



FORT CAMPBELL CONSUMER AFFAIRS ALERT BULLETIN

101st Airborne Division (AASLT) FT. Campbell, KY 42223

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EPIC RESORTS TRAVEL

05 SEP

The Federal Trade Commission announced a settlement today ordering refunds to many consumers who bought travel packages from Epic Resorts, LLC, and its wholly owned subsidiary Epic Travel, LLC. Under the order, the companies are required to refund the money of customers who requested, but did not receive, their refunds within a 30-day cancellation period.

The Commission filed its complaint in U.S. District Court in Florida against Epic Resorts and Epic Travel as part of the August 2000 Operation Travel Unravel law enforcement sweep of companies allegedly engaged in travel fraud and violations of the FTC Act and Telemarketing Sales Rule (TSR). The stipulated final order reached by the Commission and announced today also enjoins the defendants from failing to make required travel-related disclosures in the future and prohibits them from violating the "Do Not Call" provision of the TSR, as well as the Truth in Lending Act (TILA). The settlement also provides for the dismissal of charges against Scott Egelkamp, the chief financial officer of both companies.

According to the Commission's complaint, Epic Resorts, Epic Travel, and the companies' owner and president, Thomas Flatley, violated the FTC Act and the TSR by misrepresenting that consumers had won or were specially selected to receive a vacation, misrepresenting the total cost of vacation packages, and failing to disclose material conditions and restrictions on the use of the packages.

In addition, the complaint alleged that the companies, which sent out unsolicited faxes and e-mails to consumers who had registered to win vacations, failed to disclose material costs and restrictions concerning the vacation packages before consumers paid for them, as required by the TSR. The company also was charged with violating the Rule's "Do Not Call" provision by continuing to call customers who had asked not to be contacted. The complaint marked the first time the Commission alleged a violation of the "Do Not Call" provision of the TSR. Under the terms of the proposed order, which will become effective when signed by the district court judge, Epic Resorts, Epic Travel, and Flatley are required to provide redress to consumers who returned their vacation packages within the defendants' 30-day cancellation period and sought, but did not receive, refunds from the company. The defendants also are enjoined from the illegal activities alleged in the complaint, including: 1) misrepresenting that consumers have won or have been specially selected to receive a package; 2) failing to disclose all material conditions associated with a package; or misrepresenting the total cost of the package; 3) violating the TSR and its "Do Not Call" provision; and 4) failing to provide credit card refunds within seven business days of receiving a returned package (as required by TILA).

Finally, for three years the defendants will be subject to standard reporting and compliance provisions to ensure that they meet the terms of the order. The first compliance report must be filed within 180 days of the entry of the order. Additional sections set forth the Commission's ability to monitor the order, the requirement that the defendants distribute the order to current and future officers of the company, and that they distribute a notice describing certain requirements of the order to employees in the future.

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