

# FTC Announces “Operation Income Illusion” to Crack Down on Deceptive Income Claims

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The FTC today [announced](#) four new enforcement actions and one new settlement alleging deceptive income claims in violation of the FTC Act. The FTC noted that these actions are part of a broader initiative branded as “Operation Income Illusion,” which it described as a crackdown “against the operators of work-from-home and employment scams, pyramid schemes, investment scams, bogus coaching courses, and other schemes” that purport to offer significant income opportunities but that “end up costing consumers thousands of dollars.”

The four new actions are against the following companies.

- Moda Latina, which allegedly targeted Latina consumers by deceptively claiming that consumers could “have your own business and earn up to a thousand dollars per week” and “earn a lot of money” and “large profits.” According to the complaint, the company typically charged between \$199 and \$299 for enrollment and a start-up kit with allegedly authentic products such as gold jewelry, brand-name perfumes, makeup and other beauty and luxury fashion products. The complaint alleges that the start-up kit often failed to include re-saleable goods and that the company had “no adequate basis for making earnings claims in connection with the marketing, selling, and advertising of Moda Latina.” The FTC asserted that 89% of consumers who place an initial order never place a second order as evidence of deception.
- Digital Income System, which allegedly sold a business opportunity scheme of selling memberships at various price points from \$1,000 (Entrepreneur) to \$25,000 (Executive). By purchasing a membership, consumers had the capacity to sell memberships to others and “earn a commission of up to 50% of his or her own membership level.” The complaint alleges multiple violations of the FTC Act and the Business Opportunity Rule, which applies to certain contracts where a seller solicits a prospective purchaser with opportunities to sell goods or services through specified arrangements.
- RagingBull.com, LLC f/k/a Lighthouse Media LLC, a company selling online services related to stock and options trading. According to the complaint, the company promoted courses from “self-made millionaires” with “simple-to-follow strategies for beating the market” and emphasized the alleged success of its founders and individually named defendants. The complaint identifies both general income claims (“Don’t Just Beat the Market...Crush It”) and more specific claims and testimonials touting earnings of “\$6,500 in 20 minutes,” or “\$500 in 15 minutes.”

- Randon Morris and his network of companies that sold storefront websites promoted to yield thousands of dollars in monthly income. According to the FTC, the companies played on consumer fears about the COVID-19 pandemic with robocalls in violation of the Telemarketing Sales Rule. The complaint further alleges that the companies deceptively advertised a relationship with Amazon and falsely suggested that consumers would receive commissions from Amazon purchases.

In its announcement, the FTC said that Operation Income Illusion includes more than 50 enforcement actions from the FTC and other regulators including the Securities and Exchange Commission, the Commodity Futures Trading Commission, the U.S. Attorney's Office for the Eastern District of Arkansas, and state and local agencies in Arizona, Arkansas, California, Florida, Indiana, Maryland, New Hampshire, Oregon, and Pennsylvania. The announcement is a reminder that income and business opportunity claims are a priority for the FTC, particularly in COVID times where regulators are concerned that companies are taking advantage of consumers' financial instability and/or unemployment.

As a way to further promote compliance of the direct sales industry, the Direct Selling Association (DSA) is offering a three-part certification program beginning next month called the Direct Selling Compliance Professional Certification Program (DSCP-CP). The program is a great way for companies and individuals to learn more about compliance and risk mitigation strategies in the direct selling space, including related to income and business opportunity claims. More information about the DSCP certification program is available on DSA's website [here](#).