

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

_____))
In the Matter of))
1554 CORPORATION,) DOCKET NO. C-3733
a corporation, and))
BRAINERD L. MELLINGER, III,))
individually and))
as an officer of 1554 Corp.))
_____)

COMPLAINT

The Federal Trade Commission, having reason to believe that 1554 Corporation, a corporation, and Brainerd L. Mellinger, III, individually as an officer of 1554 Corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH ONE: Respondent 1554 Corporation is a California corporation, with its office and principal place of business located at 6100 Variel Ave., Woodland Hills, CA 91367. Respondent 1554 Corporation has traded and done business as The Mellinger Company.

Respondent Brainerd L. Mellinger, III, is president of the corporate respondent. Individually, or in concert with others, he formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

PARAGRAPH TWO: Respondents have, individually or in concert with others, created and disseminated advertisements for the Mellinger World Trade Mail Order Plan ("Mellinger Plan"), and have offered for sale and sold the Mellinger Plan to consumers who respond to their advertisements.

PARAGRAPH THREE: The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PARAGRAPH FOUR: Respondents' advertisements for the Mellinger World Trade Mail Order Plan include, but are not necessarily limited to, the attached Exhibits A-D. These advertisements contain the following statements:

- A. A program-length television advertisement for the Mellinger Plan, identified as "Mellinger's Secret Treasures" (Exhibit A):
- (1) Announcer: "How would you like to earn substantial income right from the comfort of your own home? . . . Living a luxurious lifestyle with long-term security for you and your family." (P. A1)
 - (2) Endorser: "Doesn't matter what age, what your background is, what your education is. The sooner you get started, the sooner you start making money." (P. A2)
 - (3) Host: "His name is Brainerd Mellinger III, and he makes it easier than ever for people to make riches they've only dreamed of." (P. A3)
 - (4) Endorser: "On my first customer my first day with the World Traders I made twelve thousand dollar profit." (P. A4)
 - (5) Host: "Brainerd, these folks are making a lot of money, and enjoying every minute of it." (P. A13)
 - (6) Brainerd Mellinger, III: "If you've ever dreamed of riches and living a luxurious lifestyle, give us a call right now." (P. A17)
 - (7) Endorser: "You will be successful. It's been proven time and time again." (P. A17)
 - (8) Endorser: "I started off with \$250 that my husband gave me, and last year I earned over \$35,000, and I did it all with the help of the Mellinger Company." (P. A21)

- (9) Endorser: "Get involved with Mellinger, and if you stick with them they have the support team there for you, they can make something like this possible for you." (P. A23)
- (10) Endorser: "Anybody today that really wants to work, and has the initiative to get out and try something new, this plan definitely makes it about as easy as pie." (P. A25)
- (11) Announcer: "Kirk may not be a rocket scientist, but with the help of the Mellinger World Trade Plan he has launched a company with sky-rocketing profits. Today is a typical business day, and Kirk is shipping out more than 400 hats. The profits are all his." (P. A36)
- (12) Endorser: "[A]nyone that gets involved with this is gonna really find [it] exciting, interesting, and create an income for themselves. It's fantastic." (P. A38)
- (13) Host: "The Mellinger Plan makes it so easy to achieve financial independence. Why isn't everyone doing it?" (P. A42)

Brainerd Mellinger, III: "Good question. Well -- it's just that they don't know about the Mellinger Plan yet. They aren't aware that this fabulous opportunity for success and riches is waiting for them. And that's why I'm here today. I want to tell everyone that they can make money, like some of the folks you've seen on our show. The Mellinger company shows you how, step by step. And we make it simple and fun" (P. A43)

B. A magazine advertisement for the Mellinger Plan
(Exhibit B):

2 valuable New Reports Can Make You Rich! I'll send both to you FREE! You've seen me on T.V.! Now I'm ready to help you get a fast start! Discover How to Be Independent -- Be Your Own Boss -- Make Big Money in your own IMPORT/EXPORT MAIL ORDER BUSINESS! . . . Enjoy earnings probably far greater than you ever dreamed any job could pay.

* * *

Join these successful Men and Women! . . .

"Mellinger has the answers! I'm looking at \$25,000.
year's income -- just 2 hours a day part-time."
[endorser]

"Just one world trade transaction paid me \$5,000
profit! Yes...follow the Mellinger Plan!" [endorser]

- C. Mellinger Internet site (<http://www.tradezone.com>)
(Exhibit C):

SUCCESSFUL INTERNATIONAL TRADERS MEMBERS[.] HOW PLAN
BROUGHT SUCCESS TO THEM! . . .

Having trouble sleeping one night, [endorser] turned on
his TV and became enthralled by a Mellinger
infomercial. A phone call brought him full details
about the Mellinger Plan. "I was so impressed with
what I saw, I immediately began following the Mellinger
Plan and became a Member of International Traders. I
began putting the Plan into practice and started
showing Import products. In less than two months, I
had generated well over \$2,000 in business." . . .

The Mellinger Plan provided exactly what [endorser]
needed. . . . "I would tell you this works for you.
It's very good for beginners like myself." She
reported sales of \$1200. right away and with her early
momentum she says she is looking now at earnings of
\$6000. a month!

- D. A pamphlet mailed to consumers who request information
about the Mellinger Plan (Exhibit D):

START AT HOME...make money your very first day!

* * *

MEN & WOMEN--Welcome to your exciting, high-income,
full-or part-time future in Import/Export/Mail Order.
Follow the Mellinger Plan as it guides your every step.
Nothing has been left to chance. Each easily followed
step is based 100% upon many years of successful
business experience!

* * *

SUCCESS STORIES in World Trade! Read these ACTUAL
REPORTS of MONEY-MAKING

Concentrating on imported sports equipment, [endorser]
took in \$35,000.00 the first year, devoting only a few
hours a day.

PARAGRAPH FIVE: Through the use of the statements contained in the advertisements and promotional materials referred to in PARAGRAPH FOUR, including but not limited to the advertisements attached as Exhibits A-D, respondents have represented, directly or by implication, that:

- A. Consumers who use the Mellinger Plan typically succeed in readily starting and operating profitable businesses;
- B. Consumers who use the Mellinger Plan typically earn substantial income; and
- C. Endorsements appearing in Exhibits A-D reflect the typical or ordinary experience of members of the public who have used the Mellinger Plan.

PARAGRAPH SIX: Through the use of the statements contained in the advertisements referred to in PARAGRAPH FOUR, including but not necessarily limited to the advertisements attached as Exhibits A-D, respondents have represented, directly or by implication, that at the time they made the representations set forth in PARAGRAPH FIVE, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PARAGRAPH SEVEN: In truth and in fact, at the time they made the representations set forth in PARAGRAPH FIVE, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in PARAGRAPH SIX was, and is, false and misleading.

PARAGRAPH EIGHT: The acts and practices of respondents as alleged in this Complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this fourteenth day of April, 1997, has issued this complaint against respondents.

By the Commission.

Donald S. Clark

Secretary

SEAL

[Exhibits A-D are attached to paper copies of the complaint, but are not available in electronic form.]