



Federal Trade Commission Protecting America's Consumers

For Release: 11/14/11

FTC Wins \$29.8 Million Judgment in Bogus Government Grant Case

Court Also Bans Defendants from Marketing Numerous Products and Services Related to Their Alleged Scam

The Federal Trade Commission has won a \$29.8 million judgment against the remaining defendants behind a deceptive marketing operation known as [Grant Connect](#). The court's order also permanently bans the defendants from promoting a variety of products and services similar to those they deceptively pitched to consumers around the country.

The FTC charged the defendants with deceiving consumers by making misleading and unsubstantiated claims about bogus products and services, including one that supposedly would help them get free government grants.

The U.S. District Court for the District of Nevada found that the defendants marketed their grant products, including Grant Connect, using pictures of President Obama and the American flag to bolster the impression that billions of dollars in free government grants were available quickly and easily for personal needs.

The court also found that the defendants: 1) deceptively marketed dietary supplements using claims unsupported by scientific research; 2) failed to adequately disclose that their credit offers were merely memberships to a shopping club; 3) made unsupported claims that consumers could earn thousands of dollars per month with a work-from-home business opportunity; 4) failed to adequately disclose that consumers who bought their products or services would be enrolled in continuity plans with significant monthly fees, often for a variety of unrelated products; 5) used fake testimonials to promote their products; and 6) debited consumers' bank accounts on a recurring basis without obtaining consumers' permission.

The court [order](#) announced today bans the remaining defendants from marketing or selling:

- grant-related products and services;
- credit-related products;
- work-from-home and business opportunities; and
- dietary supplements and nutraceuticals.

It also bans the defendants from using:

- continuity programs and negative option marketing, in which consumers have to opt out of receiving products to prevent being charged on a recurring basis;
- testimonials in connection with any product or service; and
- preauthorized electronic fund transfers that charge consumers' debit accounts.

The court order announced today grants the FTC's motion for summary judgment against defendants Kyle Kimoto; Michael Henriksen; Steven R. Henriksen; Tasha Jn Paul; Rachel A. Cook; James J. Gray; Randy D. O'Connell; Acai, Inc.; Allclear Communications, Inc.; Consolidated Merchant Solutions, LLC; Dragon Group, Inc.; Elite Benefits, Inc.; Global Fulfillment, Inc.; Global Gold, Inc.; Global Gold Limited; Grant Connect, LLC; Healthy Allure, Inc.; Horizon Holdings, LLC; MSC Online, Inc.; O'Connell Gray, LLC; OS Marketing Group, LLC; Paid To Process, Inc.; Premier Plus Member, Inc.; Total Health, Inc.; and Vcomm, Inc.

Earlier this year, the FTC [settled](#) similar charges against several other defendants in the case. Under those settlements, Juliette Kimoto, Johnnie Smith, and four companies Kimoto owned were barred from marketing certain products and services similar to those that they allegedly offered to consumers. The settlements also imposed a \$29.8 million judgment against them that was partially suspended.

The FTC appreciates the assistance in this matter of the U.S. Attorney's Office for the District of Nevada, the Better Business Bureau of Northern Nevada, the Better Business Bureau of Southern Nevada, the Las Vegas Metropolitan Police Department, the Reno Police Department (Financial Crimes/Computer Crimes Department), the U.S. Department of State, the U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), and the New Zealand Department of Internal Affairs.

[Information for consumers](#) on how to avoid government grant scams can be found on the FTC's website and as a link to this press release.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's Web site provides free information on a variety of [consumer topics](#). "Like" the FTC on [Facebook](#) and "follow" us on [Twitter](#).

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(Grant Connect.final)

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Related Items:

Federal Trade Commission, Plaintiff, v. Grant Connect, LLC; Global Gold, Inc.; Horizon Holdings, LLC; O'Connell Gray, LLC; Pink LP; Vantex Group, LLC; Vertex Group, LLC; Rachael A. Cook; James J. Gray; Steven R. Henriksen; Juliette M. Kimoto; and Randy D. O'Connell, Defendants

(United States District Court For The District of Nevada)

Civil Action No. 09-CV-01349-RLH-RJJ

FTC File No. 092 3108

For Consumers:

- [Who's Calling? Government Grant Telemarketing Scams](#)
- [Money Matters – Work at Home](#)

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