

StoresOnline no thrift shop for hopeful Internet entrepreneurs

Local News

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SEATTLE – All they wanted was to start an online business. But many Washington residents who agreed to pay thousands of dollars to a company called StoresOnline claim they were suckered. “StoresOnline made it seem that their software was so easy to use that anyone could start an online company overnight and be successful – even someone who didn’t own a computer or knew nada about the Internet,” Attorney General Rob McKenna said. “Naturally, that wasn’t the case for many customers who were encouraged to pay more and more.”

After accusing the company of deceptive sales practices, the Washington Attorney General’s Office today announced an [agreement](#) that provides refunds for StoresOnline customers, who include many elderly and people on limited incomes.

Filed Wednesday in King County Superior Court, the [agreement](#) doesn’t include an admission of guilt or finding of wrongdoing. But it requires StoresOnline and its parent company, Imergent, Inc., of Orem, Utah, to pay up to \$75,000 in restitution to customers in Washington, as well as \$25,000 in civil penalties and \$75,000 in attorneys’ fees and costs. The companies, which cooperated with the investigation, also agreed to restrictions that prohibit them from engaging in deceptive business practices in the future.

Kristi Chadd, of Clarkston, paid more than \$5,500 to StoresOnline after attending a sales presentation in Spokane. A car crash left the former traveling nurse with a back injury that limits the type of work she can do and the number of hours. Although she doesn’t even have an e-mail address, Chadd was convinced by the sales agents that she could start a successful online sales company. She said they told her she didn’t even need a product to sell; they’d help her find one. She said they showed her a video where children and a woman who could barely speak English talked about the money they were making online.

“I’m not a stupid person and they got me,” Chadd said. “They said, ‘It’s a 1-2-3, easy-as-heck thing.’ Six months later, I’m putting in eight hours a day on my computer and I still can’t get it running. I kept calling their tech support and they treated me like an idiot.”

Those calls resulted in long-distance charges on her phone bill.

The state’s [complaint](#) against StoresOnline and Imergent accused the businesses of violating the state’s Consumer Protection Act by misrepresenting services and omitting facts during sales presentations, using high-pressure sales tactics and having an unfair refund policy.

StoresOnline has solicited more than 4.5 million Washington consumers since July 2005. The company’s mailed invitation promises a free meal and gift for attending a 90-minute “preview” on how to make money on the Internet.

“It’s a cliché, but there’s really no such thing as a free lunch,” said Assistant Attorney General Katherine Tassi, who led the state’s case.

Consumers who bought an “Express license” for \$50 that day were invited to a second workshop promoted as an opportunity to receive free training in Internet marketing. The Attorney General’s Office alleged it was another sales pitch for a more expensive package of services.

Customers were encouraged to purchase six Web sites for \$6,000. Those who said they couldn't afford the fees were offered financing.

"We're talking about Washington residents living on Social Security and disability payments paying the price of a used car," Tassi said.

An Auburn woman said she paid \$1,500 upfront to StoresOnline and financed additional fees. When she couldn't afford the payments, the company sent her to collections. Although the woman ultimately received a refund, she said negative information remains on her credit file. That should finally be cleared up, since the agreement reached with the Attorney General's Office requires StoresOnline and Imergent to contact credit-reporting agencies and request that negative information be removed.

StoresOnline customers were also solicited by third-party companies offering pricey products and services to help boost sales. A Lake Stevens couple complained they paid roughly \$20,000 to StoresOnline and its third-party affiliate but sold nothing.

Tassi said today's agreement should help ensure that any consumers contacted by StoresOnline in the future understand what they are — and aren't — getting for their money. State law allows consumers to cancel a purchase made during a seminar at a hotel, for example, within three business days. The state's agreement extends those refund rights to ensure that all consumers have at least a full weekend to examine the StoresOnline product and that consumers 65 or older have 15 days to rescind a purchase.

REFUNDS

Consumers are eligible for restitution if they live in Washington state and purchased products or services from StoresOnline between Jan. 1, 2005 and the settlement date. Those who have filed complaints with the Attorney General's Office will be sent a claim form with instructions on how to request a refund.

Consumers who have not filed complaints but believe they are eligible for restitution should contact the Attorney General's Consumer Resource Center at 1-800-551-4636 to request a claim form; calls are answered from 10 a.m. to 3 p.m. weekdays. A claim form will also be available on the Attorney General's Web site soon at <http://atg.wa.gov/settlements.aspx>.

If claims exceed \$75,000, eligible consumers will receive a prorated refund.

DOCUMENTS

[StoresOnline Complaint](#)

[StoresOnline Consent Decree](#)