



NEWS RELEASE

PRESS OFFICE

Release Date: December 9, 2003

Release Number: 03-82

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Internet Address: <http://www.sba.gov/news>

FTC Charges Company with Deceptive Marketing to Small Businesses

WASHINGTON – The Federal Trade Commission has charged a purported Web cramming operation with billing small business owners for “free” Internet services, failing to disclose terms of the sales agreements and billing some companies that had turned down the offer. Objections by the U.S. Small Business Administration to the use of its trademark by the company and complaints from consumers prompted the FTC investigation.

The FTC alleged that Epixtar Corporation and its subsidiaries – including one named SBA Online Inc. – violated federal law by deceptively marketing a free trial of Internet services, and then unfairly billing consumers’ telephone accounts without their express informed consent, and without their knowledge. The FTC complaint names Epixtar Corp., Liberty Online Services Inc., National Online Services Inc., B2B Advantage Inc. (formerly known as SBA Online Inc.), and William Douglas Rhodes, president of the companies. The companies are based in Miami, Fla.

Cramming refers to the practice of billing businesses for services that were never authorized and have little value. The bogus charges usually appear on businesses’ telephone bills.

The SBA had warned small businesses across the country in March about a company calling itself “SBA Online” after receiving a number of complaints from members of the public advising that representatives of the company were contacting their businesses seeking to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of “SBA.” The complaints said callers frequently sought confidential financial or personal data, and solicited fees for services or membership.

The Web site operated by the company is unrelated in any way to the Web site operated by the SBA at www.sbaonline.sba.gov. The public should also note that the SBA neither solicits membership fees nor contacts businesses to obtain sensitive information about small businesses or individuals unless it is part of a particular matter pending before the agency, such as a loan application.

At the FTC’s request, the U.S. District Court for the Southern District of New York has entered a temporary restraining order prohibiting the defendants from making any further misrepresentations and freezing their assets.

For information about the FTC case, visit <http://www.ftc.gov/opa/2003/11/epixtar.htm>. For information from the FTC about avoiding Web services scams, visit the FTC Web site at <http://www.ftc.gov/bcp/conline/pubs/alerts/webalrt.htm>.

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