FTC v. Equinox

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Case: FTC v. Equinox (2000)

Subject Category: Consent Decree, Pyramid

Agency Involved: FTC

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Complaint Synopsis: The FTC and Attorneys General of five states alleged that Equinox Corp was an illegal pyramid scheme, a deceptive trade practice. They also claimed that Equinox violated state securities laws and misrepresented the financial gain to be had from joining the company.

Consent Details: Equinox and its officers consented to a stipulated final judgment in the case. The Company's directors agreed to be permanently banned from participating in a multi-level marketing program or pyramid schemes in the future, to never participate in the sale of securities in Maryland or Hawaii, to not misrepresent advertising in Nevada, and to not make misrepresentations relating to earnings potential throughout the United States. Further, Bill Gould, an officer of Equinox, agreed to forfeited all assets, except 2 homes and assorted personal effects, to an equity receiver who also took control of all corporate assets. The receiver was to liquidate all corporate property to fund consumer redress.

Practical Importance to Business of MLM/Direct Sales/Direct Selling/Network Marketing/Party Plan/Multilevel Marketing: The stipulated judgment in this case dissolved the entire corporation with the consent of the officers. Consent settlements can be far reaching and very powerful.

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