

FTC and State of Maryland v. Jacobson (2005)

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Case: FTC and State of Maryland v. Jacobson (2005)

Subject Category: Consent Decree, Security

Agency Involved: FTC

[Consent Decree](#)

Complaint Synopsis: The FTC alleged in its complaint that Sandra Jacobson, through her participation in the Trek Alliance pyramid program, made deceptive claims about employment opportunities, earnings potentials, and promoted a pyramid program in violation of federal law. The FTC had earlier found that Trek Alliance was a pyramid program, an unlawful deceptive act and practice. Jacobson was one of the top distributors in the program, managing recruitment centers in multiple states. The State of Maryland charged that she sold unregistered investment contracts, a type of security under Maryland law. The Complaint sought an injunction of Jacobson's activities, rescission of any contracts in furtherance of the program, restitution and disgorgement of profits.

Consent Details: The Consent Order prohibits Jacobson from participating in another Multi-Level Marketing program, from selling or offering for sale securities in the state of Maryland, or falsely representing employment opportunities in the future. The parties further agreed that Jacobson would

owe a monetary judgment of \$804,813, but the FTC would forego all but \$5,000 if it was promptly paid and Jacobson abided by the terms of the agreement. Jacobson also agreed to notify any employer of the judgment for four years from the date of entry.

Practical Importance to Business of MLM/Direct Sales/Direct Selling/Network Marketing/Party Plan/Multilevel Marketing: Participants in a pyramid program may be held liable for their conduct in furthering the program. Liability is not limited to those who administer or manage a pyramid program.

FTC and State of Maryland v. Jacobson (2005), Civil Action No. 1:04-CV-1176-CCB : The Consent Order prohibits Jacobson from participating in another Multi-Level Marketing program, from selling or offering for sale securities in the state of Maryland, or falsely representing employment opportunities in the future. The parties further agreed that Jacobson would owe a monetary judgment of \$804,813, but the FTC would forego all but \$5,000 if it was promptly paid and Jacobson abided by the terms of the agreement. Jacobson also agreed to notify any employer of the judgment for four years from the date of entry.

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