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## BARN DOORS LOCKED AFTER MULTI-MILLION-DOLLAR LAND SALES RIPOFFS

Deceptive and fraudulent land selling schemes popped back into the news last week with federal government actions against three of the largest companies in this business. The actions and companies:

-- Great Western United Corporation of Denver, the target of a consent judgment of the Federal Trade Commission requiring the company to refund up to \$4 million to purchasers of land at California City, Calif.; Colorado City, Colo., and Cochiti Lake, N.M.

-- ITT Community Development Corporation and Palm Coast Inc., target of an FTC consent order requiring certain disclosures to purchasers and construction of particular facilities to improve the value of land already sold. ITT also is prohibited from misrepresenting conditions at Palm Coast.

-- Rio Rancho Estates, a subsidiary of AMREP Corp., and four top executives of Rio Rancho, found guilty of conducting fraudulent schemes in the sale of undeveloped land in New Mexico. Thousands of investors paid approximately \$200 million for lots.

The Great Western settlement also requires the company to commit up to \$16 million to be spent over 10 years for capital improvements.

The cash settlement, the largest ever obtained by the FTC for refunds, makes \$4 million available to people who bought land between January 1, 1972, and the current date of the judgment.

The \$16 million is to be spent on roads, electricity, water, gas and sewage facilities, recreational facilities, stores and commercial buildings.

The company is also required to include in all future advertising a statement saying: "You should consider the value of any of our land to be uncertain. Do not count on an increase in value."

In addition, the company must pay a \$50,000 civil penalty to the U.S.

ITT Community Development Corporation and Palm Coast Inc. are forced to stop misrepresenting the risks, value and soundness of land offered for sale and stop misrepresenting the proximity to waterways, major roads, shopping and recreational facilities.

The company is also required to inform each purchaser about the right to cancel the sale within three business days and receive a full refund. ITT is required to construct similar facilities to those required of Great Western United Corporation.

Rio Rancho and its executives, plus the parent firm, AMREP Corp. and ATC Realty Corporation, were all convicted of 25 counts of fraud in a jury trial at New York City last Monday. The company bought 91,000 acres of arid land and sold lots for as much as \$11,800 per acre as "homesites."