



FTC Cracks Down on Merchants' Empty Promises

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On March 2, 2011, the Federal Trade Commission announced "Operation Empty Promises," a multi-agency law enforcement initiative aimed at cracking down on misleading "work from home" and other business opportunity offers. The campaign includes more than 90 actions brought by various state and federal agencies in the past year, including the Department of Justice, the U.S. Postal Inspection Service, and state law enforcement agencies. It includes three new FTC cases and developments in seven other FTC cases.

In a press conference that was webcast by the FTC, David Vladeck, director of the FTC's Bureau of Consumer Protection, gave details about the new cases, including one against Ivy Capital Inc. and 29 co-defendants. The defendants in that case allegedly took more than \$40 million from people who paid thousands of dollars, believing the company would help them develop their own Internet businesses and earn up to \$10,000 per month. Consumers paid up to \$20,000 for a business coaching program, but the FTC alleges that the products and services that the consumers received were useless. On February 22 the agency obtained an order that temporarily halted Ivy Capital's unlawful practices, froze assets and appointed a receiver to take control of the corporate defendants.



The announcement of “Operation Empty Promises” demonstrates the FTC’s continued focus on cases in which the target consumers are particularly vulnerable, in this case because they are unemployed or otherwise in financial hardship. Other recent examples of this focus on the most vulnerable consumers include FTC cases on credit repair, foreclosure prevention, and grant offers.

Today’s announcement serves both to educate consumers about the risks of “too good to be true” offers, and to alert Internet marketers as to the types of offers that the FTC is especially skeptical about. Internet marketers should make every effort to comply with the FTC’s advertising guidelines, especially in light of this announcement. The FTC will take the view that it has placed merchants and advertisers on notice of the rules, and it can be expected to aggressively enforce any violations of those rules.

FTC Beat is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

The commentary and cases included in this blog are contributed by Jeff Ifrah and firm associates Rachel Hirsch, Jeff Hamlin, Steven Eichorn and Sarah Coffey. We look forward to hearing your thoughts and comments!