if you wanted to you can go out and get a franchise; a Pizza Hut, Burger King franchise. Or, export or import goods."
Hal Morris: "And you can get government money for those types of things?"
Wayne Phillips: "Well this is grant money or award money where they give you the money, and again, you are not borrowing the money, you don't have to pay it back, so if the business doesn't do too great, you don't have to worry about going bankrupt city, or anything like that." (Ex. A, p. 3, l. 12-25)
- (b) Wayne Phillips: "There's programs that you can go out and use and get some free money, you know. There's just about money available for every purpose that you can think of. There's programs for women and minorities, there's programs for people who own a business, and want to sort of get rid of that high debt load, you name it, there's something for everybody out there." (Ex. A, p. 4, l. 9-14)
- (c) Wayne Phillips: "They want to know what you are going to do with the money, what type of jobs you are going to provide, and there is 108 business that are approved by the government that you could start and this money would qualify for. For instance, travel services . . ." (Ex. A, p. 4, l. 21-24)
- (d) Hal Morris: "Now you created "Wayne's Road to Wealth." You have come up

with 5 steps that people need to follow . . .”

Wayne Phillips: “Five proven steps that if they follow they can get \$25,000 of this money very quickly and rather easily, Hal.” (Ex. A, p. 5, 1. 5-10)

- (e) Wayne Phillips: “. . . I show the people how to get this information, but more important than that, I show the people how to answer the government’s questions. And Hal, I’m telling you, this is exciting. When you learn how to answer the government’s questions, man, the government answers your questions, and you get your money. And that is what this is all about, getting your money, starting your business . . .” (Ex. A, p. 7, 1. 28 - p. 8, 1. 6) [4]
- (f) Wayne Phillips: “But the point I’m trying to make is that in a short period of time, the government will provide funds for you so that you can start your own business. I mean, how many people here right now today are just sick and tired of working from paycheck to paycheck, and who would love to tell your boss and bill collectors to go shove it—come on, let me see your hands out there. Sure, everybody would, wouldn’t you? Here’s an opportunity where you can start your own business without having any risk involved, they pay you to start your own business.” (Ex. A, p. 9, 1. 6-14)
- (g) Audience member: “. . . so we’re exporting American-made products to other countries. And, we need start-up capital, we were going to go the conventional system with the bank loans. . .”
Wayne Phillips: “Right. Don’t do that. So the answer to your question, yes, there is money available, either award or grant money . . .” (Ex. A., p. 19, 1. 20 - p. 20, 1. 15)
- (h) Wayne Phillips: “. . . you can get \$25,000 rather quickly, and safely, and very fast, and there’s no risk involved.” (Ex. A, p. 25, 1. 8-10)

PAR. 9. By and through the use of the statements referred to in paragraph eight, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that it is easy for the average consumer to obtain a government grant to start virtually any type of small business.

PAR. 10. In truth and in fact, it is not easy for the average consumer to obtain a government grant to start virtually any type of small business. Therefore, respondents’ representation as set forth in paragraph nine was and is false and misleading.

COUNT III

PAR. 11. The Government Grants commercial contains the following statements:

- (a) Hal Morris: “Now you created “Wayne’s Road to Wealth.” You can come up with 5 steps that people need to follow . . .”

- Wayne Phillips: "Five proven steps that if they follow they can get \$25,000 of this money very quickly and rather easily, Hal." (Ex. A, p. 5, l. 5-10)
- (b) Wayne Phillips: ". . . I show the people how to get this information, but more important than that, I show the people how to answer the government's questions. And Hal, I'm telling you, this is exciting. When you learn how to answer the government's questions, man, the government answers your questions, and you get your money. And that is [5] what this is all about, getting your money, starting your business . . ." (Ex. A, p. 7, l. 27 - p. 8, l. 6)
- (c) Audience member: "Would you have to be very very thorough, like maybe do premarketing or whatever to present a proposal for a grant?"
Wayne Phillips: "An excellent question, and the answer to that, and this is my little pet baby right here, in my book, I have a business plan, and I'm telling you something, this is the piece de resistance that I've worked on for two years. This business plan takes you step by step and shows you how not only, to answer your question, but more importantly, how to answer the government's questions. . . . And you show the government what the government is going to get if they give you a three to four hundred thousand dollar award. And when you show the government what's in it for them, you are going to show it, how the government to give you the money, and you are going to get your business started, you're going to get your money. And that is so important. So that is what the business plan is all about here." (Ex. A, p. 17, l. 21 - p. 18, l. 13)
- (d) Hal Morris: "All right, review for people, I'm sure they're going to want to get your book. Review for people what they're going to get and how much it is."
Wayne Phillips: "Well they're going to get the only book of its kind, Hal, ever written in the United States. How to Start Your Own Business by Doing Business With the Government, where you don't borrow money, the government pays you or gives you the money for providing a service or exporting goods . . . There's programs in here if you want to go to the trade shows. Perhaps you can apply for money, and they'll fly you over to Frankfurt to annual trade show over there. They'll make you fly on an American airline, though, they want that money to stay with the United States. If you have a travel agency, you can expand your business. If you own a business now, you can get money to sort of pay down your overhead and refinance it. You know, you get everything that you need to get started. Take advantage of this information. The opportunities are there, the programs are there, and whether you do something or not about it, folks, somebody else will be doing it if it is not you. And I think that is the essence of this program. It is affordable, you can get \$25,000 rather quickly, and safely, and very fast, and there's no risk involved." (Ex. A, p. 24, l. 11 - p. 25, l. 10)

PAR. 12. By and through the use of the statements referred to in paragraph eleven, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that the government grants book consists primarily of information on how average consumers can

easily obtain grants from federal, state, and local governments to start virtually any kind of small business. [6]

PAR. 13. In truth and in fact, the government grants book does not consist primarily of information on how average consumers can easily obtain grants from federal, state, and local governments to start virtually any kind of small business. Therefore, respondents' representation as set forth in paragraph twelve was and is false and misleading.

COUNT IV

PAR. 14. The Government Grants commercial contains the following statement:

- (a) Wayne Phillips: "There is one program I would like to take just a moment to mention, it is called an SBIR, I was mentioning that to Diane a little while before the show, this is the Small Business Innovation Research Program, where there is 400 million dollars in grants available right now. It is a federal program administrated through the state government. You can apply through the State government and get \$25,000 very, very easily, and in a short period of time." (Ex. A, p. 14, l. 13-20)

PAR. 15. By and through the use of the statements referred to in paragraph fourteen, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that the Small Business Innovation Research Program provides grants to consumers to start virtually any kind of small business, and that average consumers can obtain a \$25,000 grant from the Small Business Innovation Research Program to start a small business quickly and easily.

PAR. 16. In truth and in fact, the Small Business Innovation Research Program does not provide grants to consumers to start virtually any kind of small business and average consumers cannot obtain a \$25,000 grant from the Small Business Innovation Research Program to start a small business quickly or easily. Therefore, respondents' representations as set forth in paragraph fifteen were and are false and misleading.

COUNT V

PAR. 17. The Government Grants commercial contains the following statements:

- (a) Wayne Phillips: "And this is exciting because you can have bankruptcy or bad credit. It is not a loan—you don't apply for it. You are given the money or you are paid to start your own business." (Ex. A, p. 3, 1. 3-6)
- (b) Audience member: "My name is JoAnne Joiner, and my question is, what sort of credit rating do they want to look at?"
Wayne Phillips: "Good, JoAnne. You know, you don't need a credit rating, because you are not borrowing money. You see, you are given [7] money, or you are paid to start a business. This is my whole point, and I failed if I haven't brought that across JoAnne to you. This is not a loan; you don't apply for anything. . . . You could have filed bankruptcy this morning, and go out and get this money tomorrow afternoon. . . . Show the government what's in it for them and, you know, you can forget about going to a bank and qualifying. See that is the beauty of this. You are absolutely paid or given money where you don't have to qualify. And if you make 100,000 or 2 million dollars a year, or if you file for bankruptcy, it doesn't make a difference, because you are not borrowing money."
Audience member: "I see. Thank you."
Hal Morris: "So Wayne, you don't even fill out a financial statement?"
Wayne Phillips: "You don't even fill out a financial statement." (Ex. A, p. 20, 1. 24 - p. 21, 1. 26)

PAR. 18. By and through the use of the statements referred to in paragraph seventeen, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that federal, state, and local governments provide grants to consumers to start small businesses without regard to the grant applicant's financial history or resources.

PAR. 19. In truth and in fact, federal, state, and local governments do not provide grants to consumers to start small businesses without regard to the grant applicant's financial history or resources. The financial history and resources of the applicants are factors that are considered by the federal, state, and local governments in making grants. Therefore, respondents' representation as set forth in paragraph eighteen was and is false and misleading.

COUNT VI

PAR. 20. The Government Grants commercial contains the following statements:

- (a) Wayne Phillips: "A couple of years ago I was sitting on the plane and a gentleman next to me recognized me from one of my many television appearances and said, 'Well I have made money with government programs, but a little bit different than you have, Wayne. The government pays me or gives me

grant money to start my own business.' And the gentleman's name is Bill McConarty from back in Maryland. He has a company called AMAF, where they make circuit boards for computers for the GSA office. And one thing led to another and we talked for the entire plane trip across the country, and Bill got me started looking into programs available for people who have little or no money, or own a business, maybe you need to refinance it, where you can start your own business without having, one, to borrow money and put your house and your spouse [8] and yourself in hock, where the government will pay you to start your own business." (Ex. A, p. 2, l. 3-18)

- (b) Wayne Phillips: "Sandy Taylor, who came to one of my lectures and my seminars, . . . [s]he came to my seminar, one because it wasn't free, there is no free lunch, and two it wasn't too expensive, it was I think \$30 at that time. Sandy went out and she used the information and this is a copy of her very first bank statement that she got from a contract award, when the government paid her to do business, she received the very first month, \$66,675 and change. That's \$800,000 a year, just for going out and providing a service for the government. Now I'm not going to promise to people, you know, here in the audience today, that you're going to get such great success as Sandy, but on the other hand, maybe your success will be a lot bigger than that. But the point I'm trying to make is that in a short period of time, the government will provide funds for you so that you can start your own business." (Ex. A, p. 8, l. 17 - p. 9, l. 8)
- (c) [SUPER: FRED ARBAB FORMER TAXI DRIVER WHO USED WAYNE'S SYSTEM - NOW GROSSING \$400,000 MONTHLY.]
(Ex. A, p. 11, l. 14-16)

PAR. 21. By and through the use of the statements referred to in paragraph twenty, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that respondents' claimed success stories are true and/or illustrate and substantiate that the information provided in the government grants book has been used successfully by average consumers to start small businesses.

PAR. 22. In truth and in fact, respondents' claimed success stories are not true and do not illustrate or substantiate that the information provided in the government grants book has been used successfully by average consumers to start small businesses. Therefore, respondents' representations as set forth in paragraph twenty-one were and are false and misleading.

COUNT VII

PAR. 23. The Government Grants commercial contains the following statements:

- (a) [SUPER: SPECIAL BONUS IF YOU ORDER NOW! #1 GOVERNMENT GRANT ALERT SERVICE.]
(Ex. A, p. 16, l. 12-15) [9]
- (b) Wayne Phillips (voice only): "I will also include my special 'Grant Alert Service' as a bonus for your benefit, which will alert you to all these opportunities in your area . . ." (Ex. A, p. 26, l. 16-18)

PAR. 24. By and through the use of the statements referred to in paragraph twenty-three, and others of similar import and meaning in the Government Grants commercial or in other advertisements or promotional materials and not specifically set forth herein, respondents have represented, directly or by implication, that every consumer who purchases the government grants book will receive, in a timely manner and at no additional cost, respondents' Grant Alert Service, which consists of information that will alert consumers promptly and preferentially of the availability, in their particular geographic area, of government grants to start small businesses.

PAR. 25. In truth and in fact, every consumer who purchases the government grants book has not received from respondents, in a timely manner and at no additional cost, respondents' Grant Alert Service or any other information that will alert consumers promptly and preferentially of the availability, in their particular geographic area, of government grants to start small businesses. Therefore, respondents' representation as set forth in paragraph twenty-four was and is false and misleading.

PAR. 26. Respondents' dissemination of the aforesaid false and misleading representations, as alleged in paragraphs five through twenty-five of this complaint, and respondents' failure to provide to purchasers of the government grants book the Grant Alert Service or any other information that served to alert them promptly and preferentially of the availability, in their particular geographic area, of government grants to start small businesses, as alleged in paragraphs twenty-three through twenty-five of this complaint, constitute unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

EXHIBIT A

Transcript of "Government Grants" Commercial

[Music, "Money Money Money" Identification]

Hal Morris: Thank you. Welcome to our show today. Today you're going to learn about how to get government grants.

[SUPER: HAL MORRIS and DEBRA MORRIS]

Hal Morris: Grants means the government gives you the money to go out and get involved in a business. We have America's foremost expert on low interest government loans and government grants, Mr. Wayne Phillips, who has a brand new book called, "How to Start Your Own Business By Doing Business With the Government." And Deb, you may be interested in knowing that Wayne used to be with the Charlie Byrd jazz band. He was a jazz drummer. You have come a long way from the jazz band to America's foremost expert on low interest government loans and grants.

Wayne Phillips: It has been a long road.

Hal Morris: Bring us up to date on what has been happening as far as you are concerned and what has been happening in the area of the government grants.

Wayne Phillips: Well, the last two years, Hal and Debbie, and thank you again for inviting me on your program here today.

[SUPER: WAYNE PHILLIPS, GOVERNMENT GRANT EXPERT] [2]

Wayne Phillips: I've been doing a lot of research, basically doing the same thing I have been doing for the last 11 years, researching and using government programs. A couple of years ago I was sitting on the plane and a gentlemen next to me recognized me from one of my many television appearances and said, 'Well I have made money with government programs, but a little bit different than you have, Wayne. The government pays me or gives me grant money to start my own business.' And the gentleman's name is Bill McConarty from back in Maryland. He has a company called AMAF, where they make circuit boards for computers for the GSA office. And one thing led to another and we talked for the entire plane trip across the country, and Bill got me started looking into programs available for people who have little or no money, or own a business, maybe you need to refinance it, where you can start your own business without having, one, to borrow money and put your house and your spouse and yourself in hock, where the government will pay you to start your own business.

Debra Morris: Why?

Wayne Phillips: Why, because number one, Debbie, the government is going to give you the money, you are going to provide jobs. You are going to put money back into the economy, you are going to hire people, and number two, you know, the government is the biggest employer in the world, they need paper clips, they need pencils provided for them. How about, a little bit later on you are going to meet a gentlemen who is exporting. [3] If 10,000 people were to do what this one gentlemen did, we would reduce our trade deficit by 50 billion dollars, and that would have a tremendous impact. And this is exciting because you can have bankruptcy or bad credit. It is not a loan—you don't apply for it. You are given the money or you are paid to start your own business.

Hal Morris: Okay, so you go through a process where you go to the government and say "I'd like to go into the business of selling products to some foreign country" or . . .

Wayne Phillips: Or right in your own backyard, Hal. You can start a part-time business right now—you can go out and start a part-time business in your house. Or if you wanted to you can go out and get a franchise, a Pizza Hut, Burger King franchise. Or, export or import goods.

Hal Morris: And you can get government money for those types of things?

Wayne Phillips: Well this is grant money or award money where they give you the money, and again, you are not borrowing the money, you don't have to pay it back, so if the business doesn't do too great, you don't have to worry about going bankrupt city, or anything like that.

Debra Morris: How much money does the government give out to help people start new businesses? [4]

Wayne Phillips: Well, for small businesses, Debbie, there's 33 billion dollars.

Debra Morris: (laughs)

Wayne Phillips: Just . . . under Executive Orders 11625 and 12138 the government has set aside special money just for women and minorities. There's programs that you can go out and use and get some free money, you know. There's just about money available for every purpose that you can think of. There's programs for women and minorities, there's programs for people who own a business, and want to sort of get rid of that high debt load, you name it, there's something for everybody out there.

Debra Morris: Now if they give you, okay, let's say they give me a grant, what do they expect in return?

Wayne Phillips: Well, Debbie, the government is just not going to say, "Here's \$100,000, Debbie, go out and have a party." They want to know what you are going to do with the money, what type of jobs you are going to provide, and there is 108 businesses that are approved by the government that you could start and this money would qualify for. For instance, travel services, or perhaps if you had an idea or an invention there is money available for you inventors that would be out there who are trying to raise, what do they call it, capital, you know, venture fund capital, the government has money available for that. So [5] basically, if you answer the government's questions, Debbie, the government is going to answer your questions and you get your money. And that is the bottom line, is getting your money.

Hal Morris: Now you created "Wayne's Road to Wealth." You have come up with 5 steps that people need to follow . . .

Wayne Phillips: Five proven steps that if they follow they can get \$25,000 of this money very quickly and rather easily, Hal.

Hal Morris: All right. Let's go to that right now. Let's go to the screen and take a look at "Wayne's Road to Wealth."

[SUPER: WAYNE'S ROAD TO WEALTH

1. FIND A BUSINESS YOU WOULD ENJOY
2. ORDER "HOW TO START YOUR OWN BUSINESS"
3. APPLY FOR YOUR GOVERNMENT GRANTS AND AWARDS
4. OBTAIN GOVERNMENT GRANTS
5. REPEAT THE PROCESS]

Wayne Phillips: Okay, now step number one, obviously is, I recommend that you find a business that you'd be happy in, obviously you don't want to be in a business that you're not going to be happy with. Number two is get the information. This [6] is the only book of its kind in the United States.

Hal Morris: Order your book.

Wayne Phillips: Get this information. There is no other book like it. Three, you really have got to go out and use the information and apply for these awards and the grants. Number four, get the government contracts, so that you are paid for providing

these services. And the most important thing of all, Hal and Debbie, is once you've done this, don't stop doing this just one or two times, repeat the process over, use it to start another business or perhaps employ your family members. So it is an easy process, and the most important thing is that it is very affordable. You know, a lot of people, you see them march across television, talking about everybody making money with a good program, but it costs three or four hundred dollars to buy the program. What I have done this time, is I made it affordable for everyone. So that everybody can go out and get this information.

Hal Morris: Okay, now one of the things that impressed me is this is 338 pages, packed full of information . . .

Wayne Phillips: It is about the size of an average city telephone book. Look, it is two years of my life into that darn thing, and it is hot off the press, and I mean literally, hot off the press.

Hal Morris: And it's not just how to get the grants, but it [7] shows you also how to do business with governments.

Wayne Phillips: It shows you, well for instance, ah, Hal, I show people how to get the information from the government. Here is a copy of a letter from the United States embassy in Cairo, Egypt, where I wrote to them, I think it was for 5 or 10 bucks, I asked for this information, and the government sent me this telephone-sized book, it is called, the A-Z Directory for Doing Business in Egypt. . . .

[STILL PHOTOGRAPH OF LETTER DATED MAY 22, 1988 TO W. PHILLIPS, ASI, SCOTTSDALE, ARIZONA, ON U.S. EMBASSY LETTERHEAD]

Wayne Phillips: Now this is just one country. Addresses, phone numbers, banks, contacts there, and as you see on the letter there, you know there is a lot of doubting Thomases out there, "Oh, there is no grant money available," that is a bunch of poppycock. Right in that letter from the embassy in Cairo, Egypt it says on page 37, "Mr. Phillips, you will find the information that you requested about the grants and the low interest rate loans." So, Hal and Debbie, now . . .

Hal Morris: So at no charge, you can get hold of it . . .

Wayne Phillips: Right, it costs about five or ten bucks, you know, the government is running into tough times now. You know, you have to help them out a little bit here and there. But I show the people how to get this information, but more important [8] than that, I show the people how to answer the government's questions. And Hal, I'm telling you, this is exciting. When you learn how to answer the government's questions, man, the government answers your questions, and you get your money. And that is what this is all about, getting your money, starting your business, putting people back to work, exporting, reducing that federal trade deficit, this is the most—I haven't been this excited about anything since I got that first low interest rate government loan back in 1980, and that was a long time ago. This is incredible.

Hal Morris: Okay, so now you have a check, a copy of a check there. Tell us of the story about the lady who, and show us this check.

Wayne Phillips: Well, this check right here, this a copy of a . . . Sandy Taylor, who came to one of my lectures and my seminars . . .

[STILL PHOTOGRAPH OF BANK STATEMENT CONTAINING CREDIT ENTRY OF \$66,675.]

Wayne Phillips: She came to my seminar, one because it wasn't free, there is no free

lunch, and two it wasn't too expensive, it was I think \$30 at that time. Sandy went out and she used the information and this is a copy of her very first bank statement that she got from a contract award, when the government paid her to do business, she received the very first [9] month, \$66,675 and change. That's \$800,000 a year, just for going out and providing a service for the government. Now I'm not going to promise to people, you know, here in the audience today, that you're going to get such great success as Sandy, but on the other hand, maybe your success will be a lot bigger than that. But the point I'm trying to make is that in a short period of time, the government will provide funds for you so that you can start your own business. I mean, how many people here right now today are just sick and tired of working from paycheck to paycheck, and who would love to tell your boss and bill collectors to go shove it—come on, let me see your hands out there. Sure, everybody would, wouldn't you? Here's an opportunity where you can start your own business without having any risk involved, they pay you to start your own business. And if you are a female or a minority, there are special programs under the Executive Orders 11625 and 12138. This is the most, you know Hal, this is an opportunity that people, that they can use in a short period of time to get control of their financial destiny. And I think that is important. It is not get rich quick, or make a million dollars, but you can dramatically improve your financial well being.

Debra Morris: If you would like to order Wayne Phillips book, for only \$49.95, you can call the phone number on the bottom of your screen [NO PHONE NUMBER LISTED]. Dad, why don't you go get some questions from the audience, and Wayne, you can introduce the two people we've just been joined by. [10]

Wayne Phillips: Well, thanks Debbie. On my immediate left here, this lovely young lady, her name is Diane Tavares. She is a former government employee who is a business consultant. Diane actually writes the grants for the government.

Debra Morris: Wow!

Wayne Phillips: And the gentlemen, to Diane's left, now my good friend, Mr. Fred Arbab, and fate brought Fred and I together, who has an incredible story that I think that if Fred has done, just about anybody can do it.

Debra Morris: Okay, well, why don't you start by introducing, or telling us how you and Fred met.

Wayne Phillips: Well, I'll let Fred tell the story, I came back off of a plane trip from overseas and . . .

Fred Arbab: About a year ago I was a taxi driver. Mr. Wayne Phillips came in as a passenger into my taxi, as I was loading his luggage into the back, in the trunk of the taxi, I noticed a card frequent flyers, which one of the, most of the airlines they have that for their frequent flyers. Sitting in the cab, I noticed that he is very tired. I ask him if he has been overseas, he said yes, he has come overseas, he is very tired. I wanted a very short conversation with him. I told him, yes, I noticed that frequent flyers, you must be doing a lot of travelling. He said yes, I do. I'm almost 4 days of the week [11] out of town, and giving seminars. I asked him what kind of seminars, he told me the government loan, and how to start making your own business. During the 20 minute drive to his house to Scottsdale, I tried to pump him out as much as I could . . . [LAUGHTER] . . . After he told me what it cost to get that package I tried to get as much as I could, because I didn't have the money to pay for that. After that several times I bothered him again at home, I called him, and, about starting in March, I stopped driving a cab and I start my own import-export company. Within two months

after I start the company, or three months rather, I got a contract from one of the companies overseas for \$400,000 a month, for one year. Total of four million dollars.

[SUPER: FRED ARBAB FORMER TAXI DRIVER WHO USED WAYNE'S SYSTEM - NOW GROSSING \$400,000 MONTHLY.]

Wayne Phillips: Four million, eight hundred thousand dollars on the first order!

Fred Arbab: First order.

Debra Morris: Oh wow!

Fred Arbab: That order is going to commence starting at the beginning of next month, and will be going until October of 1989.

Debra Morris: And what are you . . . ? [12]

Fred Arbab: This was through reading his book, talking to him, and get an initial start and motivation, and the way he talked, very simple, very easy, so if I could understand, everybody else could too.

Debra Morris: So, let me understand, you went from driving a taxicab to a contract now making \$400,000.

Fred Arbab: To the owner of an import-export company making \$400,000.

Wayne Phillips: A month! That's 4.8 million—just imagine, Debbie, if we can help 10,000 people do what Fred has done, we would reduce the federal trade deficit by almost 50 billion dollars, and that folks would have a significant impact on our financial future in this country. See, the, inch by inch, Debbie, it's a cinch. Now Diane here, she is the lady that puts the mechanics, you know, I have the technique, she puts the mechanics, and Diane has a very interesting story that as a former employee of the state of Nevada.

Diane Tavares: Nevada.

[SUPER: DIANE TAVARES GOVERNMENT GRANT WRITER]

Diane Tavares: I worked for the State of Nevada for [13] 12 and 1/2 years, and decided to go out on my own as a consultant, and one of the things I had done as an employee was write grants, or work with people who were writing grants. And a state agency will ask for 10,000 up to 30, 40, 50,000 dollars, whatever is available. You are told in advance that this money will be available and different states will apply for it. And so when I left the state agency, I talked with Wayne, had some conversations with him, and a little bit like Fred, kept getting in touch with him about more information. And now I'm working with people, particularly women, in small businesses that are wanting to start businesses with child care centers, restaurants, franchises, whatever.

Debra Morris: That is exciting!

Wayne Phillips: Yes.

Diane Tavares: Thank you.

Wayne Phillips: There are special programs just for women and minorities and there's opportunities there for people, there's also if you happen to be a retired person, there's special opportunities out there so that if you just don't want to go out and play 9 rounds, 9 holes of golf there, that you can start a little business and perhaps travel the world, go to trade shows, and things like that. Its very gratifying, Debbie, to know that, yes, I make money doing this, Fred and Diane and the people watching, now they'll make money doing this, but I think [14] that the bottom line is that you are really helping people. And that's, that's very gratifying.

