

IN THE MATTER OF
MONEY MONEY MONEY, INC., ET AL.

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

Docket C-3308. Complaint, Oct. 2, 1990—Decision, Oct. 2, 1990

This consent order prohibits, among other things, a California corporation and its officer, that create and distribute television programs and commercials for various products, from selling, broadcasting, or disseminating the "Government Grants" commercial, which purports to show people how to secure government grants. The consent order also prohibits respondents from making unsubstantiated claims; from using, publishing or referring to any endorsement, unless it reflects the honest opinion of the endorser, in any future advertisements and from making any commercial that misrepresents that it is an independent program and not a paid commercial. In addition, the consent order requires respondents to turn over \$175,000 to the FTC to be used to establish a consumer redress fund.

Appearances

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

For the respondents: *Montie Day, Day Law Corporation, Oakland, CA.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Money Money Money, Inc., a corporation; and Hal Morris, individually and as an officer of Money Money Money, Inc. ("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 Money Money Money, Inc., is a California corporation. Its principal office or place of business is at 155 South El Molino, Suite 203, Pasadena, CA.

(b) Respondent Hal Morris ("Morris") is an officer of respondent Money Money Money, Inc. He formulates, directs and controls the acts and practices of corporate respondent, including the acts and practices

alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

(c) Respondents have cooperated and acted together in carrying out the acts and practices alleged in this complaint.

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, respondent 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." Wayne Phillips, allegedly "America's foremost expert on low interest government loans and government grants," 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."
- (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. It's almost an unlimited amount of money available out there for any kind of job and opportunity."

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.

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."
- (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."
- (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 . . ."
- (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."
- (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 . . ."
- (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."

- (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 . . ."

- (h) Wayne Phillips: "... you can get \$25,000 rather quickly, and safely, and very fast, and there's no risk involved."

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 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."
- (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 what this is all about, getting your money, starting your business . . ."

- (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."
- (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."

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.

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."

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."
- (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 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."

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 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."
- (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."

- (c) [SUPER: Fred Arbab, former taxi driver who used Wayne's system—Now Grossing \$400,000 Monthly.]

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.

PAR. 23. Dissemination of the aforesaid false and misleading representations by respondents as alleged in this complaint constitutes unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Commissioner Azcuenaga dissenting.*

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

* Prior to leaving the Commission, former Commissioner Calvani registered a vote in the affirmative for issuing the complaint and consent order in this matter.

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] 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. 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?

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 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 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 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] 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 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.] 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 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.

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 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 in 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 . . . ?

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 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 that the bottom line is that you are really helping people. And that's, that's very gratifying.

Debra Morris: And what I like about it is you can choose a business that you enjoy doing. . . .

Wayne Phillips: Right.

Debra Morris: So many people are in jobs that they are unhappy in. And when you can start your own business, that's exciting.

Wayne Phillips: Right. 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

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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. And just think, if you started your own business, Debbie, and you provided x y z service for the State of California, and your profit was only \$10,000, wouldn't that make a substantial impact on your financial well being, and take care of some of those credit card payments that we have all ran up . . .

Debra Morris: Oh, yeah!

Wayne Phillips: . . . during the last year or two? That is just one program that you can get started with immediately. It's very exciting though.

Hal Morris: One of the programs that are out there has to do with minority programs, and also welfare. I saw something the other day, where women who have been on welfare are being set up in their own business and many times they are operating it from at home while they are still taking care of the kids. But there are grant programs in all types of different areas, isn't that correct?

Wayne Phillips: Well, that's true, Hal, and more importantly, the government will pay professionals like Diane to help you set up your own business.

[MUSIC]

[MONEY MONEY MONEY IDENTIFICATION]

[SUPER: "HOW TO START YOUR OWN BUSINESS BY
DOING BUSINESS WITH THE GOVERNMENT"
\$49.95 & \$4 SHIPPING & HANDLING

1-800-453-3300

VISA, MASTERCARD, AMEX
OR SEND CHECK OR MONEY ORDER TO:
GOVERNMENT GRANTS
P.O. BOX 54880
PHOENIX, AZ 85078]

Wayne Phillips (vocal only): Go to the telephone, order this information now. Call the toll-free number you see on your screen, or send your check or money order to the address you see on the screen. Look, think about all of the ways that you can be making money with this opportunity. Think about the people that you can be helping. And . . .

[SUPER: SPECIAL BONUS IF YOU ORDER NOW!
#1 GOVERNMENT GRANT ALERT SERVICE
#2 LIST OF PRODUCTS & SERVICES THE GOVERNMENT
WILL PAY YOU FOR ON A DAILY BASIS.]

. . . if you do that, the first thousand people that order from this broadcast, I will send you as a special bonus, my "Grant Alert Service." Look, this is the only service of its kind in the entire country, where you will be alerted before anyone else to these government awards and contracts in your area. And, as a second special bonus, I'll even send you the list of businesses that the government will pay you on a daily basis for.

[SUPER: "HOW TO START YOUR OWN BUSINESS BY
DOING BUSINESS WITH THE GOVERNMENT"
\$49.95 & \$4 SHIPPING & HANDLING

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PHOENIX, AZ 85078]

So go to the telephone, call the toll-free number that you see on the screen, or send your check or money order to the address on the screen. Do it now!

[SUPER: ORDER NOW! CALL TOLL FREE!
1-800-453-3300]

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. As a matter of fact, I have examples here, obviously you want to take my name off of it and put your name on there, otherwise, what, if you want to put my name on then I'll be happy to start a business with you, but I take you step by step. 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.

Audience member: My question is, I'm interested in starting a riding school for handicapped children. The second part of my question deals with, would the livestock which are needed for this type of child come under that grant program?

Wayne Phillips: Well, the answer is yes and no. It all depends. You have to remember the government wants to know that the more money they give you, the more jobs they want you to put people to work with. So if you were to get a small award, say \$25,000, the answer would probably be "no." However, if you were to apply and receive say 250, or 3 or 400,000, and hire 2 or 3 or 4 full-time employees, then the chances are very good that could in fact pay for the livestock that would be included in your business.

Hal Morris: Diane, you're shaking your head in agreement with that?

Diane Tavares: Yes, I agree with Wayne and also I have found that the government tends to go with grants that are dedicated to either women, children, handicapped, or those things, and it may be your creative idea that they would choose to fund.

Audience member: I fell like fate brought me here . . .

Wayne Phillips: Well good.

Audience member: . . . because I am involved in a start-up business right now. It is women and minority owned. . . .

Wayne Phillips: That's great.

Audience member: We are making plastic products, and exporting them to other countries, . . .

Wayne Phillips: Great!

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.

Audience member: So do you have any suggestions?

Wayne Phillips: Yes, absolutely Linda, for instance, and I'm glad you asked that question, I have right here the name and address where you can apply for a mailing list, this is a mailing list of 160,000 businesses overseas that are looking to buy your product. In addition to that, something more important, if you are not a female or a minority, and I would certainly qualify for that, what you do is that you form a little sub-S corporation, have your wife, mother, sister, or daughter own 51% or more, Linda, of that corporation, presto, you have formed a minority/female corporation. So the answer to your question, yes, there is money available, either award or grant money, plus, more important than that, you have the mailing list, the export mailing list in here, that you can use for 160,000 businesses overseas looking to buy your products.

Audience member: That's terrific. Thank you.

Wayne Phillips: Good luck to you. Thank you.

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 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 have to provide a proposal—a business plan, where people like Diane help you with, or my business plan in the book will help you with. But it is not a loan—you could have filed bankruptcy this morning, and go out and get this money tomorrow afternoon. But you have to remember this, JoAnne, you've got to show the government what's in it for them. How many people are you going to hire if you start a little business? You know, what kind of FICA is the government going to get? You know, the insurance, Social Security insurance. 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. You have to fill out a business plan and who then where the money's gonna . . . JoAnne, you got to show the government where the money's going to go. I mean, you can't take a trip to Las Vegas and have a party, I mean, that's a no-no.

Hal Morris: Okay.

Audience member: Okay, hi, Wayne. My husband, Wayne, and I'm Elaine, we're interested in starting a home appraisal business. What I want to know about this grant—how stringent are, is the government in policing the grant process, and how often would we expect audits or inspections or whatever if we were granted . . .

Wayne Phillips: Well, why don't I allow Diane to answer that question. That's more of her area of expertise right there.

Diane Tavares: Thank you Wayne. I think that if you write your proposal and particularly the business plan that's in the book I've found it to be very beneficial because you address all the areas. And usually you're not accountable until a time frame has come up, like your grant is for a one-year period, or for six months. And at that time when you are re-applying for a grant, you would be stating what you had done with it. Some of them may ask for a specific time frames, like a report once a month, but very few of them do.

Wayne Phillips: Understand, folks, with 33 billion dollars sitting out there for small businesses. See, the government understands that 7 out of 10 new jobs are going to be created by the small entrepreneur, the small business person. 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.

Audience member: Thank you.

Wayne Phillips: Thank you. Good luck to you.

Hal Morris: Wayne, earlier in giving your five steps to the road to wealth, you said repeat the process.

Wayne Phillips: Repeat the process.

Hal Morris: And your point is, once you've done it successfully, then you are on the track record, and you can do it over and over again.

Wayne Phillips: Right, and not only that, Hal, but the government will pay people to come out and help set up your business. They will pay professional business consultants like Diane. Or sometimes, there is a special program for instance, Debbie, where the government sends out retired business executives to help you set up your business for free. Why? Because these people have been in business all their lives, they are retired, in their 70's, and they believe in the free enterprise system, and they want to pass this down from generation to generation. Look, this is the greatest country in the world. Now we've gotten off track somewhere along the line, but here's how we can put this country back on track. Reduce that Federal deficit. Yeah, we're going to make a buck out of this, but that is what free enterprise is all about. You know, helping people and helping yourself. And here is an opportunity that you can have a dramatic impact on the financial well being of your life and the country of the United States of America too.

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, for instance like Fred has done. They get my business plan. And I'll let Diane comment on that. I mean, you'd have to spend what, a thousand dollars or more for a business plan. I give you the names, addresses, telephone numbers of every Federal, state and local agency that wants you to do business with them. 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

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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.

[MUSIC]

[“MONEY MONEY MONEY” IDENTIFICATION]

[SUPER: “HOW TO START YOUR OWN BUSINESS BY
DOING BUSINESS WITH THE GOVERNMENT”
\$49.95 & \$4 SHIPPING & HANDLING

1-800-453-3300

VISA, MASTERCARD, AMEX
OR SEND CHECK OR MONEY ORDER TO:
GOVERNMENT GRANTS
P.O. BOX 54880
PHOENIX, AZ 85078]

Wayne Phillips (voice only): Go to your telephone and call the toll-free number you see on the screen right now, or send your check into the address on the screen, and get my book, “How to Start Your Own Business by Doing Business With the Government.” So do it now! Heck, it's only \$49.95, which is less than 15 cents a day for all this information, and . . .

[SUPER: SPECIAL BONUS
IF YOU ORDER NOW!
#1 GOVERNMENT GRANT
ALERT SERVICE
#2 LIST OF PRODUCTS &
SERVICES THE GOVERNMENT
WILL PAY YOU FOR ON
A DAILY BASIS.]

. . . 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 AND you'll also receive the list of businesses the government will pay you for on a daily basis. So go to the telephone, call the toll-free number on your screen, or send your check in to the address on the screen, and think about all the ways you're going to be making money. Do it now!

Hal Morris: Let's just have a few closing thoughts as we go around. Fred, from your vantage point, do you recommend Wayne and his program?

Fred Arbab: Definitely.

Hal Morris: Tell us why.

Fred Arbab: One hundred percent. Because there is an example sitting right in front of you.

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

Hal Morris: You.

Fred Arbab: I did. Yes.

Hal Morris: You went from a taxi driver to a company doing \$400,000 a month. That's exciting. Diane, how about you?

[SUPER: DIANE TAVARES GOVERNMENT GRANT WRITER]

Diane Tavares: I definitely do. Both for the business plan, and the grant writing. It gives the person an opportunity without going into debt to try and get their own business started.

Hal Morris: And you know, there are consultants out there that want \$1,000 to \$1,500 to set up the kind of business plan that Wayne is talking about, aren't there?

Diane Tavares: Yes. That is what I would charge.

Hal Morris: Really?

Diane Tavares: Um-huh.

Hal Morris: And in his book, for \$49.95, you have the same.

Diane Tavares: There is an excellent plan there. It is very thorough, it addresses all the areas that you would need, particularly for grants, but it also starts your business out on a footing that is very solid.

Hal Morris: That's good, practical advice. Okay, Wayne, any last thoughts on your part?

Wayne Phillips: Just do it, folks. Don't listen to the people who tell you what you can't do. Listen to the people who tell you what you can do. You can do it, Fred has done it, Diane's done it, I've done it, and you can do it too.

Hal Morris: Great. Let's give him a hand. Thank you.

Wayne Phillips: God bless you. Thank you very much.

[MUSIC STARTS, CREDITS BEGIN TO ROLL]

Debra Morris: What are some of the different businesses that people can go into?

Wayne Phillips: Well Debbie, there's 108 different businesses, but here's just a few of the different products and services that you will be paid on a daily basis for. For instance, advertising, air conditioning, artwork, audio visual supplies, automobile maintenance, automobile supplies and accessories . . .

[VOICES FADE OUT]

[SUPER EXECUTIVE PRODUCER	CONNIE MORRIS
EDITOR	BRAD THOMPSON
CATERING	MICHAEL O'REILLY
	PATI HODGES

[SUPER THE GUESTS FEATURED ON THIS SHOW ARE RESPONSIBLE FOR ALL CLAIMS AND REPRESENTATIONS REGARDING THEIR PRODUCT OR SERVICE. THE PRODUCERS, STATIONS, CABLE NETWORKS, HOSTS, AGENCIES AND RELATED COMPANIES ACCEPT NO RESPONSIBILITY FOR THE CLAIMS OF THE PRODUCTS OR SERVICES OFFERED.]

[SUPER COPYRIGHT 1988 MONEY MONEY MONEY, INC.]

[END]

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a

copy of a draft of complaint which the San Francisco Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested parties pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. a. Respondent Money Money Money, Inc., is a California corporation. Its principal office or place of business is at 155 South El Molino, Suite 203, Pasadena, CA.
b. Respondent Hal Morris is an officer of respondent Money Money Money, Inc. His principal office or place of business is the same as that of the corporation.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

For purposes of this order, "*grant*" shall mean any money or item of value that is given or awarded without a concomitant obligation to repay or to provide goods or services.

I.

It is ordered, That respondents Money Money Money, Inc., a

corporation, its successors and assigns, and its officers; and Hal Morris, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any product or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from selling, broadcasting, disseminating, or assisting or encouraging others to sell, broadcast or disseminate the "Government Grants" commercial described in the complaint.

II.

It is further ordered, That respondents Money Money Money, Inc., a corporation, its successors and assigns, and its officers; and Hal Morris, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any product or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

A. That there is 33 billion dollars in grants available from federal, state, and local governments to start small businesses.

B. That it is easy for the average consumer to obtain a grant from federal, state, or local governments to start a small business.

C. That the book *How To Start Your Own Business By Doing Business With The Government* consists primarily of information on how average consumers can obtain grants from federal, state, and local governments to start a small business.

D. That the Small Business Innovation Research program provides grants to consumers to start small businesses.

E. 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.

III.

It is further ordered, That respondents Money Money Money, Inc.,

a corporation, its successors and assigns, and its officers; and Hal Morris, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any product or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any direct or implied representation concerning:

- A. The availability of grants from any source for any purpose;
- B. Whether any book or other writing contains information about a particular subject or topic;
- C. The terms or conditions upon which any person, firm, agency, or institution will award a grant to any other person, firm, or organization;
- D. The terms or conditions of any government or private business opportunity, business assistance program, grant program, loan program, or procurement program; or
- E. Any methods or techniques for starting, operating, or financing any profession or business;

unless, at the time of making the representation, respondents possess and rely upon competent and reliable evidence that substantiates the representation; *provided, however*, that whenever respondents represent that any book or other writing contains information about a particular subject or topic, subpart B. shall not be construed to require respondents to possess and rely upon evidence that such information in said book or other writing is true, but only that it is present in said book or other writing.

IV.

It is further ordered, That respondents Money Money Money, Inc., a corporation, its successors and assigns, and its officers; and Hal Morris, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any product or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Using, publishing, or referring to any endorsement (as "endorsement" is defined in §255(b), Part 255, Title 16, Code of Federal Regulations) unless respondents have good reason to believe that at the time of such use, publication, or reference, the endorsement reflects the honest opinions, findings, beliefs, or experience of the endorser and contains no representations which would be false or unsubstantiated if made directly by respondents.

B. Representing, directly or by implication, that any endorsement of the product or service represents the typical or ordinary experience of members of the public who use the product or service unless such is the case.

V.

It is further ordered, That respondents Money Money Money, Inc., a corporation, its successors and assigns, and its officers; and Hal Morris, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, sale, or distribution of any product or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from creating, producing, selling, or disseminating:

A. Any commercial or other advertisement for any such product or service that misrepresents, directly or by implication, that it is an independent program and not a paid advertisement.

B. Any commercial or other advertisement for any such product or service longer than fifteen (15) minutes in length that does not display visually, in a clear and conspicuous manner, within the first thirty (30) seconds of the commercial and immediately before each presentation of ordering instructions for the product or service, the following disclosure:

"THE PROGRAM YOU ARE WATCHING IS A PAID
ADVERTISEMENT FOR [THE PRODUCT OR SERVICE]."

VI.

It is further ordered, That respondents Money Money Money, Inc. and Hal Morris are jointly and severally liable for consumer redress in

the amount of one hundred seventy five thousand dollars (\$175,000) and shall, within five (5) days of the date that this order becomes final, deposit the sum of one hundred seventy five thousand dollars (\$175,000) into an escrow account established and managed by the Commission. These funds shall be used to provide redress to consumers who were injured by respondents or others in connection with the acts and practices alleged in the complaint, and to pay any attendant costs of administration. The final determination of eligibility for, and amount of, refunds to be paid to consumers shall rest with the Commission. If the Commission determines that the direct payment of said funds to eligible consumers is wholly or partially impracticable, then, in lieu of making direct consumer redress, the Commission shall cause said funds to be paid to the United States Treasury. Respondents shall be notified as to how the funds are disbursed, but shall have no right to contest the manner of distribution chosen by the Commission. No portion of the payment as herein described shall be deemed a payment of any fine, penalty, or punitive assessment. It is further determined that there shall be imposed no fine, penalty, or punitive assessment against respondents with respect to the acts and practices which are the subject matter of the complaint and which occurred prior to the date of entry of the order.

VII.

It is further ordered, That for three (3) years from the date that the practices to which they pertain are last employed, respondents shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements, promotional materials, documents, or other materials covered by this order;
- B. All materials relied on to substantiate any claim or representation covered by this order;
- C. All materials in their possession or control that contradict, qualify, or call into question such representation or the basis on which respondents relied for such representation; and
- D. All materials that demonstrate respondents' compliance with this order.

VIII.

It is further ordered, That the respondents shall, for ten (10) years

from the date of entry of this order, distribute a copy of this order to each present and future managerial employee.

IX.

It is further ordered, That respondents shall notify the Commission, at least thirty (30) days prior to the proposed change, of any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation that may affect compliance obligations arising out of the order.

X.

It is further ordered, That respondent Hal Morris, for a period of ten (10) years from the date of service of this order, shall promptly notify the Commission, in writing, of his discontinuance of his affiliation with respondent Money Money Money, Inc. or his new affiliation with any other business or employment that engages in any acts or practices covered by any provision of this order. For each such new affiliation, the notice shall include the name and address of the new business or employment, and a description of respondent's duties and responsibilities.

XI.

It is further ordered, That respondents shall, within sixty (60) days after service of this order upon them and at such other times as the Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Commissioner Azcuenaga dissenting.*

* Prior to leaving the Commission, former Commissioner Calvani registered a vote in the affirmative for issuing the complaint and consent order in this matter.

IN THE MATTER OF
NATIONWIDE ACCEPTANCE CORPORATION

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

Docket C-3309. Complaint, Oct. 18, 1990—Decision, Oct. 18, 1990

This consent order requires, among other things, a Chicago, Ill., based corporation to cease and desist from failing to disclose required information under the Fair Credit Reporting Act. It also requires the respondent to mail informational brochures and letters, which disclose certain required information, to all applicants who were rejected for consumer credit or charged an increased amount for credit, based on a report from a consumer reporting agency or third party, between July 1, 1988 and December 31, 1989.

Appearances

For the Commission: *Sandra M. Wilmore.*

For the respondent: *Lawrence X. Pusateri, Peterson, Ross, Schloerb & Siedel, Chicago, IL.*

COMPLAINT

Pursuant to the provisions of the Fair Credit Reporting Act and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Nationwide Acceptance Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Nationwide Acceptance Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 3435 North Cicero Avenue, Chicago, Illinois.

PAR. 2. Respondent has been and is not engaged in the offering and extension of consumer credit.