

Consumer Corner

Beware Of Internet Schemes



(NAPSA)—Dramatically punctuating the need to be alert to Internet scams, the nation's largest producer of television infomercials is the subject of a class action lawsuit alleging that it defrauded thousands of investors—including senior citizens—of an estimated \$30 million.

The suit, filed on behalf of an elderly California couple by Washington, D.C. and Los Angeles attorney Timothy D. Naegele (www.naegele.com), charges that Guthy-Renker conspired to commit fraud and violated the federal RICO (Racketeer Influenced and Corrupt Organizations) Act by promoting an Internet “shopping mall” (and Web sites on it) that promised riches but was in reality part of a worthless scam.

Based in Palm Desert and Santa Monica, Calif., Guthy-Renker is a successful producer of infomercials for such celebrities and their products as Anthony Robbins (“Personal Power”), Vanessa L. Williams (“Proactiv Solution”), Kathie Lee Gifford (“Natural Advantage”), Corbin Bernsen (“Excelerate”), Victoria Principal (“Principal Secrets”), Daisy Fuentes (“Winsor Pilates”), Vanna White (“Perfect Smile”), Cindy Crawford, Leeza Gibbons, Joan Lunden and Susan Lucci.

With a company like Guthy-

Renker, which earns huge profits by using the images and reputations of stars to sell products in its infomercials on hundreds of television stations around the country, it is important that the general public be aware of the allegations that the company has been involved in a corporate conspiracy to market a valueless Internet scheme.

“Guthy-Renker’s alleged misrepresentations focused on duping naive individuals, many of whom were elderly, into believing that their investments in an Internet venture called ‘America’s Choice Mall’ would result in quick and substantial returns,” according to Naegele.

“We estimate that around the nation perhaps as many as 10,000 investors like our clients were victimized to the magnitude of \$30 million or more.”

The strategy conceived and endorsed by Guthy-Renker appealed to a cross-section of Americans intrigued by the lucrative potential of Internet commerce. The inner workings of the alleged scheme provide an important lesson in how to identify guile and avoid being lured into a similar artifice that does nothing but target one’s savings, especially the limited life savings of seniors.

According to the lawsuit, Guthy-

Renker intended to leverage its direct response expertise onto the Internet marketplace to promote new products that would have broad appeal. The company advertised seminars in various parts of the country at which attendees were solicited and sold ownership interests in “America’s Choice Mall” as well as Web sites on it.

However, the company lacked the computer and technical knowledge to develop and support the infrastructure of such a major Internet venture, the suit charges, and made exaggerated claims about profitability.

The Californians who initiated the legal action are a 92-year-old mother and her 63-year-old son. The mother and her now-deceased husband—who died at 86—were on a fixed income and invested \$36,000 in the Internet scheme, eventually losing all of it.

Thousands of investors failed to recognize until it was too late that Guthy-Renker had no Internet expertise to operate “America’s Choice Mall” and instead relied on its cachet of affiliations with major celebrities to target such victims, the lawsuit alleges. In the process, Guthy-Renker induced some who were elderly to jeopardize their life savings in what was nothing more than a scam.