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## MADIGAN, FTC & STATES ANNOUNCE SETTLEMENT TO BAN GLOBAL PYRAMID SCHEME, REFUND MEMBERS

### *Fortune Hi-Tech Marketing Must Surrender At Least \$7.75 Million in Assets for Restitution*

**Chicago** — Attorney General Lisa Madigan today announced a settlement to ban a global pyramid scheme and provide at least \$7.75 million in restitution for participants in a joint agreement with the Federal Trade Commission (FTC) and attorneys general from Kentucky and North Carolina.

The settlement bans Fortune Hi-Tech Marketing (FHTM) from multi-level marketing after it enrolled more than 350,000 program participants – in particular consumers from the Latino community – throughout the United States, Puerto Rico and Canada in the last four years. The settlement requires the Kentucky-based operation to surrender assets totaling at least \$7.75 million for affected participants.

The agreement is the result of a January 2013 lawsuit filed by Madigan, the FTC and the attorneys general, alleging that FHTM deceived its members by claiming that they would earn significant income by selling various products and services if they signed up as FHTM representatives. Participants were required to pay substantial start-up costs and monthly fees to retain their positions with the company.

“This pyramid scheme promised big returns but resulted in significant financial losses for thousands of families in Illinois,” Madigan said.

Consumers paid a \$249 fee to join FHTM to sell satellite television service, home security systems, beauty products, and other consumer goods and services. In promotional materials and at recruitment events, consumers were told they could “get rich” if they sold FHTM-affiliated products. But unlike legitimate multi-level marketing programs, FHTM distributors had no incentive to sell products. For example, FHTM distributors only received pennies in commissions for selling multi-year service contracts but received substantial payments for every new FHTM member they signed up. FHTM’s promotional presentations and materials focused almost entirely on recruiting new members rather than selling products.

After conducting its own investigation, a court-appointed receiver determined that FHTM’s main business was to recruit new members and not sell products and services as it claimed, confirming the allegations made by Madigan, FTC and the states. The overwhelming majority of participants – more than 98 percent – lost money in the program. At least 88 percent of members did not even recoup their enrollment fees. To the extent that participants could make any income, it was mainly for recruiting other people into FHTM’s scheme. More than 81 percent of the payments to participants were based on recruiting new members and not for the sale of products or services. At least 94 percent of participants did not renew their membership after their initial year.

In addition to the multi-level marketing ban, the settlement order permanently prohibits Thomas A. Mills, Fortune Hi-Tech Marketing Inc., FHTM Inc., Alan Clark Holdings LLC, FHTM Canada Inc., and Fortune Network Marketing (UK) Limited from misrepresenting material facts about any product or service, including claims concerning how much money people can earn. The order also bans the defendants from selling or otherwise benefitting from customers’ personal information, failing to properly dispose of customer information and collecting any additional money from customers.

The order imposes a judgment of more than \$169 million, which will be partially suspended when the defendants have surrendered certain assets at an estimated value of at least \$7.75 million for consumer restitution. The full judgment will become due immediately if the defendants are found to have misrepresented their financial condition. People owed restitution under the settlement will be contacted directly by a settlement administrator to begin a refund process.

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