



PRESS RELEASE

Attorney General Frosh Joins FTC, State and Federal Partners in National Crackdown on Deceptive Income Schemes *New cases, FTC Data Highlight Broad Scope of Scams Making False Promises of Big Income*

BALTIMORE, MD (December 14, 2020) – Maryland Attorney General Brian E. Frosh, along with the Federal Trade Commission (FTC) and other federal, state, and local law enforcement partners today announced a nationwide crackdown on scams that target consumers with fake promises of income and financial independence that have no basis in reality. The impact of these scams has intensified as scammers take advantage of the COVID-19 pandemic and financial crisis.

Called “Operation Income Illusion,” the crackdown encompasses more than 50 law enforcement actions against the operators of work-from-home and employment scams, pyramid schemes, investment scams, bogus coaching courses, and other schemes that can end up costing consumers thousands of dollars. Some of the schemes targeted in Operation Income Illusion had a noted impact on one or more specific groups: students, military families, people on a limited fixed income, immigrants, Black Americans, Latinos, the deaf and hearing loss communities, or older adults.

Income scams have a massive effect on consumers, according to a new analysis of FTC complaint data. Consumers have reported to the FTC that they lost more than \$610 million to these scams since 2016, with reported losses of more than \$150 million in the first nine months of 2020.

“The COVID-19 pandemic has caused many people to turn to other options to earn a living,” said Attorney General Frosh. “Promises of easy income or large returns on investment should always be met with skepticism. Beware, if it sounds too good to be true, it probably is.”

“Scammers are preying on the unemployment and anxiety arising from the pandemic by making false promises of big income working from home,” said Andrew Smith, Director of the FTC’s Bureau of Consumer Protection. “If someone promises you guaranteed income, but then tells you to pay them, tell the FTC right away so we can work to shut them down.”

The Office of Attorney General’s Securities Division announced several enforcement actions targeting income-based investment opportunities:

- The Maryland Securities Commissioner issued a [Summary Order to Cease and Desist and Order to Show Cause](#) against Cecilia Millan, Rosalie Tawembe, and Hagar Ekane regarding their activities promoting and selling interests in Maryland in an allegedly fraudulent investment scheme called AirBit Club, which targeted members of the African immigrant community, promising returns on their investments in a cryptocurrency trading program and from the recruitment of other members into Airbit Club. According to the Summary Order, Ekane and Tawembe falsely promised members that their investments in Airbit Club would double in 225 days, and that members could withdraw their investment after that time.
- The Maryland Securities Commissioner issued a [Summary Order to Cease and Desist and Order to Show Cause](#) against SMS Franchise, LLC, New York Bagel & Sandwich Shop, Joseph V. Smith, and Dennis Kenneth Mason for violating the Maryland Franchise Law in connection with offers and sales of New York City Bagel & Sandwich Shop franchises in Maryland. In the Summary Order, the Securities Commissioner alleges that Smith and Mason sold a franchise to a Maryland resident for a NYC Bagel franchise to be operated in Washington, DC. According to the Summary Order, Smith represented to the franchisee that his franchise fee would be refunded if he could not open his NYC Bagel outlet, but when the Maryland franchisee failed to obtain financing to allow him to open his NYC Bagel outlet and requested a refund, Smith and Mason stopped corresponding with him. Smith and Mason are subjects of a 2015 Final Order by the Securities Commissioner to permanently cease and desist violating the Maryland Franchise Law.
- The Maryland Securities Commissioner entered into a [Consent Order](#) against Lifestyle Media Solutions, LLC, a Missouri entity, to resolve alleged violations of the Maryland Franchise Law by Lifestyle in the offer and sale of publishing business franchises in Maryland. The Consent Order alleges that between 2017 and 2020 Lifestyle Media entered into “license agreements” with several Maryland entities to operate community magazine businesses. Lifestyle Media never registered to offer franchises under the Maryland Franchise Law, did not provide registered disclosure documents to prospective Maryland licensees, and did not substantiate the earnings representations that Lifestyle posted on its website.
- The Maryland Securities Commissioner issued a [Stop Order](#) against Burgerim Group, USA, Inc., suspending Burgerim’s franchise registration in Maryland. The Securities Commissioner alleged that Burgerim’s franchise disclosure omitted material facts because Burgerim failed to disclose that it had hired insolvency counsel to assist in restructuring its debts, or that Burgerim appointed a Chief Restructuring Officer. Burgerim failed to answer the Stop Order or request a hearing. As a result, on February 5, 2020, the Securities Commissioner issued a [Final Stop Order](#) permanently revoking Burgerim’s franchise registration in Maryland.

In addition to the cases in Maryland, the FTC announced four new law enforcement cases as part of Operation Income Illusion, as well as announcing a new settlement in a previously filed case. Other agencies reporting actions as part of the sweep include: the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission (CFTC), U.S. Attorney’s Office for the Eastern District of Arkansas, state agencies in Arizona, Arkansas, California, Florida, Indiana, New Hampshire, Oregon, and Pennsylvania, and the Maricopa County Attorney’s office in Arizona.

The Maryland Attorney General released updated consumer information about one of the most common types of income-based scams. Three new consumer publications provide consumers tips on how to spot and avoid illegal pyramid schemes.

- Spotting a Pyramid Scheme: https://www.marylandattorneygeneral.gov/Securities%20Documents/Dont_Fall_for_a_Pyramid_Scheme.pdf
- Multi-level Marketing Plans: https://www.marylandattorneygeneral.gov/Securities%20Documents/Is_that_MLM_a_Pyramid_Scheme.pdf
- Legal Requirements for Multi-level Marketing Plans: https://www.marylandattorneygeneral.gov/Securities%20Documents/Legal_Requirements_for_MLMs.pdf

A new [video](#) from the FTC shows consumer how to avoid income scams.