



PRESS RELEASE

Colorado Department of Law
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FOR IMMEDIATE RELEASE

July 31, 2013

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INFOMERCIAL CELEBRITY RUSS DALBEY MUST SURRENDER ASSETS IN \$330 MILLION SETTLEMENT WITH COLORADO ATTORNEY GENERAL AND FEDERAL TRADE COMMISSION

DENVER—Colorado Attorney General John W. Suthers today announced that his office and the Federal Trade Commission (FTC) have reached a settlement with Russell and Catherine Dalbey of Boulder for allegedly defrauding consumers with promises of making money by brokering seller-financed promissory notes or privately held mortgage loans. The two are now banned from telemarketing, selling business opportunities and producing or distributing infomercials.

“Using [infomercials](#), print advertising, testimonials and telemarketing calls, the Dalbeys convinced nearly one million consumers to part with thousands of dollars and jump on board with their “Winning in the Cash Flow Business” wealth-building scheme,” said Suthers. “Together with the FTC, we have stopped the Dalbeys and their three companies from orchestrating their get-rich quick activities.”

Under the agreed-upon settlement, the Dalbeys must disclose their assets in sworn financial statements; repatriate all foreign assets; and cooperate fully as the FTC and the Colorado Attorney General’s office determine how much of an agreed-upon \$330 million judgment they can pay. The judgment will be suspended upon the defendants’ surrender of those assets.

The settlement order bans the Dalbeys from telemarketing, from marketing or selling business opportunities, and from producing or distributing infomercials. The stipulated order also prohibits them from making deceptive claims about the efficacy, benefits, price, or availability of products, programs, or services, and it bars them from using deceptive endorsements or failing to disclose restrictions regarding any products, programs, or services.

[According to the complaint](#), the infomercials, which oftentimes featured a celebrity endorser, made deceptive claims that consumers would experience quick and easy success

using DEI's three-step program: "Find 'Em," "List 'Em," and "Make Money." The defendants' claims were underscored by allegedly atypical, and sometimes false, testimonials from consumers who claimed to have made "\$1.2 million in 30 days," "\$79,000 in a few hours," and "\$262,216 part time," for example.

Consumers spent approximately \$40 to \$160 on the initial program and were later encouraged by telemarketers to spend hundreds or thousands of dollars more on additional products or services, such as multi-day seminars, coaching sessions, and promissory note holder lead lists, although very few made the money the Dalbeys promised they would, the complaint alleged.

The Colorado Attorney General and FTC charged one of the consumers who provided testimonials for the infomercial, Marsha Kellogg, with falsely claiming that she earned \$79,975.01 from one promissory note transaction using the Dalbeys' program, and that her total earnings were more than \$134,000. [Kellogg agreed to settle the charges in 2011.](#)

Under a stipulated order against Russell Dalbey's three companies – DEI, LLLP; Dalbey Education Institute, LLC; and IPME, LLLP – the companies are jointly and severally liable along with the Dalbeys for the \$330 million judgment. The three companies ceased operations shortly after the Colorado Attorney General and the FTC filed their complaint. On September 21, 2011 the companies filed for Chapter 7 bankruptcy protection.

The FTC voted 4-0 to approve the stipulated order against Russell and Catherine Dalbey. The stipulated order against the Dalbeys was entered by the U.S. District Court for the District Colorado. Consent judgments have the force of law when approved and signed by the District Court judge.

The Colorado Consumer Fraud Unit works to prevent fraudulent, deceptive, and unfair business practices. In this matter, consumers should call 720-508-6888 or click <http://www.coloradoattorneygeneral.gov/dalbey> for more information or to file complaints.

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