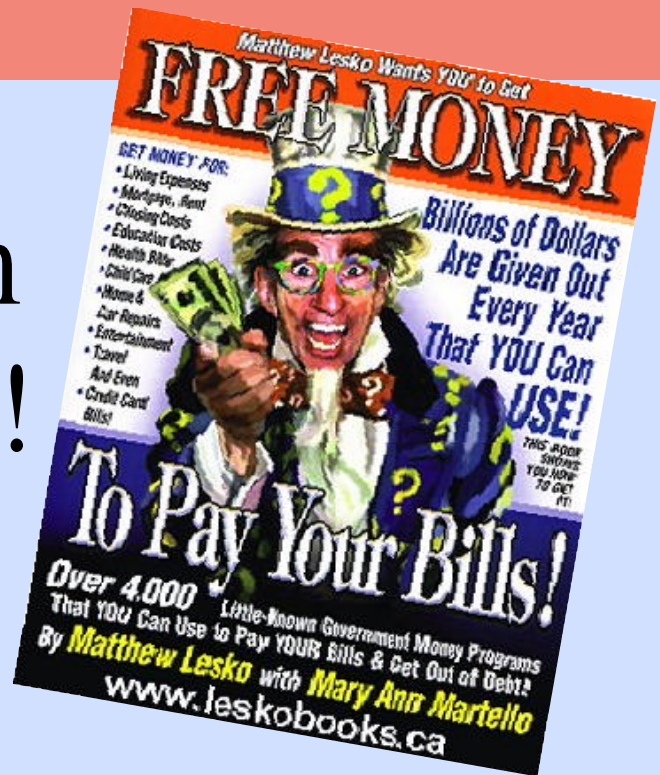


Secrets Revealed!

Let Uncle Sam
Pay Your Bills!

How misleading
advertising is feeding



**AMERICA'S
SECRET
CASH
GIVEAWAYS**

a nationwide boom
in government
grant scams

A Report by the New York State
Consumer Protection Board

December 2004

Overview — Boom in Government Grant Scams

The business of government grants is thriving. Companies selling guides to government grants — and scam artists peddling “guaranteed” government grants — are profiting from the false notion that the government has billions of dollars available to help people pay their credit-card bills and other expenses. This is due, in part, to the exaggerations and misleading claims spread by Matthew Lesko and the nationwide network of Lesko distributors.

Page 3

Chapter One — \$350 billion

Matthew Lesko, the nation’s leading advertiser of government-grant books, promotes the notion that there are billions of dollars in government grants available for people to pay credit card bills and other personal debts — even get out of debt. However, Lesko fails to mention that these billions generally come from public assistance payments to low-income families, the disabled and the elderly: entitlements Lesko doesn’t mention listed in his advertising.

Page 4 - 7

Chapter Two — “White Lies”

Amid solid and helpful information on various forms of public and private assistance, Lesko’s book, “Free Money to Pay Your Bills” distorts and exaggerates dozens of programs and services in his book.

Page 8 - 15

Chapter Three — \$3 Million Network

On top of a \$3 million advertising campaign on television and radio, Lesko’s message is also carried by a chain of “distributorships” — a network of websites that carry Lesko’s products and the “free government money” message. But several websites add to the distortions in Lesko’s advertising and, in several cases, lead consumers to additional grant schemes unaffiliated with Lesko.

Page 16 - 17

Chapter Four — Selling Customer Lists

In addition to his massive advertising campaign, Lesko and other publishers feed the growing government-grant “industry” by selling the names, and addresses of people who buy these books. While many of these list buyers are legitimate firms, at least two grant scams have been identified as a purchaser of Lesko customer lists. Telemarketers who “guarantee” grants are also buying customer lists from the publishers of grant guides.

Page 20 - 25

Overview: Boom in Government Grant Scams

On August 6, 2004, the New York State Consumer Protection Board issued the first in a series of public warnings about the growth of government grant scams now operating in the U.S.

The number of companies and outright scams — all selling “government grants” or guides to government grants — is growing through Internet spam and telemarketing. All of these offers are built on the false idea that individuals are eligible to receive thousands of “unclaimed” dollars from the government — money they can use for almost anything, including personal expenses such as car payments and credit card bills.

That is the theme of a new book, “Free Money to Pay Your Bills,” by Matthew Lesko, the biggest advertiser and most-prolific author of books on government grants. His website trumpets, “Get Uncle Sam to Pay Your Bills.”

“\$360 billion in FREE grants waiting to be claimed” (www.grant-rating.com)

“Grant programs are not loans. You decide how much you need”
(www.unclesamsmoney.com)

“Over \$300 billion available” (www.capitalpublications.com)

“Free money to pay your bills. Keep out of debt forever.” (www.lesko.com)

With an advertising budget of more than \$3 million, Lesko blankets the nation with claims that the government has some \$350 billion available in “free money” to help people pay their personal expenses.

What Lesko doesn't say publicly is that the vast majority of this money comes from public assistance programs, such as Food Stamps and Medicaid.

An investigation by the CPB has found that thousands of consumers across the country are being ripped off by scam artists claiming to have “guaranteed” government grants for consumers. Millions of people — many facing financial hardships — are confronted every day with phony claims that their bills can be paid with “free money” from the government — but only after they pay an upfront fee.

Overview: cont'd.

The Federal Trade Commission recently shut down one of the largest grant scams in the nation. The FTC, the U.S. Postal Inspection Service and the state of Louisiana suspended a \$5.4 million judgment while imposing a half-million-dollar settlement against a Louisiana telemarketer. Using names such as National Grants and U.S. Grant Resources, the firm would charge consumers between \$90 and \$200 with false claims that the company could help them win a large government grant.

Another telemarketer, Consumer Grants USA, has also been charged with deceptive practices by the Florida Attorney General. This Florida company "guarantees" an \$8,000 government grant in its telemarketing calls, but it only delivers a guidebook in exchange for a fee of roughly \$250.

During the CPB's investigation of government grant scams, many consumers said they knew of "secret" government grants from Lesko's advertising. Several targets of these telemarketing scams had previously purchased one of Lesko's books.

From an off-shore call center, one telemarketer (see transcript on pages 31 and 32) told a consumer, "Every year the U.S. government used to give 20 million grants to its citizens and this year they have decided to give 1.5 trillion dollars as the grant amount. You are one among them who have qualified to receive it. So you are guaranteed to receive \$8,000 and you can receive up to \$25,000. Got it?"

People have gotten it, all right. Consumers have been charged fees ranging from \$20 to nearly \$300. Ms. Thuy Truc To of New York City is one such consumer. Consumer Grants USA charged her \$249 for a "guaranteed" grant but Ms. To received only a paperback book listing various government programs. (The CPB helped Ms. To receive a full refund.)

The telemarketer, she said, kept "banging it into my head, 'This is free money, free money,'" Ms. To said. "He says, 'This is not a scam, ma'am.' That's what he kept telling me. It was all a fairy tale."

Another misleading sales tactic is employed by Capital Publications, a company which lists a phantom address in Washington, D.C.

(more)

“Welcome to the nation’s capital,” says a recording on the company’s website, www.capitalpublications.com.
“President Bush and Congress have some exciting news for you in a recent press release.”

But that “press release” (see page 27) was never sent by the President or any other federal official. It was written and distributed nationally by Capital Publications. By issuing a press release, this misleading announcement was carried on Internet sites featuring business news, making this appear more legitimate. The company has even cited the tragedy of 9/11 in some of these marketing “news” releases.

Government grants scams will continue to thrive as long as people believe the government is handing out billions of dollars to pay personal expenses. Public assistance payments are the actual source of the billions in “free government money” — a fact that is not advertised by these grant “services” and publishers.

Most competitive grants are only available to organizations. They are not loans to businesses or job-training funds for individuals. This report is intended to dispel the misinformation that is helping scam artists victimize thousands of people across the country — people in financial need who are hoping, as Lesko claims, that “Uncle Sam will help you pay your bills.”

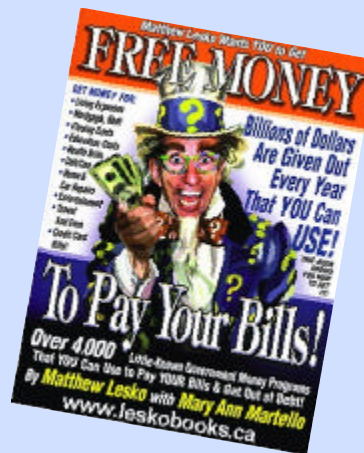
Consumer complaint filed Nov. 23, 2004 against telemarketer “Grant America”

I received a telephone call from “Grant America” on around Oct. 20th. It was from a salesman named “Torric Issac”. He said that I was eligible to receive a \$2,500 grant from federal government. He also said that in order to receive this grant, I had to provide my account number and routing number. So I told him this information. Several days later, on Nov. 2nd, I suddenly found that the company “Grant America” charged a check from my account, for 248\$! I didn’t authorize it to CHARGE any money from my account! I checked the photocopy of my check on my online account, and found that even my name and address was wrong on that check! I looked up the “Grant America” website www.grandamerica.org, and found that it put an alert on this kind of telephone solicitation. Now I realized that this is a fraud, so I write this complaint to you to see if you can help me to get the money back.

Chapter One: “\$350 billion”

MATTHEW LESKO

FREE MONEY TO PAY YOUR BILLS



Get Free Money From The Government Just Like The People You've Seen On TV!

Money You Never Have To Pay Back. Get Bill Collectors Off Your Back! Little-Known Government Programs You Can Use To Pay What You Owe, And Get Out Of Debt

Purchase Free Money To Pay Your Bills

(Excerpts from the top of www.lesko.com home page)

Lesko television ad for “Free Money to Pay Your Bills”

“ The average American is facing more than \$8,000 in credit card debt that’s weighing them down!

They also have a bigger chance of facing bankruptcy than ever before!

But what they don’t know is that Congress passed laws that consumers can use to pay their bills and get out of debt! ”

“This year the government is going to give out over \$350 billion to people like you who want to start a business, go back to school or train for a new job.”

— National radio spot by Lesko’s
“USA Information Inc.”

Where does this “\$350 billion come from?”

It's largely Food Stamps, Medicaid, Medicare, Low-Income Housing — entitlement programs that are never mentioned in Lesko's nationwide advertising



Excerpt of email from Lesko's co-author Mary Ann Martello

From: Mary Ann Martello

10/11/2004 09:48 AM

Subject: Lesko and \$350 Billion

Jon,

Here is my response to your request for information on Matthew Lesko's commercial. I am still not sure which one you heard, but Matthew does say that there are over \$350 billion worth of taxpayers funds that you can use. ...

This is just really a handful of federal programs that get over the total Matthew states. Let me know if you have any other questions.

The Department's Federal Student Aid (FSA) programs ... provide more than \$60 billion a year in grants, loans, and work-study assistance.

\$241 Billion for Medicare

Medicaid Spending

\$224.8 Billion

\$18.2 Billion in Food Stamps

The Weatherization Assistance Program ... The total allocation for FY 2004 is \$227 million.

Job Training funds ... ETA's request for FY 2005 totals \$11 billion.

\$30.4 Billion for HUD (housing budget)

(emphasis added)

Can “government grants” actually pay your credit card bills?

“Matthew would say that money the government gives you to pay other bills frees up money to pay your credit bills.

“There is no money the government will give you ... directly to pay down your credit bills, but the \$800 in food stamps frees up that money for other bills.”

— Lesko co-author Mary Ann Martello



Chapter Two: “White Lies”

From spam messages (right) to his ubiquitous television and radio ads, Matthew Lesko blankets the nation with a \$3 million advertising campaign for his books, tapes and CD’s on how to win a “government grant.”

“Money to Change Your Life”

“Free Money to Pay Your Bills”

“Uncle Sam Can Help You With Bills”

“Hidden Money to Pay Your Bills”

“Free Money from the Government”

Lesko says he can help you apply for some of the \$350 billion to \$1 trillion in “hidden” government money.

What he doesn’t say is that most of this money comes from public assistance for low-income families, the elderly or the disabled. These are largely entitlement programs — not competitive grants.

For his new book “Free Money to Pay Your Bills,” Lesko advertises “\$800 free to pay your food bills.” When you open the book, you find that he’s actually talking about Food Stamps.

Lesko talks about “\$1,250 to pay this month’s credit card bill or auto loans,” but this only applies to public assistance payments. Like most of the \$350 billion in “free” or “hidden” money from the government, public assistance programs are only available to low-income households.

Lesko also advertises that you can get \$1,000 to “pay your bills free while you’re waiting for other government money!” But that \$1,000 is actually the emergency cash paid when people initially apply for public assistance. The “other government money” is simply more public assistance.

When Lesko does describe a government grant that is truly competitive — and not an entitlement program — he also misstates the facts.

“A degree of lying — you know, white lies — seems to be inherent in all languages and all forms of communication. It’s not really lying; it’s more a matter of not presenting the downside of a situation.”

— Matthew Lesko in the forward to his new book, “Free Money to Pay Your Bills”

James Freericks, a quantum physicist and professor at Georgetown University, won a grant from the National Science Foundation several years ago. But Lesko's website says, "James Freericks of Washington, DC received over **\$500,000** in Government Grants To Travel the World."

Lesko's television ads and Internet sites use the word 'grant' to describe any kind of payment from the government. A grant, according to Lesko, is everything from Food Stamps to a contract with the government.

In TV advertising for a "grants" book for women in business, Lesko describes a \$3 million "government grant" to Coates and Lane Enterprises, a women-owned business in Washington, D.C. But that \$3 million "grant" was actually the cost of a health-care contract — not a grant — to Coates and Lane.

By mixing government loans with government grants, Lesko also contradicts his advertised claim that this is all "free money ... you never have to repay."

In many cases, service agencies report that Lesko's misstatements result in phone calls from consumers who have been misled and misinformed by Lesko's books (see pages 24 and 25).

Others just shake their heads. The owners of Snyder Seed in Buffalo didn't get a \$20,000 grant from the government, as Lesko advertises. It was a loan and it was arranged without Lesko's involvement. In fact, many of the "grant" examples cited by Lesko did not involve Lesko or his products.

Matthew Lesko Wants You To Get



"FREE MONEY TO PAY YOUR BILLS"

**Free Money To Pay Your Bills.....
Keep Out Of Debt Forever**

10,000 Little-Known Government Money Programs That Give Out Grants, Direct Payments, And Other Free Money To People Of All Ages And All Incomes

THIS IS NOT A SCAM

This is real money, given out by real government agencies. Each year the U.S. Congress appropriates over \$1 TRILLION in government grants for people to use to help themselves and help the country. **ORDER NOW!**

14 examples of “Hidden” Government Money ...

(What Lesko advertises)



“Why get out your checkbook when government sources will pay these bills?”

- \$9,500.00 free - pay your bills
- \$2,800.00 - pay your heating bills
- \$1,200.00 free - pay your mortgage
- \$15,000.00 - pay child care bills
- \$3,000.00 free - help pay bills on a car
- \$4,000.00 - pay closing costs on a home
- \$500.00 free - pay your property tax bills”

List above is from a Lesko Internet advertisement:
(<http://www.matthew-lesko.com/pay-bill.htm>)

... 12 are actually low-income entitlement programs

(What Lesko reveals in his book)



- Source: SSI (Supplemental Security Income) (p. 42)
- Source: Low-Income Home Energy Assistance Plan (HEAP) (p. 209)
- Source: The book lists several local low-income programs although this specific figure is not cited. (No page found)
- Source: Child Care and Development Block Grant (federal funding under public assistance) (p. 37)
- Alleged Source: Nebraska Department of Roads (NDOR Spokesman Jerry Wray says he gets many calls from Lesko readers, but there is no such program) (p. 28, 29)
- Source: First-Time Home Buyers Program; Houston, Texas (p. 187)
- Source: State of Pennsylvania for seniors and people with disabilities (p. 44)

List above are the funding sources revealed in the pages of Lesko’s book “Free Money to Pay Your Bills”

Lesko Internet advertisement (cont'd.)

Source of funds (from inside Lesko's book "Free Money to Pay Your Bills"):

- \$700.00 - pay your utility bills

Source: Assistance to low-income families and individuals. Grants vary from state to state. (p. 46)

- \$800.00 free - pay your food bills

Source: Food Stamps (p.75)

- \$4,800.00 - pay family bills

Source: Earned Income Tax Credit, a tax credit for low-income working families (p. 101)

- \$170.00 a month - pay parking bills free

Source: Federal tax deduction for employers who give workers \$170/month parking (p. 34)

- \$328.00 a month free - help pay your rent

Source: Section 8 Housing Subsidy (p. 219)

- \$3,000.00 free - volunteer in your neighborhood

Source: Foster Grandparents Program (p. 104)

(from <http://www.matthew-lesko.com/pay-bill.htm>)

(more)



14. “Even \$1,000 - pay your bills free while you’re waiting for other government money”

Source: **General Public Assistance**

“**This is a program of last resort** for people either waiting to qualify for other government programs, or who don’t qualify for any programs, yet need money to live.”

Excerpt from page 47, “Free Money to Pay Your Bills” By Matthew Lesko and Mary Ann Martello

“Sure, the down and out have their grant programs. And sure, the rich ... are getting their share of small business grants. **But the majority of grant money programs are for the middle class.** There's no shame in getting grant money. If all these people are doing it, why shouldn't you?”

(From www.leskobooks.org)

\$\$\$ Pay Your Living Expenses

Free Private Eye to Find Missing Children

Besides location and investigative services, as well as mediation services for families estranged by parental abduction, you can also get free kidnapping prevention programs and referral and support services. Contact Find-A-Child of America, Inc., P.O. Box 277, New Paltz, NY 12561; 800-1-AM-LOST; 914-255-1848; 800-A-WAY-OUT (for consultation and support). www.childsofamerica.org.

\$1,000 While You Wait For Gov't Money

General Public Assistance (it is known by many different names) is a welfare program offered in 42 states. This is a program of last resort for people either waiting to qualify for other government programs such as disability benefits, or who do not qualify for any programs, yet need money to live. The program eligibility and benefit levels vary



any receive a wide range of utility assistance, emergency food, tenant counseling, mortgage assistance, and services are for below 150% of the \$24,000 for family of you, contact Salvation quarters, 645 Slaters, Alexandria, VA 22313; 703-684-3478; sv.org.

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America's foremost authority on free money, Matthew Lesko, says:

I'll show you how to get the government to pay off your credit card bills and cover your basic living expenses.

FREE MONEY TO PAY YOUR BILLS

The brand-new pay bills money guide by Lesko for over 4,000 ways to get Uncle Sam to open up his big, fat wallet and pay your bills free!

Uncle who? More than a third of Lesko's book lists services from charities and other non-government sources. In some — but not all — cases, these private groups receive and pass on government funding to individuals.

Less than 400 "programs" are actually listed in Lesko's book and many of these are not grants, loans or even government programs. They're non-monetary services such as brochures, websites and telephone hotlines. At least 50 of these "programs" are listed two or more times in the same book.

Complete details on over 4,000 free money pay bills programs (OVER FOUR THOUSAND!)

Lesko's massive 770-page book shows you free government money to pay your mortgage bills, pay rent or closing bills ... pay child expense bills pay health care bills free ... pay education cost bills home bills... pay car repair bills free ... pay travel Bills ... pay entertainment bills ... even pay your credit card bills free. In Lesko's book you'll find about 700 items for paying living expenses free. Over 300 for health care. About 800 for free college and other free training costs. Plus much more, including over 4,000 items for your home needs! It's all free money you never pay back.

Lesko's book may contain 4,000 offices and addresses. But most of these are different agencies offering the same program or service in different parts of the country.

More than half of these "4,000 items" are either services — not cash grants — or loans that must be repaid.

<p>That sounds great</p> <p>“States will pay your property taxes” Page 214</p>	<p>But what is it really?</p> <p>Property tax exemptions for the elderly, disabled, low-income and veterans. Offered at various levels by state and local governments.</p>
<p>“Free car repairs” Page 33</p>	<p>Automobile recalls</p>
<p>“\$400 wk/ When you’re Out of Work” Page 45</p>	<p>Unemployment Insurance</p>
<p>“10% Off Your Restaurant Bill” Page 50</p>	<p>Early Bird specials for senior citizens</p>
<p>“\$5,000 for Musicians and Singers to Pay Their Bills” Page 51</p>	<p>A private foundation in New York City supports just a handful of music student and musicians who have retired from classical music and opera.</p>
<p>“Get \$600 For Each Child” Page 100</p>	<p>Deduction on your federal taxes</p>
<p>“WOW The Government Will Pay My Mortgage!” Page 188</p>	<p>In Pennsylvania only, families facing foreclosures receive loans totaling \$60,000 from the Homeowners’ Emergency Mortgage Assistance Program (HEMAP). “This unique initiative, created in 1983, is the only one of its kind in the nation,” according to the Pennsylvania Housing Finance Agency. For anyone outside of Pennsylvania, Lesko suggests contacting a federal or local housing agency.</p>

<p align="center">“Make Money Going to Housing Classes” Page 214</p>	<p>Counseling agencies offer classes on home ownership. Agencies also offer grants and loans for low-income individuals ad families. But no one gets money for going to a housing class. (Source: Philadelphia Neighborhood Housing Services Inc.)</p>
<p align="center">“Cash For Sharing What You Know” Page 104</p>	<p>Not cash. The “cash” here is actually supplemental health insurance for volunteers in the federal Retired Senior Volunteer Program</p>
<p align="center">“Free Money to Pay Your Alcohol Rehab Bills” Page 153</p>	<p>The Salvation Army provides treatment programs for alcoholics. The programs are free to participants, but they do not receive cash to pay for this service.</p>
<p align="center">“Money for Buying a Condo or Co-op” Page 50</p>	<p>For people with low-incomes, the federal Housing and Urban Development agency (“HUD”) provides insurance for home loans with a small down payment.</p>
<p align="center">“How to Save Up to \$650/yr on Fuel Bills” Page 199</p>	<p>A brochure on energy efficiency from the U.S. government</p>
<p align="center">“Earn Money While You Learn” Page 188</p>	<p>Unemployment benefits, along with money for child care and transportation costs, under the Job Training Partnership Act.</p>
<p align="center">“Big Discounts on Boats, Limos and Airplanes” Page 549</p>	<p>Government auctions of property seized from drug dealers and other criminals.</p>

Experts say most government grants only go to agencies and organizations — not individuals

Statement to the CPB from the federal Office of Management and Budget (OMB):

"Generally speaking, federal government grants are not made to individuals.

"Instead, the vast majority of grants are awarded to non-profit organizations (e.g., homeless shelter) and State, cities, or counties who distribute the grant money to charities and other social service providers.

"For individual benefit programs, the Federal Government provides a comprehensive list at <http://www.govbenefits.gov>. "

"If it sounds too good to be true, it probably is.

"We encourage entrepreneurs to visit the state's web site – www.nylovesmallbiz.com – to find out about legitimate government resources to help their small business get started or expand."

— Jeffrey Boyce, Deputy Commissioner
Small Business Services in New York State's
Empire State Development Corporation.

Chapter Three: \$3 Million Network

Lesko's business and Internet advertising has expanded to include a network of "distributorships" — individuals and companies who operate their own websites to advertise and sell Lesko's products. Each receives at least 40 percent of proceeds from the sale of Lesko books, tapes and other products sold through these websites.

Several of these websites make their own misstatements about government grants. Other sites lead customers away from Lesko's products and into websites where other government guides are sold, along with "get-rich" schemes.

At www.incredible-secrets.com, highlights of Lesko's book are linked to the web pages of a discount mortgage broker.

As with telemarketing scams that "guarantee" a government grant, at least one Lesko affiliate has a website that "guarantees" a \$25,000 government grant (see graphic below).

Through this advertising — from websites, spam email and some \$3 million in national radio and television advertising — many people are convinced that the government is giving away billions of dollars so to help working people can pay their personal debts.

One affiliate draws customers with a Lesko ad (left) but then a pop-up ad appears (center), taking you to an entirely different "government grants" offer: www.governmentgrants.com (right)

Free Government Grants!
 Matthew Lesko can get you the best government grants available and how to make it.

The Government grants \$350 billion in free government grants and other free grants each year. Let Matthew Lesko help you get your share!



New York Times BESTSELLING AUTHOR
 Matthew Lesko

Get the books you want

NEW- from Matthew Lesko
Government Grants, Sources and

Want \$25,000 GUARANTEED?

Foundations and government agencies will give away over \$350 BILLION DOLLARS. Wouldn't you like some? You could use the money for any one of thousands of reasons, and **never have to pay it back!** That break you need, this could be it.

[Do It Quickly!](#)

If you want some of your hard earned money BACK from Uncle Sam, Listen Up!

Getting Free Grant Money From The Government Just Became A Whole Lot Easier And Less Confusing For You!

In 30 seconds you will most likely be VERY upset you didn't hear about this years ago...

Government agencies and private foundations are required by law to distribute over \$200 BILLION a year to groups and individuals this year. They give away this money for 2 main reasons:

- Elected officials who want to stay in office, give away billions of government dollars so people will continue to vote for them.
- Big corporations and wealthy individuals have figured out ways to save THOUS in taxes by giving away money as "foundations". As long as it is for their "best interests" the funds will keep flowing good times or bad.

They spent YEARS making this money more accessible and easier to find for the people who need it most, and I want to give you a FREE look at the simple, easy steps to take to get the check you deserve. My staff is constantly updating phone numbers and contact info for these grant money sources and I'll message right now to give you the next page (PDF) and teach how to get your share!

I believe it can help many people get Great money!
 Tara Janavella

We were approved for a \$10,000 grant!
 Becky McMiller

Your information is the only one I trust.
 Pamela Washington

Let My Commercials sell for *you*, too!

(www.lesko.com)



Selling Matthew Lesko's books can be one of the **easiest** and **most profitable** businesses you'll ever join. Especially since my products are advertised everywhere on National TV.

Imagine not only profiting from **\$3 Million Dollars** worth of TV and Radio advertising, you'll also be helping people improve their lives and even live their dreams!

Your Own Business Is Just Minutes Away!

Sign Me Up to Become a Matthew Lesko Distributor for \$495!

LOOK AT ALL YOU GET:

\$378 Worth of Matthew Lesko's Newest, Fastest-Selling Books & Tapes!

Your Own Money-Generating Web Site!

Everything Else You Need to Make Big Money - Even While You Sleep!

Also included: Distributor's Manual...sample ads, brochures, PR, radio spots, etc...warehousing and order-handling services...sample E-book (*How I Started My Home-Based Business*) to help convert Web browsers into customers - everything you need to make money in dozens of easy ways! ...**virtually FREE!**

“ **Speaking of his famed late-night TV commercials, Lesko said, “I don’t pay for any of those ads.”** Instead he has relationships with media people.” He splits the profits garnered from the commercials with stations and networks like ESPN, that carry his ads. This barter system has worked well for Lesko, keeping his overhead to a minimum. “You make more money if you don’t buy anything,” he said, “My cost of goods sold is really zero.” ”

Excerpt from April 26, 2004 article in “Working Knowledge” on the April 5 speech by Lesko at Harvard Business School

Chapter Four: Selling Customer Lists

In addition to his massive advertising campaign, Lesko's empire also feeds the government-grants industry by selling the names, addresses and other information about the people who buy his books. Lesko is only one of several government-grant services which sells customer information to other companies, including telemarketers who "guarantee" a government grant in exchange for an upfront fee.

While many of these list buyers are legitimate firms, the CPB has discovered at least one instance in which Lesko's customer lists were purchased by a company that was charged with operating a "government grants" scam.

In July of 2003, the Federal Trade Commission settled deceptive practices charges against an Oregon firm, Grant Search Inc. and a related firm, Grant PAC. In a \$2.6 million complaint, the FTC said, "the defendants ... operated a grant-matching business in which they falsely represented that consumers easily could obtain grants from charitable foundations for virtually any reason."

Grant Search Inc. was given a chance to avoid a \$2.6 million penalty if it paid a \$296,000 settlement and agreed not to market government grants in the future. Grant Search and Grant PAC purchased Lesko's customer lists from the list broker Nextmark (see next page).

Another buyer of Lesko customer lists is a Rochester, N.Y. company called National Grants Conferences. The seminars and high-priced products sold by National Grants Conference have been the source of numerous consumer complaints for several years.

Like Lesko's company — "Information USA" — National Grants Conference has an "unsatisfactory rating" from at least one chapter of the Better Business Bureau.

**SCAM
ALERT:**

Attention Lesko Customers—A company from Utah has been calling consumers claiming to represent Matthew Lesko with promises of coaching services & guaranteed grants for fees in the thousands of dollars. ***The only thing you will get from these people is increased credit card debt or less money in your checking account.*** Matthew Lesko and Information USA have no relationship with this company. If you receive such a call, please get as much information as possible and report it to Leskolegal@aol.com



From www.lesko.com

Customer Lists For Sale

Financial Opportunity - Lesko's Secrets To Free Money Buyers

List ID 88404

SEGMENTS

185,121	Total Universe / Base Rate	\$90.00/M
	Counts through 01/03/2003	
6,645	October 2002	\$90.00/M
21,719	3rd quarter 2002	\$90.00/M
23,731	2nd quarter 2002	\$90.00/M
24,722	1st quarter 2002	\$90.00/M
185,121	2001	\$90.00/M
76,029	2000	\$90.00/M

DESCRIPTION

Financial Opportunity Matthew Lesko teaches through his book all the hidden well kept secrets on how to get free money from the government's giveaway programs. Whether it's a loan, grant, government contract, prepaid college tuition, training for a better job or subsidies from the government, the end result is how to get free money!

This blockbuster book educates on how to get free money needed to start or expand a business, wipe out past credit history, secrets that all millionaires have used, beating the system and getting ahead and expert advise and formulas that will lead to a prosperous life. These individuals have started to take control of their lives with this book.

This file is on target for all opportunity offers, as well as credit, lotteries, contests, puzzles, sweepstakes, financial newsletters, computers, supplies & equipment, low-end merchandise catalogs, and multi magazine offers.

American Publishing	Newest Ways to Wealth	Business Consulting Services
Better Living Products	Boardroom Reports	New Voyage Press
Coupon Connection	Conrad Promotions	Demor-Rion
Dundas Systems	Mines Publications	Fiduciary Lists
FPH Communication	Fast2Net	GE Financial Assurance
Grant PAC, Inc.	Global Financial Equities	Success Group
Grant Search, Inc.	GRT	Garden State Life Insurance
HMS Direct	Advanced Marketing Concepts	Harcourt Learning Direct
Independent Marketing	International Teamworks	Jerry R. Callahan
Stefanchik	King Enterprises	Kurt Meyer
Lombardi Publishing	Lincoln Direct Life Insurance	MGM Media Group
MJG Advertising	Printing and Copy Express	Millenium
Mail Order Marketplace	Mutual of Omaha	Mike Warren
National Biz Opp Media	National Grants Conference	National Magazine Exchange
Onlinestores.com	Opportunity World	ACC
Quick Builders	Targetron	UICI Marketing
Wes-State Mortgage		

Customer Lists For Sale

To market their government-grant books, companies like Lesko's Information USA also purchase lists in order to find potential customers. These lists come from debt collectors, debt-repair firms and other companies that deal with people who are facing economic hardships and vulnerable to offers of "free money from the government."

One such company is a New York City publisher, FPH Communications. FPH sells three grant books, including "America's Secret Cash Giveaways" and "Billion Sources Want to Give You Free Cash."

In interviews with the CPB, several buyers of Young's books complained that the information is misleading. That's because most of the "hidden" grants are public-assistance programs that are well-known to people with financial problems.

Likewise, some of the organizations named in these books also object. These organizations have turned away dozens of consumers who come to them looking for cash grants promised in grant guides.

One such organization is Catholic Social Services of Summit, Ohio:

I work for a small nonprofit agency in Ohio. Our agency is included in one of these scam books ("Billion Sources Want To Give You Free Cash") by Stephen Young Communications Publishing.

I've not seen the book, but I've talked with some unfortunate and desperate souls who have requested money from us.

We DO NOT give out money - heck, we barely are able to serve the needs of our clients in our own county.

I feel comfortable in saying that probably 99.9% of the places that are listed don't give out "free cash" as Mr. Stephen Young so eloquently puts it. If any of them do, I'd sure like to know about it, because nonprofit social service agencies need funding all of the time and most certainly aren't handing out "free cash".

Save your money - if you are having financial difficulties, this book isn't going to help you. I would suggest finding a budget management class. There's no such thing as free money.

**An Underpaid Nonprofit Worker
Akron, Ohio
U.S.A.**

Customer Lists For Sale

In the back of one book, Young includes copies of a “cash application request” form — an unofficial form that he invented. Young tells his readers to use this form to apply for cash assistance from groups like Catholic Social Services in Akron, Ohio (see page 23).

The applications shown on the following page were mailed by people who purchased Young’s book for \$23, thinking they could get a grant to pay their personal bills.

Many of Young’s book buyers are now receiving telemarketing calls from a suspected grants scam, “American Grants.” Telemarketers claim the government has hired “American Grants to call taxpayers and tell them they have been selected for grants ranging from \$5,000 to \$25,000 — but only if they give out their checking account numbers and pay a \$249 fee.

“No one ever showed you these giveaways. Not bureaucrats. Not Politicians. Not accountants. AMERICA'S SECRET CASH GIVEAWAYS delivers what they don't want to know. Privileged information you never expected to see. And it comes with a one - year ironclad money - back guarantee. ”

(from Young’s website, www.capitalpublications.com)

One woman in Ohio said the telemarketer hung up because she does not have a checking account. Up until that point, the woman had been assured that she had been selected for a government grant of up to \$25,000.

Federal and other government officials say no telemarketers — or any private company — is paid to contact citizens regarding government funds.

Young said he sells the names and addresses — but not phone numbers — of the people who buy his books. According to Young’s list broker, Macromark Inc., Young has sold the names of his customers to Lesko and other government-grant guides, including Grant Search and Grant PAC. Likewise, Lesko’s list of customers has been sold to Young’s company.

Young said he was not aware that his list had been sold to a telemarketer although Macromark said some companies buy Young’s list and resell them to others.

People who have purchased a government-grants book from Stephen Young and Communications Publishing have used the following "cash applicant request forms" in hopes of receiving some of the "emergency cash assistance" listed in Young's books. These consumers — all of them in serious financial trouble — said Young's "cash applicant request form" was a dead end.

Susan Schweitzer, Director of Development for Catholic Social Services, said her group should not be listed in Young's book because they do not give out cash grants.

CASH APPLICANT REQUEST FORM

to Catholic Social Services of Summit County
640 North Main St.
Akron OH 44310

Gentlemen:

Please consider my application for cash assistance, preferably in the amount of \$410.00 or for assistance in kind.

I would like the assistance for the following purpose: Gas - electric - phone - water - home ins. - car ins. Groceries

I've had to file bankruptcy
So all we have left on my husband's
 Special circumstances: paycheck is \$130.00 to live off
of for utilities and ~~basic~~ groceries. 130.00 every 2 weeks

Please Print All Information Clearly (complete shaded area)

CASH APPLICANT REQUEST FORM

to Catholic Social Services of Summit Co.
640 N. Main Street
Akron OH 44310

Gentlemen:

Please consider my application for cash assistance, preferably in the amount of \$500.00 or for assistance in kind.

I would like the assistance for the following purpose: To help pay off some bill that we got behind on when husband got laid off work

I would be grateful for any help you are able to give. Thank you.

Special circumstances: _____
Use reverse side if you need more space

CASH APPLICANT REQUEST FORM

to: Catholic Social Sers of Summit Co.
640 N. Main St.
Akron, OH 44310

Gentlemen:

Please consider my application for cash assistance, preferably in the amount of \$ 5000.00 or for assistance in kind.

I would like the assistance for the following purpose: To purchase a vehicle so that I can seek gainful employment. My car was totaled in an accident and I was on my way to a job interview that required reliable transportation.

Special circumstances: I have 2 children that I must support.
Use reverse side if you need more space

Gentlemen:

Please consider my application for cash assistance, preferably in the amount of \$ 500.00 or for assistance in kind.

I would like the assistance for the following purpose: MEDICAL NECESSITIES
I AM UNINSURABLE AND I NEED TO GET MY PRESCRIPTION'S REFILLED AND ALSO MAKE A PAYMENT TO MY DOCTOR.

Special circumstances: I AM AN INSULIN-DEPENDANT DIABETIC
Use reverse side if you need more space

Conclusion

To Lesko's credit, his website and newsletter list several government programs and services without charge. He also makes it clear that the information he sells is — and always has been — available free of charge in libraries, from government agencies and on numerous websites.

The federal government now has two websites designed to bring consumers easy access to information on government grants (www.FirstGov.gov) and for information on benefit programs for low-income families, veterans and others (www.GovBenefits.gov).

The information on these websites underscores the CPB's concerns that advertising for various guides to government grants is wildly exaggerated. Not only are discretionary and competitive grants far less than the billions advertised by Lesko and many others, none of this is "hidden money" to "pay your bills." Lesko's co-author, Mary Ann Martello, confirmed that to the CPB even though it is not disclosed in Lesko's advertising.

Offering refunds and money-back guarantees does not balance misleading advertising. This misleading advertising, operating on a massive, nationwide scale, has established a widespread misconception that is helping grant scams thrive and multiply.

Feeding these scams even more-directly are business practices such as the selling of customer lists and the creation of distributorships where even-wilder claims are made about government grants.

The New York Times has asked Lesko to stop advertising himself as a columnist the New York Times. Good Housekeeping is considering the same action, according to a spokeswoman.

Wearing a wild suit may be good marketing. But making wild, misleading claims about government grants is bad business.

Source Material

YAHOO! FINANCE 

[Search](#) - [Finance Home](#) - [Yahoo!](#) - [Help](#)

Welcome [[Sign In](#)]

To track stocks & more, [Register](#)

Financial News

Enter symbol(s)

Basic

[Symbol Lookup](#)

Press Release

Source: Government Publications

President Bush Announces Grants, Loans and Job Training

Tuesday March 30, 2004 5:00 am ET

New Programs Reveal Grants, Loans and Job Training for the Unemployed

WASHINGTON, DC--(MARKET WIRE)--Mar 30, 2004 -- In a recent press conference, President George W. Bush announced his commitment to help unemployed Americans find jobs. He said, "I have asked Congress to help create what we call Personal Re-employment Accounts." Under this program Americans who face the greatest difficulties finding work will receive up to \$3,000 to use in their job search.

If you are recently unemployed or credit problems are holding you back from starting a business, buying a home or new car, here is important news. Government and private lending institutions are now joining forces to stimulate the national economy and make it easier for people with poor credit ratings to get low interest loans.

In addition to new financial resources to help the unemployed re-enter the job market, "billions of loan and grant dollars have been earmarked for people previously identified as credit risks," announced Terry Newborn, a researcher for Government Publications based out of Washington, DC. Money is available to purchase homes, cars, start a business, and consolidate debts and many other purposes.

For more information log on to: <http://www.govpub.org> or <http://www.capitalpublications.com> or call 800-306-0873 or 800-416-0712.

Contact:

Contact:
Government Publications
Terry Newborn
1025 Connecticut Ave., Suite 1012
Washington, DC 20036
Phone: 202-554-0088
Fax: 202-554-7973
E-mail: promo@govpub.org
Website: <http://www.govpub.org>

From: "Mary Ann Martello" <martello@columbus.rr.com>
10/11/2004 09:48 AM

Jon,

Here is my response to your request for information on Matthew Lesko's commercial. I am still not sure which one you heard, but Matthew does say that there are over \$350 billion worth of taxpayers funds that you can use. The following figures are just some of the money out there. Each state has a housing council which has millions to give for first time homebuyers and other programs to help people purchase a home. Each state also has millions to give for money for education. I didn't even go into money to start a business or state job training funds. This is just really a handful of federal programs that get over the total Matthew states. Let me know if you have any other questions.

Mary Ann

The Department's Federal Student Aid (FSA) programs are the largest source of student aid in America. If you're interested in financial aid for college or a career school, you've come to the right place. These programs provide more than \$60 billion a year in grants, loans, and work-study assistance. Read on to find out more and to find out how to apply for this aid.

<http://studentaid.ed.gov/PORTALSWebApp/students/english/funding.jsp?tab=funding>

\$241 Billion for Medicare

<http://www.cms.hhs.gov/charts/series/sec3-C.pdf>

Medicaid Spending

\$224.8 Billion

http://www.cms.hhs.gov/charts/medicaid/InfoMedicaid_schip.pdf

\$18.2 Billion in Food Stamps

<http://www.fns.usda.gov/fsp/faqs.htm>

The Weatherization Assistance Program's metrics involve simply the amount of funding provided to the states and the number of homes weatherized. Since the states manage their respective programs, the funding and number-of-homes metric reflects what is accomplished in the [states](#).

Funding has increased over the past two years reflecting the White House's support for this program. The total allocation for FY 2004 is [\\$227 million](#).

http://www.eere.energy.gov/weatherization/prog_goals.html

Job Training funds

On February 3, 2004, the President's FY 2005 budget request was submitted to Congress. [ETA's request for FY 2005](#) totals \$11 billion.

<http://www.doleta.gov/budget/>

\$30.4 Billion for HUD (housing budget) Donna White HUD Press office 202-708-0685

"Mary Ann Martello" <martello@columbus.rr.com>

10/18/2004 08:31 AM

To <Jon.Sorensen@consumer.state.ny.us>

cc

bcc

Subject Re: Lesko and \$350 Billion

Jon,

Matthew would say that money the government gives you to pay other bills frees up money to pay your credit bills. There is no money the government will give you to directly to pay down your credit bills, but the \$800 in food stamps frees up that money for other bills. The same holds true for the heating assistance, child care funds, and health insurance coverage. According to the Cash and Noncash Benefits for Persons With Limited Income (a report published by the government), "More than 80 benefit programs provide aid in cash and noncash form that is directed primarily to persons with limited income." This does not include Social Security or Medicare. The amount they give for the total benefits equals \$522.2 billion for FY 2002. This figure does not even include any business assistance programs, state college funds (state college funds which at one point we totaled to 7 Billion), and the state housing assistance programs that provide down payment and closing cost assistance to low and middle class home purchasers.

In addition to the programs I already gave you:

\$6.4 Billion for child care from the Child Care and Development Block Grant

\$27.8 Billion in Earned Income Tax Credit

\$5.1 Billion in Child Tax Credit

\$2.5 Billion in Adoption Assistance through Social Security Act

\$4.8 Billion for the State Children's Health Insurance Program

Mary Ann



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Nancy Richman
Lee K. Ruffaterra
Alison C.M. Zoellner

November 11, 2004

Mr. Matthew Lesko
3909 Prospect St.
Kensington, MD 20895

c/o Information USA
2188 Keller Place East
Columbus, OH 43123

Mr. Lesko:

I am trademark counsel for *The New York Times*.

It has come to our attention that on your website, www.lesko.com, and your press releases you have been promoting your products by saying you are a columnist for The New York Times. Our research indicates that you have never been a columnist for The New York Times. Although your column was syndicated and distributed by The New York Times Syndicate between 1992-1994, this does not entitle you to claim that you are presently a syndicated columnist. Given the passage of time, it is misleading and deceptive for you to promote any association with either The New York Times or The New York Times Syndicate. Therefore, we ask that you immediately remove any reference to The New York Times from your website, your press releases and any future book jackets.

Please let us hear that you have complied within the next seven (7) days.

Sincerely,

Nancy E. Richman

NER:eh

Excerpts of telemarketing call to a CPB investigator from the "Government Grant Information Guide"

INVESTIGATOR: "What am I going to get for the \$257?"

TELEMARKETER: "Every year U.S. government used to give 20 million grants to its citizens and this year they have decided to give 1.5 trillion dollars as the grant amount. You are one among them who have qualified to receive it. So you are guaranteed to receive \$8,000 and you can receive up to \$25,000. Got it?"

INVESTIGATOR: "Okay....umm...and so..."

TELEMARKETER: "... for which you have a one-time processing fee of only \$257."

INVESTIGATOR: "What can I use the grant for?"

TELEMARKETER: "You can use the grant for any purpose for 240,000 grant programs. You can select your own program which suits you and you can apply for this. Pretty soon you will receive the grant money.

"In case we feel it is a very good purpose you can get up to \$25,000. Even if we feel it is a not a very good purpose, you are guaranteed to receive the minimum \$8,000. and you can use it like education, improve your house, buy a new house, double-up your business and overall clean-up your bills."

INVESTIGATOR: "And after I apply for this, you'll decide how much I'm going to get based on what I want to use (the grant) for?"

TELEMARKETER: "Yeah. Exactly."

INVESTIGATOR: "So what you need is my checking account number?"

TELEMARKETER: "You have a checking account number? Okay. What I'm going to do is connect you to a vocal verification where you will be interacting with my computer and it will ask you questions like your name, your address, your bank name, your numbers, everything.

"And you have to give all the answers loud and clear and then it will give you a seven-digit confirmation ID number and your area toll-free number. Okay?"

INVESTIGATOR: "So tell me, how many people are getting this opportunity?"

TELEMARKETER: "Twenty million people have been qualified...because every year U.S. government used to give 20 million grants. But the thing is there is going to be a lot of variation (with) the money they're going to receive.

But we are guaranteeing this for \$8,000. No matter what, they will receive \$8,000.

Transcript excerpts -- Page Two

INVESTIGATOR: "But you're not the government, correct?"

TELEMARKETER: "Pardon me?"

INVESTIGATOR: "You don't work for the government, do you?"

TELEMARKETER: "We are government, the federal government ... okay?"

INVESTIGATOR: "Okay, so you're a government employee?"

TELEMARKETER: "I am a verification officer for Government Grant Information Guide. We are the only company authorized to give this package."

INVESTIGATOR: "Oh, all right. So it's a company. In St. Petersburg?"

(Telemarketer gives more information about the process and billing)

TELEMARKETER: "So if you have any doubts about them, call the toll-free number right now and clarify any doubts you have."

(Calls to the toll-free number -- 800-595-2304 -- went unanswered and no calls were returned because a taped message said the line's mailbox was full)

TELEMARKETER: "And even if you have a mere doubt before paying the processing fee, also you can cancel it because we are helping you out to receive your own grant money, got it?"

INVESTIGATOR: "How do we cancel then?"

TELEMARKETER: "You have to call the toll-free number if you're not satisfied you cancel it right there."

(The consumer doesn't have time to decide because the company processes the billing before anything is received by the consumer. Banks are reluctant to cancel these transactions because they are processed automatically without a paper check being written.)

INVESTIGATOR: "You're going to give me the toll-free number?"

TELEMARKETER: "Yes. My computer itself will give you the toll-free number right now ... Please be on hold"

(beep tone)

(After asking for the investigator's name, address, checking account and routing number, the ugly truth is revealed: you will not be receiving an actual government grant.)

COMPUTER: "We will provide you with our Guide to Government Grants which is a simple guide to financial freedom."

"You do understand that this is all public information and we are simply sending you a guide to assist you in finding the correct grant for you and putting you in the right place. Correct?"

INVESTIGATOR: "Yes."

COMPUTER: "The cost for providing you with the Guide to Government Grants is \$257. You will receive your package within two or three weeks after your debit date. ... You do authorize your account the one-time fee of \$257 (on Aug. 24th). Correct?"

INVESTIGATOR: "Yes."

(COMPUTER provides more information on the charges and processing)

COMPUTER: "If you are unable to receive a grant within eight months after working and following the steps in the Guide, please contact our customer service department and provide at least three grant denials and we will provide you with a simple refund worksheet. Upon return of your worksheet and your package, you will receive refund minus a 15 percent processing fee. ..."



Give The Gift Of Free Money
Signed, Autographed Copy Of Matthew Lesko's Best Selling Book

[CLICK HERE](#)