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MADIGAN FILES LAWSUIT AGAINST INTERNATIONAL PROFIT ASSOCIATES FOR CHEATING HUNDREDS OF SMALL BUSINESSES OUT OF THOUSANDS

Attorney General Says Buffalo Grove Consulting Firm Practiced Wide-Scale Fraud

Chicago—Attorney General Lisa Madigan today filed a lawsuit in Cook County Circuit Court against International Profit Associates, Inc. (IPA), a Buffalo Grove, Ill.-based management consulting firm, and its owner John R. Burgess. The suit alleges that the defendants use wide-ranging deceptive practices to ensnare hundreds of small-business clients into consulting service contracts that fail to fulfill the defendants' promises to boost their clients' bottom lines.

"International Profit Associates takes advantage of small businesses by painting an inaccurate and dismal picture of their financial condition and then conning the business owners into hiring IPA consultants who promise to turn things around," Madigan said. "It is an unfair and deceptive scheme that has played out hundreds of times as reflected in the considerable number of complaints that my office has received from small businesses that lost tens of thousands of dollars to IPA."

"Small businesses are vital to our state's economy and are already struggling to weather the current difficult economic conditions. The last thing small business owners need is to be targeted for consulting services that simply will not benefit their operations," Madigan said.

The suit also names as defendants: International Tax Advisors, Inc., Integrated Business Analysis, Inc., and Accountancy Associates, LLC, all based in Buffalo Grove, Ill. Burgess is the majority owner of all of the defendant companies.

Madigan's lawsuit alleges that IPA employs deceptive, high-pressure sales tactics to trap small businesses into management consulting contracts by falsely promising that the businesses will earn increased profits as a result of IPA's consulting services. Contrary to these promises, IPA typically charges the small businesses tens of thousands of dollars for services that fail to provide any constructive or useful information and do not result in any increased profits.

The complaint describes IPA's business practices in detail. IPA allegedly targets businesses through telemarketing, offering an initial evaluation of a prospective client's business for a nominal fee ranging from \$300 to \$2,500. Once on site for the initial analysis, IPA sales associates allegedly convince small business owners that their companies are in serious financial trouble if they do not immediately retain IPA for consulting services.

IPA allegedly promises to prepare specialized, industry-specific recommendations that will help to improve a company's performance. The sales associates often promise that the businesses will see a three-to-one return on their investment in IPA consulting services and allegedly assure business owners that they will be able to afford the IPA services as a result of increased profits in the future. However, according to Madigan's lawsuit, the small business owners rarely realize an increase in profits and often are left in worse financial condition as a result of IPA's costly consulting services. One small business owner cited in Madigan's complaint paid IPA nearly \$70,000 in fees for consulting services that provided no meaningful advice to optimize business operations and, thus, failed to improve the company's profits.

As Madigan's lawsuit details, after a small business agrees to a consulting project, IPA consultants arrive, usually in pairs, and bill the small business at \$275 each per hour, plus travel, hotel and per diem expenses. The consultants often produce reports and charts that appear to be based on boilerplate or generic data and do not provide specialized recommendations for the small business client as originally promised.

The complaint further alleges that IPA sales associates promise that business owners will not have to pay for consulting services if they are unsatisfied with the results. However, IPA allegedly uses aggressive collection practices to compel clients to pay for unsatisfactory service. Madigan's suit alleges that IPA demands immediate payments and, if a business owner does not make immediate payment, IPA consultants allegedly are trained to refuse to leave the business premises until their demand for a post-dated check is honored.

Since 2004, 215 consumers have filed complaints with Madigan's Consumer Fraud Bureau. During that time, more than 400 consumers have filed complaints with the Better Business Bureau.

Madigan's lawsuit asks the court to permanently enjoin the defendants from engaging in this conduct. The suit also asks the court to order the defendants to pay restitution for the small business owners, civil penalties of \$50,000 for violations of the Consumer Fraud and Deceptive Business Practices Act, an additional \$50,000 for each violation committed with the intent to defraud, and the costs of the investigation and prosecution of the case.

Consumer Fraud Bureau Chief James Kole, Special Consumer Counsel Charles G. Fergus and Assistant Attorneys General Anshuman Vaidya, Katrina Wanzer Derhake and Joshua Orenstein are handling the case for Madigan's Consumer Fraud Bureau.

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