

News from Attorney General Robert Abrams

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ABRAMS MOVES TO STOP NEW PYRAMID SCHEME

Attorney General Robert Abrams today charged that an Oklahoma-based company which claims to be in the business of selling additives to increase gasoline mileage is in fact a nationwide pyramid scheme that is rapidly expanding in the New York metropolitan area.

In a proceeding in Manhattan State Supreme Court, Justice Louis Grossman ordered Am-Pro Marketing Inc. and nine of its principals and representatives to suspend all actions connected with the alleged pyramid scheme pending a court hearing on October 14th and to turn over their books and records to the Attorney General.

According to the Attorney General, for at least the past few months, Am-Pro has been holding regular bi-weekly meetings, primarily in Queens, which have been attended by an average of 125 people. At these meetings, individuals are urged to make an initial purchase of \$720 worth of Mix-I-Go, a so-called fuel additive marketed by Am-Pro, and to begin selling the product on the retail market. A new recruit, called a "product representative," receives a 35% commission on sales. He or she is entitled to go on to the second level of the pyramid, "manager," after successfully selling all \$720 worth of Mix-I-Go a total of 48 bottles. Once reaching the "manager" level, the participant's commission goes up by 5%. More importantly, he or she obtains the right to sponsor new participants and to receive commissions on their sales.

Similarly, achievement of the third and fourth levels of the pyramid, at which enormous profits are promised, is based on the ability of the participants and those whom they sponsor to sell increasingly greater amounts of the product and to recruit ever-growing numbers of new salespeople. Participants are told that once reaching the top level of the pyramid, "director," they will earn from \$20,000 to \$100,000 per year.

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What is not explained to participants, according to papers filed by the Attorney General, is "how everyone combined can make so much profit, even before Am-Pro takes any profit for itself."

Attorney General Abrams stated:

"Pyramid schemes, whether they require an initial investment of a simple sum of money or the purchase of a product as in this case, are inherently fraudulent. While a few individuals who organize the scheme may earn substantial sums, it is mathematically impossible for all those who participate to attain their promised dream of success."

Moreover, according to court papers, Am-Pro's claim that a \$15 bottle of the Mix-I-Go will result in a \$65 savings at the gas pump is highly suspect. The Attorney General's Office purchased a bottle of Mix-I-Go and found through chemical analysis that it was a common petroleum distillate similar to paint thinner. In addition, the court papers stated, tests conducted by law enforcement agencies in other states indicate that Mix-I-Go increases gasoline mileage less than one-half mile per gallon.

Am-Pro Marketing, Inc. is an Oklahoma-based corporation whose address is 4233 Charter Avenue, Oklahoma City, Oklahoma.

The other defendants are: Steve Spaulding, 225 Central Park West, N.Y.; Thino Cacciola, Jr., 1642 East 13th Street, Brooklyn, N.Y.; William Gould, 48 Bergen Drive, Deer Park, Long Island; Thomas Smith, 99 Highland Avenue, Waterbury, Connecticut; Paul Ramono, address unknown; David Austin, 426 Staples Street, Farmingdale, Long Island; Larry Fried, 3070 Seaview Lane, Bellmore, N.Y.; Theresa Mazzarella, 2070 West 9th Street, Brooklyn, N.Y.

The matter is being handled by Assistant Attorney General David L. Crawford under the supervision of Orestes J. Mihaly, Chief of the Bureau of Investor Protection and Securities.