



Florida & International Corporate & Financial Fraud Investigators

ORACLE International

PO Box 10728, Naples, FL. 34101 :: Tel: 239 304 1639 :: Fax: 239 304 1640

Copyright 1998 Globe Newspaper Company

The Boston Globe

November 8, 1998, Sunday ,City Edition

SECTION: METRO/REGION; Pg. A1

LENGTH: 1016 words

HEADLINE: Old pyramid scheme goes high-tech;
By Internet and conference calls, group dangles riches to unwary

BYLINE: By Steven Wilmsen, Globe Staff

BODY:

On a July morning last summer, some 200 members of an organization called the Global Prosperity Group filled a function room at the Marriott hotel in Newton with one idea in mind: to get rich.

For eight hours, in an atmosphere likened to a revival meeting, they hung on the words of a tanned figure with gold on his fingers and fire in his eyes. As he roamed the aisles with a microphone, he barraged them with visions of wealth. They could become rich, he told them. The money was there for the taking. All they had to do was pay \$6,250 to become elite members of the group, and the opportunity to earn a fortune would be theirs.

"Join me," he said, according to one member who was there. "This is my calling. I am here to spread the word. I want you to have what I have."

By day's end, many pledged to pay the money. And in an evangelical rapture one called "electric," they lined up before a microphone that broadcast their voices across a vast conference call to thousands of other Global members nationwide. One by one, some of them in tears, they stepped forward and proclaimed, "I thank God and Global for this opportunity."

But according to state and federal investigators, Global's message of quick riches is anything but an opportunity. Instead, they say, Global is a sophisticated pyramid scheme, a charge the group's leaders deny. Global says its members can earn six-figure incomes if they buy - and recruit new members to buy - a \$1,250 set of audiotapes and a series of "exclusive offshore seminars in tropical locations" that costs as much as \$18,000.

With roots in Massachusetts, Global appears to have attracted a nationwide membership that one Internet watchdog group puts in the tens of thousands. Global has eluded authorities from coast to coast by continuing to operate despite administrative orders banning it in at least seven states, including Massachusetts. Some investigators believe the scheme has already generated tens of millions of dollars for its top members.

"It's a huge money machine," said one federal investigator. "I've never seen anything quite like it."

But what sets Global apart, investigators say, is that it represents a new generation of scheme, employing every means of the electronic age - the Internet, a network of phone systems, prerecorded messages, and fax retrieval services. With those tools, it has expanded with great efficiency while staying largely out of reach of regulators, investigators said.

Global has done something else new: tapped an apparently lucrative underground market of angry, disenfranchised Americans who mistrust the government. Global's tapes and seminars espouse the same kind of fierce antigovernment rhetoric that erupted around the 1993 siege at Waco, Texas. Global claims a corrupt, foreign-controlled US government stands between ordinary citizens and wealth. The group offers ways for members to discard forms of identification such as Social Security cards and driver's licenses and to use offshore trusts to shelter income.

"It's brilliant marketing," said Gail Sheppick, enforcement director for South Dakota's securities division, which in February banned Global from operating in the state. "It boggles the mind how much these people lose. And then they won't go to the authorities. When you don't trust the government, who are you going to complain to?"

Some former members who have come forward say that after joining Global, they were mesmerized by greed and the feverish devotion the group enforces. They participated in nightly telephone motivational meetings and teleconferenced prayer sessions, where they asked God for financial success. Despite hours of work, they said that, far from getting rich, they found themselves hopelessly in debt, having spent in some cases more than \$40,000 in pursuit of Global's vision of wealth.

Although Global has attracted the attention of investigators around the country, authorities have been unable to stop it. Global has simply ignored various state orders. And while federal authorities including the FBI, Federal Trade Commission, and Postal Inspection Service are tracking the group, no federal agency has taken any formal action against it.

Global has no headquarters. Money and documents appear to be moved around the country by private mail carriers through a system of mail drops, often leased under names other than Global. And the group's leaders can be difficult to locate because of Global's emphasis on privacy.

"There's nothing to grab hold of," said Sheppick.

The Globe was unable to find Global founders Dan Andersen of Fitchburg and David Struckman of Renton, Wash. But after faxing a list of questions to nine high-ranking members in the group, the Globe received a six-page letter from Andersen through a Brookline attorney. Andersen declined through the attorney to be interviewed or to disclose his whereabouts.

"Global was not an illegal pyramid," Andersen wrote in the letter. He said the group did not respond to state investigators because they sought "invasive information about our membership."

"By refusing to compromise the privacy of our members, which we believe it is our right to do, negative and overbroad rulings were issued," Andersen wrote.

"Moreover, the costs to litigate the constitutionality of arbitrary and illegal government action in various forums all over the United States was and is prohibitive. . . . In essence, these government rulings against Global are an attempt to deprive persons in various states, including Massachusetts, the opportunity to engage in a home-based business."

But investigators, former members, and Global materials depict a group whose main goal appears to be a quest for prospects and their money.

"They suck you in and squeeze you dry," said Marc Douglas of Escondido, Calif., who said he has tried to expose Global since losing thousands to the group a year ago. The group claims he is merely a disgruntled former member who doesn't represent the Global experience.

"It's all about the money," Douglas said.