Washington Attorney General reels in refunds for consumers hooked by Aussies' quack medicine Web sites

Local News

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SEATTLE – It’s a g’day at the Washington Attorney General’s Office, where attorneys reached a settlement with a pair of Aussies who used sexy stories to sell bogus health cures over the Internet.
“The Internet has become a planet-wide hunting ground for fraudsters who lurk just below the surface like crocs in a river," Attorney General Rob McKenna said. “But this case proves that whether they're on the prowl in Seattle or Sydney, they’re still within justice’s reach.”

The deceptive business practices of Leanne Rita Vassallo and Aaron David Smith came to light last summer when the Attorney General’s Office filed a civil lawsuit accusing the pair of violating Washington’s Consumer Protection Act. The defendants, both of Cecil Hills, a suburb of Sydney, New South Wales, became millionaires while selling e-books for health conditions ranging from acne and asthma to sexually transmitted diseases and cancer.

The Attorney General’s Office also brought the case to the attention of the Australian Competition and Consumer Commission, which filed its own civil lawsuit in the Federal Court of Australia alleging violations of the Trade Practices Act of 1974. In just a few weeks, the Australian agency was able to obtain a federal court order and shut down the operation. The judge in that case described the defendants as “purveyors of quack medical advice and quack medicine.”
Washington’s settlement filed today in King County Superior Court includes restitution for an estimated 654 Washington consumers who purchased the e-books. It also specifically prohibits Vassallo and Smith from selling health-related products via the Internet to Washington consumers and from using fake photos, deceptive testimonials and other misrepresentations to sell anything else online.

The defendants littered the Internet with ads showcasing fictitious testimonials from people who stumbled across secret miracle cures. Often, the ads suggested the writers lived in Seattle.
Many of the sites used sexual innuendos to grab attention, with headlines such as: “Sex Crazed 60 Year Old Reveals a Simple Home Treatment that Eliminates Fibromyalgia in Days.” Others took a more maternal approach: “39 Year Old Mom Stumbles Upon a Simple 5 Step Plan That Eliminates Multiple Sclerosis in Weeks.”
An example:

“A week later I arrived at Jan's house, bottle of wine in hand... Ready to do whatever it is

girls do on a 'girls night'. I still wasn't sure... I walked in and was immediately introduced to Theresa - the woman that was about to change my life... Theresa was a 60 year old widower, but she looked, and behaved like a 30 year old swinger!! We hit it off... Especially when I found out that Theresa had also battled with Endometriosis.”

Consumers paid between $16.97 to $24.47 to download the treatments, which contain a few facts about the relevant disease and instructions to consume either a concoction of apple cider vinegar and baking soda or something called “Miracle Mineral Solution” as part of an extreme diet.
“When people are suffering, they can be willing to try anything -- especially if it doesn’t cost much,” said Senior Counsel Paula Selis, who heads up the Consumer Protection High-Tech Unit that investigated the case. “The defendants preyed on that desperation.”
Vassallo and Smith will pay more than $14,000 in restitution, to be distributed as refunds to Washington consumers who paid for their e-books through PayPal or ClickBank. They’ll also pay nearly $25,000 to reimburse the state for attorneys’ fees and legal costs. The Attorney General’s Office agreed to suspend a $200,000 civil penalty provided the defendants comply with the settlement.

Attorney General Rob McKenna said this is the first time the Washington Attorney General’s Consumer Protection Division has reached across international seas to cooperate with foreign officials, but it likely won’t be the last.
DOCUMENTS

Washington AGO stipulated judgment – March 8, 2010
Washington AGO complaint – Aug. 4, 2009
Sample Web Site Screenshot: Staph Infection

ACCC news release – Aug. 25, 2009
ACCC permanent injunction order – Aug. 25, 2009
ACCC judgment – Aug. 20, 2009
Federal Court of Australia