

Business Opportunity Schemes Press Conference Transcript
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>> GOOD MORNING.

WELCOME TO THE PEOPLE JOINING US ON THE PHONE.

IF YOU HAVE ANYTHING THAT RINGS OR MAKES NOISE, NOW IS THE TIME WE'RE GOING TO ASK YOU TO TURN IT OFF.

TODAY THE FTC, THE DEPARTMENT OF JUSTICE, THE POSTAL INSPECTION SERVICE AND STATE ATTORNEYS GENERAL INDIANA, CALIFORNIA, ARIZONA, COLORADO AND OHIO ARE ANNOUNCING A MAJOR LAW ENFORCEMENT SWEEP TARGETING BUSINESS OPPORTUNITY SCAMS.

FIRST YOU'RE GOING TO HEAR FROM VLADECK -- PRINCIPAL DEPUTY ASSISTANT ATTORNEY GENERAL FOR THE CIVIL DIVISION OF THE DEPARTMENT OF JUSTICE.

SEAN TILLER OF THE U.S. POSTAL INSPECTION SERVICE AND INDIANA ATTORNEY GENERAL GREG ZOELLER.

SO WITH THAT I'LL TURN IT OVER TO DAVID.

>> THANK YOU PETER AND WELCOME EVERYONE.

THIS MORNING, WE'RE ANNOUNCING OPERATION LOST OPPORTUNITY, A FEDERAL STRAIGHT CRACK DOWN ON SCAMS THAT TARGET PEOPLE WHO ARE OUT OF WORK OR UNDER EMPLOYED AND LOOKING FOR A NEW WAY TO EARN A LIVING.

WITH OUR FEDERAL AND STATE PARTNERS, WE'RE ANNOUNCING MORE THAN 70 CIVIL AND CRIMINAL LAW ENFORCEMENT ACTIONS AGAINST CONTRA PENEURS.

WE'RE LETTING CONSUMERS KNOW ABOUT A POWERFUL NEW TOOL TO SPOT BUSINESS OPPORTUNITY SCAMS AND TO ENABLE THEM TO MAKE SMART CHOICES ABOUT BUSINESS OPPORTUNITIES THAT REQUIRE YOU TO PAY MONEY UP FRONT ON THE PROMISE THAT YOU'LL MAKE MONEY LATER.

THE FRAUDS WE'VE TARGETED INJURE OUR FAMILY MEMBERS, FRIENDS, NEIGHBORS, PEOPLE LIKE SO MANY AMERICANS WHO ARE TRYING TO JUMP START THEIR INCOME AND REBALANCE THEIR BUDGETS.

WHETHER THEY ARE FACING PRESSURE TO MAKE ENDS MEET OR FOLLOWING THEIR DREAM OF RUNNING THEIR OWN BUSINESS.

THESE PEOPLE RISK MONEY ON THE PROMISE OF A JOB IN INCOME OR PROFITABLE HOME BASE BUSINESS.

BUT AFTER THEY PAID UP, THEY LEARNED THAT THE SO-CALLED BUSINESS WAS A SCAM AND THAT THE PROMISE OF PROFITABLE EARNINGS WERE LIES.

TODAY'S WORK IS THE RESULT OF OUR PARTNERSHIP WITH THE CONSUMER PROTECTION WORKING GROUP.

PART OF THE ATTORNEY GENERAL'S FINANCIAL FRAUD ENFORCEMENT TASK FORCE THAT INCLUDES A TEAM OF STATE AND FEDERAL LAW ENFORCEMENT PARTNERS.

THE GROUP WAS FORMED TO FIGHT ECONOMIC FRAUD INCLUDING SCAMS TARGETING CONSUMERS WHO TRY TO EARN MONEY THROUGH BUSINESS OPPORTUNITIES.

AND WE'VE BEEN BUSY.

THIS IS THE FOURTH MAJOR SWEEP WE'VE ANNOUNCED SINCE JULY 2009.

I'M HAPPY THAT SOME OF OUR PARTNERS ARE WITH ME THIS MORNING.

FIRST I'D LIKE TO WELCOME STUART DELERY.

STUART IS THE PRINCIPAL ASSISTANT ATTORNEY GENERAL AT THE DEPARTMENT OF JUSTICE.

THE FTC AND THE JUSTICE DEPARTMENT COLLABORATE ON CONSUMER PROTECTION ISSUES AND OUR ANNOUNCEMENT TODAY INCLUDES THREE CIVIL PENALTY CASES THAT THE FTC HAS REFERRED TO THE JUSTICE DEPARTMENT.

AS WELL AS 38 CRIMINAL ACTIONS BY DOJ.

AND THIS IS IMPORTANT TO THE FTC BECAUSE MANY OF THEM INVOLVE DEFENDANTS WHO WERE FIRST IDENTIFIED BY THE FTC AS SCAMMERS.

I WANT TO WELCOME SEAN TILLER, THE DEPUTY CHIEF INSPECTOR OF THE U.S. MOSUL INSPECTION SERVICE.

THE POSTAL INSPECTION SERVICE HAS BEEN AN INVALUABLE PARTNER IN A NIGHT AGAINST FRAUD FOR YEARS.

IN FACT THE POSTAL SERVICE PLAYED A ROLE IN OVER CRIMINAL CASE WE'RE TALKING ABOUT TODAY AND HELP US IN CAREER ADVANCEMENT GROUP WHICH CHALLENGES A POSTAL JOB SCAN.

IN ADDITION A WARM WELCOME TO OUR FRIEND GREG ZOELLER THE ATTORNEY GENERAL OF INDIANA.

GREG IS A STALWART MEMBER OF THE CONSUMER PROTECTION WORKING GROUP AND AN IMPORTANT CONTRIBUTOR TO THIS ANNOUNCEMENT.

WE'VE WORKED CLOSELY WITH GREG AND HIS COLLEAGUES ON SO MANY ISSUES AND WE LOOK FORWARD TO DOING SO IN THE FUTURE.

AS I'VE SAID, THIS MORNING'S ANNOUNCEMENT INVOLVES MORE THAN 70 LAW ENFORCEMENT ACTIONS.

THESE ACTIONS REFLECT THE INCREDIBLY WIDE VARIETY OF SCAMS THAT TARGET CONSUMERS WHO NEED A JOB OR EXTRA INCOME, OR WANT TO BE THEIR OWN BOSS.

LET ME GIVE YOU A FEW EXAMPLES.

AMERICAN BUSINESS BUILDERS OFFERED CONSUMERS THE OPPORTUNITY TO START THEIR OWN BUSINESSES, SELLING LOW COST CREDIT CARD PROCESSING SERVICES FOR SMALL BUSINESSES.

ABB INSISTED THE CONSUMERS WOULD BE SUCCESSFUL IF THEY PURCHASED LEADS AND INVESTED IN MARKETING CAMPAIGNS.

ABB TYPICALLY CHARGE CONSUMERS TENS OF THOUSANDS OF DOLLARS.

IN FACT IN SOME CASES, \$40,000 FOR WHAT WE ALLEGE TO BE COMPLETELY WORTHLESS LEADS AND CAMPAIGNS.

NEXT THE ON-LINE ENTREPRENEUR SUPPOSEDLY NO RISK, MONEY BACK GUARANTEED OPPORTUNITY.

THEY CALLED IT THE SIX FIGURE PROGRAM TO MAKE MONEY, AS MUCH AS \$15,000 PER MONTH BY TELLING CONSUMERS THAT THEY WOULD BE

EARNING COMMISSIONS BY BUILDING THEIR OWN WEBSITES LINKING TO BIG RETAILERS LIKE SONY, LOUIS VUITTON AND VERIZON.

AFTER SINKING CONSUMERS HAD TO PAID HUNDREDS OF DOLLARS IN ADDITIONAL UNDISCLOSED FEES TO START THEIR WEBSITE AND THEY HAD A TOUGH TIME REACHING THE ON-LINE ENTREPRENEUR FOR THE ASSISTANCE IT PROMISED.

UNFORTUNATELY CONSUMERS HAVEN'T EARNED ANYWHERE CLOSE TO THE AMOUNTS THAT THE ON-LINE ENTREPRENEUR PROMISED.

ONE MORE.

SHOPPERS TEXTED CONSUMERS TO BECOME MYSTERY SHOPPERS WITH A PROMISE OF PLENTY OF ASSIGNMENTS IN THE LOCAL AREA AND A CHANCE TO EARN UP TO \$50 PER MYSTERY SHOPPING ASSIGNMENT.

NOT ONLY DID THESE PAID ASSIGNMENTS REMAIN A MYSTERY FOR MOST PEOPLE WHO RESPONDED TO THE OFFER, BUT SHOPPER SYSTEMS WENT FURTHER.

GETTING THEM INTO BUYING ANOTHER BUYS OPPORTUNITY OPERATING A WEB STORE THAT DID NOTHING BUT ADD UNFORESEEN, UNCONSENTED TO RECURRING CHARGES TO THEIR CREDIT CARD BILLS.

THESE HAVE BEEN FILED IN THE PAST FEW WEEKS BUT THE FTC HAS OBTAINED ORDERS TO STOP THEM AND GET BAG THE ILL GOTTEN GAINS.

LET ME TALK ABOUT THE FRAUD TOOL FOR CONSUMERS.

THE FTC'S AMENDED BUSINESS OPPORTUNITY RULE.

IT HELPS PEOPLE UNDERSTAND WHAT THEY ARE BUYING WHEN THEY GET A PITCH FOR A BUSINESS OPPORTUNITY.

AND HERE'S HOW IT WORKS.

THE RULE REQUIRES SELLERS TO MAKE SPECIFIC DISCLOSURES ABOUT WHAT THEY ARE OFFERING.

THE ONE-PAGE DISCLOSURE FORM IS SIMPLE AND CONCISE AND IT REQUIRES SELLERS TO PROVIDE FOUR BASIC AND VERY IMPORTANT PIECES OF INFORMATION.

NUMBER ONE, THE SELLER HAS TO STATE WHETHER HE HAS MADE CLAIMS ABOUT HOW MUCH MONEY YOU CAN EARN.

IF THE FORM SAYS NOTHING ABOUT LIKELY EARNINGS, BUT THE SELLER HAS MADE EARNING CLAIMS ON THE PHONE OR IN PERSON, STOP RIGHT THERE.

YOU'VE JUST CAUGHT THE SELLER BREAKING THE RULES, GAME OVER.

IF THE SELLER MAKES CLAIMS ABOUT LIKELY EARNINGS, THE SELLER HAS TO SAY SO ON THE FORM AND BACK UP THOSE CLAIMS BY PROVIDING AN ACTUAL EARNING STATEMENT IN A SEPARATE DOCUMENT.

NUMBER TWO.

THE SELLER HAS TO SAY ON THE FORMS WHETHER THEY OR ANY KEY PEOPLE IN THE COMPANY HAVE BEEN THE SUBJECT OF A CIVIL OR CRIMINAL ACTION INVOLVING FRAUD OR DECEPTION IN THE PAST TEN YEARS.

IF THE ANSWER IS YES, OR IF THIS QUESTION IS LEFT BLANK, WALK AWAY.

NUMBER THREE.

THE SELLER HAS TO STATE WHETHER THEY OFFER A CANCELLATION OR REFUND POLICY AND EXPLAIN THAT POLICY.

NOW CONSUMERS NEED TO UNDERSTAND THAT IT TAKES A REASONABLE AMOUNT OF TIME TO ASSESS WHETHER THE PRODUCT IS WORTH WHILE.

A SHORT PERIOD TO CANCEL OR GET A REFUND ARE WARNING SIGNS THAT SHOULD NOT BE IGNORED.

AND FINALLY, THE SELLER MUST PROVIDE THE NAMES AND TELEPHONE NUMBERS ON OF AT LEAST TEN PRIOR PURCHASERS.

THIS IS SO YOU, THE POTENTIAL INVESTOR CAN CALL THEM AND CHECK OUT FOR YOURSELF WHAT THEIR EXPERIENCES REALLY WERE.

THESE CRITICAL PIECES OF INFORMATION ON A SIMPLE ONE-PAGE DOCUMENT, AND I KNOW THIS IS HARD TO READ BUT PLEASE TAKE A LOOK, ENABLE POTENTIAL BUSINESS OWNERS TO EVALUATE THEIR OPTIONS AND COME TO AN EDUCATED INFORMED CHOICE.

THE MESSAGE TO CONSUMERS IS CLEAR.

IF THE SELLER DOESN'T GIVE YOU THE REQUIRED INFORMATION, CONSIDER IT A SIGN OF A SCAM AND WALK AWAY.

TAKE YOUR BUSINESS ELSEWHERE.

IF YOU GET A ONE-PAGE DISCLOSURE SHEET, READ IT CLOSELY AND CALL THOSE PRIOR PURCHASERS WITH LOTS OF TOUGH QUESTIONS.

NOW BEFORE TURNING TO MY TASK FORCE COLLEAGUES WHO ARE HERE TODAY, LET ME THANK THE ATTORNEY GENERALS OF ARIZONA, CALIFORNIA, COLORADO, INDIANA AND OHIO FOR CONTRIBUTING CASES TO THE SWEEP.

AND THANKS AS WELL TO THE ATTORNEY GENERALS IN VERMONT, NEW YORK, CONNECTICUT, OREGON, ARIZONA AND OTHER STATES THAT PROVIDED SUBSTANTIAL ASSISTANCE TO THE FTC AND ITS INVESTIGATIONS.

AND NOW I'M VERY PLEASED TO TURN THE PODIUM OVER TO MY FRIEND STUART DELERY FROM THE UNITED STATES DEPARTMENT OF JUSTICE.

>> FIRST I WOULD LIKE TO THANK THE FTC AND IN PARTICULAR DAVID VLADECK FOR INVITING ME TO SPEAK HERE TODAY.

AS HEAD OF THE CIVIL DIVISION AT THE DEPARTMENT OF JUSTICE, I'M VERY PROUD OF OUR WORK TO COMBAT FINANCIAL FRAUD AND OTHER SCAMS.

FINANCIAL FRAUD AFFECTS REAL PEOPLE EVERY DAY AND CAN BE DEVASTATING FOR ITS VICTIMS.

BUSINESS OPPORTUNITY SCAMS PREY ON PEOPLE WHO WANT TO WORK TO SUPPORT THEMSELVES AND THEIR FAMILIES.

BUT INSTEAD OF GETTING MEANINGFUL EMPLOYMENT, VICTIMS OF THESE SCAMS ARE DEFRAUDED OUT OF THEIR MONEY, THEIR CREDIT AND THEIR TIME.

FOR THIS REASON WE'RE USING ALL OF THE CIVIL AND CRIMINAL TOOLS AT OUR DISPOSAL TO FIGHT THESE SCAMS AND ARE USING EVENTS LIKE THIS ONE TO WARN MEMBERS OF THE PUBLIC ABOUT THE DECEPTIVE TACTICS USED TO ATTRACT VICTIMS.

ALTHOUGH YEARS OF CRIMINAL LAW ENFORCEMENT ATTENTION HAVE DISREPRESENTED AND DETERRED MANY SCAMS, SOME HAVE NOT HEARD THE MESSAGE.

DEFRAUDING ENTREPRENEURIAL AMERICANS OUT OF HARD EARNED MONEY WILL LEAD TO STIFF PENALTIES.

TODAY WE'RE PLEASED TO ANNOUNCE THE JUSTICE DEPARTMENT HAS FILED THE FIRST CIVIL PENALTY CASES ENFORCING THE FTC'S AMENDED BUSINESS OPPORTUNITY RULE THAT DAVID JUST DESCRIBED.

AS WELL AS THE FILING OF CRIMINAL CASES AGAINST 14 INDIVIDUALS INVOLVED IN NOW DIFFERENT FRAUDULENT LENGTH BUSINESS OPPORTUNITY SCHEMES.

IN THE CASES ANNOUNCED TODAY WE SEE SOME OF THE STRICTS THAT ARE USED TO LURE PEOPLE.

IN THE SMART TOOLS MATTER, A CIVIL ACTION FILED LAST WEEK, THE GOVERNMENT HAS ALLEGED THAT THE DEFENDANT'S PROMISED AN OPPORTUNITY TO EARN UP TO \$38,943 PER YEAR AS A SO-CALLED GOVERNMENT INSURANCE REFUND PROCESSOR.

BUT THE ONLY ONE WHO WAS SURE TO MAKE A PROFIT WAS SMART TOOLS BECAUSE IT CHARGED PEOPLE \$29.99 PER MONTH FOR LISTS THAT WERE AVAILABLE ON GOVERNMENT WEBSITES FOR FREE.

IN ONE OF THE CRIMINAL CASES WE ALLEGE THAT A COMPANY CALLED MARK 5 PROMISED THAT FOR AN INVESTMENT OVER \$12,950, THEY WOULD SET PEOPLE UP WITH THEIR OWN LUCRATIVE JEWELRY DISPLAY RACKS LIKE THE ONES YOU SEE IN MALLS.

THEY WOULD PROVIDE A PRODUCT THAT QUOTE WOULD SELL ITSELF AND THEY WOULD FIND THE BEST LOCATIONS TO ENSURE HIGH FOOT TRAFFIC.

AS SET FORTH IN THE CHARGING DOCUMENTS WE ALLEGE THAT MARK 5 ENCOURAGED PROSPECTIVE BUYERS TO CALL SO-CALLED REFERENCES WHO RAVED ABOUT THEIR REAL LIFE SUCCESS STORIES.

THOSE REFERENCES WERE FULLY PAID SALESPEOPLE USING PHONY STORIES AND SOMETIMES FALLS NAMES.

IN OF THE CASE.

V HE N STAR OFFERED THE OPEN OF FINANCIAL FREEDOM.

AS SET FORTH IN THE CRIMINAL INDICTMENTS UNSEALED LAST MONTH FOR JUST UNDER \$10,000, VEN STAR PROMISED OPPORTUNITY SEEKERS WITH EVERYTHING THEY NEED TO OWN THEIR OWN CANDY VENDING MACHINE BUSINESS.

FROM THE MACHINES TO THE PRODUCTS TO PROFESSIONAL LOCATORS AND ONGOING TRAINING.

BUT WE ALLEGE THAT THIS WAS A SCAM.

ONCE PEOPLE BOUGHT IN TO THIS SO-CALLED OPPORTUNITY, THERE WERE NO PROFESSIONAL LOCATORS.

THE VENDING MACHINES GENERATED LITTLE BUSINESS AND CUSTOMERS LOST ALL OR NEARLY ALL OF THEIR INVESTMENTS.

EVEN THE CANDY WAS OFTEN STALE OR ROTTEN.

THESE SCHEMES AND OTHERS LIKE THEM HAVE DEFRAUDS THOUSANDS OF CUSTOMERS ACROSS THE COUNTRY.

BUT BECAUSE OF OUR COORDINATED EFFORTS, THE OWNER OF THAT JEWELRY DISPLAY SCHEME HAVE BEEN INDICTED AND AWAITS TRIAL AND WE'VE GONE AFTER THOSE WHO PROVIDED PHONY REFERENCES AND FALSE PROMISES INCLUDING INDICTMENTS AGAINST TEN DEFENDANTS IN THE VEN STAR CASE FROM THE CEO TO SALESMEN.

BEFORE I CONCLUDE MY REMARKS, I WANT TO COMMEND MY COLLEAGUES FOR THEIR LEADERSHIP AND COOPERATION IN THIS VITAL AREA.

FTC HAS BEEN AN INDISPENSABLE PARTNER.

THE U.S. POSTAL SERVICE HAS PROVIDED SERVICES WHICH THIS SWEEP WOULD NOT HAVE BEEN POSSIBLE.

AND THE OFFICES OF THE ATTORNEYS STATE GENERAL.

IT MAKES CLEAR THAT BOTH FEDERAL AND STATE AUTHORITIES ARE ACTING TO BRING PERPETRATORS OF CONSUMER FRAUD TO JUSTICE.

AND OF COURSE IN THESE CASES, WE'VE WORKED CLOSELY WITH THE RELEVANT U.S. ATTORNEYS OFFICES AROUND THE COUNTRY.

THEIR COLLABORATION IS ALWAYS AS INVALUABLE.

ALL THE AGENCIES AS DAVID MENTIONED IN THIS INITIATIVE ARE MEMBERS OF THE CONSUMER PROTECTION WORKING GROUP PART OF THE FRAUD TASK FORCE WHICH WAS CREATED IN NOVEMBER 2009 TO WAGE AN AGGRESSIVE COORDINATED AND PROACTIVE EFFORT TO INVESTIGATION AND PROSECUTE FINANCIAL CRIMES.

THROUGH EFFORTS LIKE THESE, THIS SWEEP AND OTHER EFFORTS WILL CONTINUE LEVERAGING OUR COLLECTIVE RESOURCES TO PROTECT AMERICANS FROM CONSUMER FRAUD.

THANK YOU.

>> THANK YOU, STUART.

NEXT, PLEASE WELCOME SEAN TILLER, THE DEPUTY CHIEF INSPECTOR OF THE U.S. POSTAL INSPECTION SERVICE.

>> THANK YOU AND GOOD MORNING.

I'M GRATEFUL FOR THE OPPORTUNITY TO SPEAK WITH YOU TODAY ABOUT THE IMPORTANCE OF THE OPERATION LOST OPPORTUNITY.

AMERICANS DREAM OF OWNING THEIR OWN BUSINESSES.

THEY SEEK FINANCIAL INDEPENDENCE AND PURSUE OPPORTUNITIES TO PROVIDE FOR THEIR FAMILY.

THEY HAVE GOALS, WHETHER TO PURCHASE A CAR OR FINANCE A COLLEGE EDUCATION.

UNFORTUNATELY THERE ARE CRIMINALS WHO SEEK OPPORTUNITIES.

THEY PREY UPON THE DREAMS OF HARD WORKING AMERICAN CITIZENS.

THEY WISH THEIR WORTHLESS BUSINESS OPPORTUNITY SCHEMES.

AGAIN LIKE INVOLVING VENDING MACHINES, AMUSEMENT GAMES, MERCHANDISE AND A WHOLE HOLES OF OTHER INVESTMENTS.

WHEN THEY BREAK PROMISES THEY BREAK THE VICTIM'S BANK ACCOUNT, COMPROMISE THEIR DREAMS AND THEIR TRUST.

FOR MORE THAN TWO CENTURIES, POSTAL INSPECTORS HAVE BEEN COMMITTED TO ENSURING THE PUBLIC'S TRUST IN THE GOODS AND SERVICES THEY ORDERED VIA THE U.S. MAIL.

AND THE BUSINESS CORRESPONDENTS THEY ENTRUSTED THE POSTAL SERVICE TO DELIVER.

THE MAIL FRAUD STATUTE GOING BACK TO 1872 HAVE BEEN CRUCIAL IN OUR EFFORTS TO PROTECT CITIZENS FROM CRIMINALS WHO EXPLOIT THE NATION'S MAIL SYSTEM TO DEFRAUD THE AMERICANS OUT OF HARD EARNED INCOME.

TODAY, INSURING THE PUBLIC'S TRUST IN THE MAIL IS STILL ONE OF OUR TOP PRIORITIES.

THROUGHOUT OPERATION LOST OPPORTUNITY, WE INVESTIGATED 26 CASES INVOLVING NEARLY 81,000 VICTIMS WITH LOSSES IN EXCESS OF \$12.8 MILLION.

THIS IS SOBERING TO US BECAUSE IT REASSURES OUR RESPONSIBILITY TO VIGOROUSLY INVESTIGATE FRAUD SCHEMES AGAIN ON THE AMERICAN PUBLIC.

WE DEMONSTRATE THE ACHIEVEMENT POTENTIAL WHEN LAW ENFORCEMENT, PROSECUTORS AND GOVERNMENT AGENCIES PARTNER TOGETHER WITH A COMMON GOAL.

OPERATIONS SUCH AS THIS ARE PART OF THE U.S. POSTAL INSPECTION SERVICES STRATEGY BUT WE ALSO PUT A LOT INTO OUR CONSUMER FRAUD EDUCATION PROGRAM WHICH I HOPE YOU'LL SEE A LOT ABOUT THIS YEAR.

AND AGAIN IT'S TO COMBAT FRAUD, HELPING ENSURE THE PUBLIC'S TRUST IN THE MAIL.

WE ARE GRATEFUL.

AGAIN THANK YOU FOR THE OPPORTUNITY TO PARTICIPATE IN THIS OPERATION AND WE THANK THE FEDERAL TRADE COMMISSION, OUR LONG ON GOING PARTNERSHIP FOR THEIR LEADERSHIP IN HELPING SAFEGUARD THE AMERICAN CONSUMER.

THANK YOU.

>> THANK YOU SEAN.

AND FINALLY, LAST BUT NOT LEAST OUR GOOD FRIEND ATTORNEY GENERAL GREG ZOELLER FROM THE STATE OF INDIANA.

>> WELL I WANT TO PERSONALLY THANK DAVID FOR THE INVITATION AND ON BEHALF OF THE ATTORNEYS GENERAL AROUND THE COUNTRY, OUR SISTER STATES, APPRECIATE THE COLLABORATIVE WORK THAT THE FTC HAS DONE

IN TERMS OF THE UMBRELLA SUPPORT AND THE WORK THAT THEY DO TO HELP US DO OUR JOBS BETTER.

I'M PARTICULARLY GLAD TO BE HERE WITH OUR FRIENDS AT THE JUSTICE DEPARTMENT.

THE PUBLIC HAS SEEN AN AWFUL LOT OF ACTIONS WHERE THE JUSTICE DEPARTMENT IN OUR STATES ARE ON DIFFERENT SIDES OF THE CASES AS IS THE NATURAL PART OF OUR FEDERALIST PROGRAM.

BUT TODAY I'M GLAD TO BE ON THE SAME SIDE OF CASES WITH OUR FRIENDS IN THE CIVIL DIVISION AND THE POSTAL SERVICE WHO SUPPORT US ALL IN THE WORK THAT WE DO TO GET THE TYPES OF CASES THAT REALLY MAKE A DIFFERENCE.

SO AS AN EXAMPLE OF SOME OF THE WORK THAT THE STATES HAVE BEEN DOING, THEY ASKED ME TO SHARE AT LEAST A LITTLE BIT OF WHAT INDIANA HAS DONE JUST OVER THE PAST FEW YEARS.

WE'VE RECEIVED NEARLY 130 COMPLAINTS AGAINST ALLEGED BUSINESS OPPORTUNITY SCAMS.

WITHIN THE LAST TWO YEARS, OUR OFFICES HAVE OPENED UP 15 LITIGATION MATTERS AGAINST THESE BUSINESS SCAMS AND JUST THIS PAST WEEK WE'VE ADDED AN ADDITIONAL THREE LAWSUITS THAT HAVE BEEN FILED AGAINST THIS TYPE OF ACTION.

SO TODAY'S EVENT, IT'S REALLY A GOOD EXAMPLE OF THE COLLABORATIVE EFFORT THAT THE STATES AND THE FEDERAL GOVERNMENT TO TARGET A PRIORITY.

AND THE REASON THAT I THINK IT'S IMPORTANT TO HAVE THIS PRIORITY, IF YOU THINK ABOUT A BAD ECONOMY AND PEOPLE WHO ARE OUT OF WORK AND ARE REALLY LOOKING FOR A JOB OR AN OPPORTUNITY.

THESE ARE THE TYPE OF SCAM ARTISTS THAT COME IN AND PREY ON THE VERY PEOPLE THAT ARE STRUGGLING IN A DOWN ECONOMY.

SO I THINK IT IS APPROPRIATE THAT WE TARGET THOSE WHO TARGET THE MOST VULNERABLE, WHO ARE REALLY IN A POSITION OF TRYING TO MAKE ENDS MEET AND KEEP THEIR FAMILIES' HEAD ABOVE WATER.

IT'S A GOOD PRIORITY TO SHOW NOT ONLY THE COLLABORATIVE ACTIONS AGAINST THESE SCAM ARTISTS SO THAT THEY ARE FAIRLY WARNED THAT WE ARE GOING TO BE SERIOUS ABOUT THIS AND WILL PURSUE THEM THROUGH THE ACTIONS OF BOTH STATE ENFORCEMENT AND FEDERAL ENFORCEMENT.

BUT ALSO TO WARN THE PUBLIC.

THE PEOPLE WHO ARE MOST VULNERABLE ARE THE ONES THAT ARE GOING TO BE PREYED UPON.

WE HAVE TO BE VERY PROTECTIVE OF THE SENIORS, THE PEOPLE HOME OUT OF WORK THAT HAVE RECEIVED A FORECLOSURE NOTICE.

THIS IS I THINK THE FOURTH TIME THE STATES HAVE JOINED WITH OUR FEDERAL PARTNERS.

BUT AGAIN THE PRIORITIES THAT WE SET TO HELP SUPPORT THOSE PEOPLE WHO ARE MOST VULNERABLE AND TO TARGET THE SCAM ARTISTS THAT TARGET THESE VULNERABLE POPULATIONS.

I THINK IS SHOWING THE RIGHT PRIORITIES OF GOVERNMENT IN A TOUGH ECONOMY.

THE ONE CASE THAT I WANT TO PARTICULARLY NOTE IS THE SUPPORT THAT WE GOT OUT OF THE FTC IN A CASE THAT WE FILED JUST THIS PAST WEEK.

WE WERE PURSUING ONE OF THESE SCAM ARTISTS AND USING SOME OF THE TOOLS THAT THE FTC ALLOWS US TO USE THE SENTINEL PROGRAM AND OTHERS.

IT ALLOWS US TO TRACK OTHER TYPE OF SCAM ARTISTS BECAUSE ONE OF THE TOUGHEST PARTS OF THESE CASES ARE THAT THEY CLOSE DOWN AND OPEN UP UNDER A NEW ASSUMED NAME.

SO THE ABILITY TO TRACK THE SCAM ARTIST ACROSS OTHER CORPORATE AND IDENTIFICATION AND ADDITIONAL STATES HAS REALLY ALLOWED US TO WORK IN COLLABORATION WITH OUR SISTER STATES BETTER AND ALSO WITH THE SUPPORT OF THE FEDERAL GOVERNMENT.

SO THAT'S THE TYPE OF EXAMPLE OF THE COLLABORATION BETWEEN OUR STATES AND FEDERAL GOVERNMENT THAT I THINK REALLY MAKES A BIG DIFFERENCE.

AND FOR THAT I'LL APPLAUD THE FTC PARTICULARLY AND THE FEDERAL AGENCIES GENERALLY.

THANK YOU.

>> WELL GREG, THANK YOU VERY MUCH.

IF STUART, SEAN AND GREG WOULD JOIN ME.

I WOULD LIKE TO ALSO INTRODUCE THE FTC STAFF THAT WAS RESPONSIBLE FOR COORDINATING THE SWEEP.

JANICE KOPECK AND TRACY THE THOMAS.

WHY DON'T YOU JOIN US AS WELL.

SHALL WE START WITH QUESTIONS HERE OR ON THE PHONE?

>> THANK YOU LADIES AND GENTLEMEN.

IF YOU WISH TO ASK A QUESTION, PLEASE PRESS STAR 1 AT THIS TIME.

>> WHILE WE'RE WAITING FOR QUESTIONS.

LET ME CLARIFY WHEN GENERAL ZOELLER WAS TALKING ABOUT THE SENTINEL PROGRAM, THIS IS A DATABASE THAT THE FTC MAINTAINS OF CONSUMER COMPLAINTS.

MOSTLY ABOUT FRAUD.

WE GET ABOUT 1.8 MILLION COMPLAINTS, NEW COMPLAINTS PER YEAR AND WE MAKE THIS COMPLAINT DATABASE TO LAW ENFORCEMENT AGENCIES ACROSS THE COUNTRY.

IN THE PAST FEW YEARS WE'VE BEEN VERY GRATIFIED TO SEE STATES INCLUDING THE GREAT STATE OF INDIANA SHARE THEIR COMPLAINTS WITH US, WHICH MAKES THE SYSTEM MORE ROBUST AND MORE COMPLETE.

AND WE ARE STILL ANXIOUS TO GET SOME OF YOUR OTHER STATE ATTORNEY GENERAL COLLEAGUES TO CONTRIBUTE COMPLAINTS TO THAT DATABASE.

ARE THERE NO QUESTIONS?

>> THERE IS A QUESTION ON THE LINE.

IT COMES FROM THE LINE OF ANTONITA -- DO YOU HAVE YOUR LINE ON MUTE.

>> THANK YOU VERY MUCH.

CAN YOU HEAR ME.

>> YES, WE CAN.

>> OKAY GREAT.

IF YOU CAN REPEAT THE NUMBER INVOLVED IN LOST OPPORTUNITY AND ALSO THE EQUIVALENT IN MONEY INVOLVED, AND ALSO IF YOU CAN PLEASE COMMENT ON THE CASES THAT WERE HELD IN CALIFORNIA, I WOULD APPRECIATE THAT.

>> SO LET ME GIVE YOU AN, WE DON'T KNOW AT THE MOMENT WHAT THE DOLLAR AMOUNT OR THE NUMBER OF CONSUMER SCAMMED WERE.

LET ME GIVE YOU SOME HISTORICAL NUMBERS JUST TO GIVE YOU A SENSE OF HOW COSTLY THESE SCAMS ARE TO CONSUMERS.

JUST A FEW MONTHS AGO, WE GOT A JUDGMENT IN A LITIGATED CASE, THE FTC VERSUS JOHN BECK, MENTORING.

THIS IS NOT VERY DIFFERENT.

CONSUMERS COULD MAKE A LOT OF MONEY QUICKLY WITHOUT RISKING ANY OF THEIR OWN MONEY BUYING PROPERTY IN TAX AND FORECLOSURE SALES AND TURNING AROUND AND SELLING IT.

WE ESTIMATE THAT NEARLY A MILLION CONSUMERS WERE SCAMMED.

[NO AUDIO] AND THE JUDGMENT THAT WAS IMPOSED BY THE DISTRICT

[NO AUDIO]

AFTER THIS KIND OF FRAUD AND WE EXPECT PROBABLY SIX MONTHS OR NINE MONTHS FROM NOW WE'LL BE BACK HERE AGAIN REPORTING THE RESULTS OF THE NEXT SWEEP.

SO THANK YOU ALL VERY MUCH FOR COMING.

[APPLAUSE]

