

# **EXHIBIT 4**

FOR RELEASE: FEBRUARY 7, 1994

FIRM AGREES TO PAY \$1.2 MILLION IN CONSUMER REDRESS  
TO SETTLE FTC CHARGES IT MISREPRESENTED  
INVENTION PROMOTION SERVICES

Invention Submission Corporation of Pittsburgh, Pennsylvania, has agreed to pay \$1.2 million for consumer redress as part of a settlement of Federal Trade Commission charges it misrepresented the nature, quality, and success rate of the invention promotion services it sold to consumers. The FTC had alleged that despite the company's representations to the contrary, virtually none of its customers earned more from their inventions than they paid for the promotion services. In addition to the redress payment, the settlement would require the company to provide to prospective clients, on initial contact, an affirmative disclosure of its success rate, and to give consumers a right to cancel their contracts and obtain refunds.

The FTC's April 1993 complaint detailing its allegations also named Western Invention Submission Corporation, Intromark Incorporated, and the parent company of all three, Technosystems Consolidated Corporation; as well as Martin S. Berger, who is the sole officer and director of the firms (collectively, ISC.) All of the defendants are located in Pittsburgh.

According to the complaint, ISC sells a variety of invention promotion services to individual inventors in up to three stages. First, the company prepares a "Basic Information Package" concerning the idea or product, for \$395 to \$590. In the second stage, the complaint states that the defendants offer to provide

- more -

(Invention Submission-2--02/07/94)

certain promotional services under a "Submission Agreement," at a cost ranging from \$3450 to \$4890. Third, ISC provides any leads it may receive on a client's idea to Intromark, which allegedly attempts to negotiate a license for the idea or invention. According to the complaint, clients agree to share with ISC a percentage of any payments received as a result of the company's services.

The FTC charged that ISC made numerous misrepresentations about the success rate and financial gains achieved by its customers. The FTC charged also that ISC misrepresented that it would evaluate or appraise the merit or marketability of its clients' ideas or inventions, and misrepresented that it has specialized, valuable access to manufacturers. In addition, the FTC charged that ISC misrepresented its background, qualifications, experience, and expertise as invention promoters.

The proposed consent decree to settle these charges would permanently prohibit ISC from misrepresenting its background and experience in the invention promotion field, as well as any material aspect of its services or business practices. It also would prohibit the defendants from misrepresenting the financial gain or success that has been or will be achieved by its clients,

and would require them to disclose the actual success rate whenever they make earnings claims.

Specifically, the proposed settlement would prohibit ISC from misrepresenting that the Basic Information Package is an evaluation or appraisal of a client's idea, or that ISC will evaluate the merit or marketability of clients' ideas in determining whether to offer services to clients. Further, ISC would be prohibited from representing that it has specialized, valuable access to business organizations, or that it has been asked to find new product ideas for a business, unless it discloses the nature of that access or arrangement.

In addition, ISC would be prohibited from misrepresenting that the processes it uses to search for potential licensees will identify those who are reasonably likely to be interested in bringing clients' inventions to market.

ISC would be required to affirmatively disclose actual success rate information upon initial contact with each prospective client. In addition, ISC would have to inform clients that it does not evaluate the merit or marketability of client's ideas, and that ISC cannot guarantee success or profit from the marketing or licensing of clients' new products.

(Invention Submission-2--02/07/94)

Further, ISC would be prohibited from misrepresenting:

- that the completion of the Basic Information Package requires a substantial amount of research, drafting, or other preparation;
- that the New Product Submission materials contain information that manufacturers or potential licensees consider necessary or valuable in determining whether to license or market the idea;
- that seeking patent protection for an invention or idea is undesirable or unnecessary, and that ideas for which proprietary protection cannot be obtained can still be successfully marketed;
- that ISC will assist clients in obtaining a patent (rather, ISC would be required to advise clients seeking patent advice to consult an independent patent attorney);
- that clients' ideas or products will be effectively promoted at trade shows; and
- the value, or exposure to potential manufacturers that clients may realize by having their ideas included in the company's new product advertisements or catalogs.

In addition, ISC would be obligated to furnish a Notice of

Cancellation along with all contracts sent to clients, permitting them to cancel their contracts, by certified mail, within seven business days of signing or mailing them to ISC.

Further, ISC would be required to investigate and resolve any written complaints received from clients who entered into a contract with ISC after the date the proposed settlement is approved. If such a complaint alleges that any provision of the settlement may have been violated, ISC would be required to rescind the contract and refund all monies paid by the client.

In addition, the defendants agreed to pay the \$1.2 million over the next two years into a consumer redress fund.

The FTC filed the proposed settlement in the U.S. District Court for the Western District of Pennsylvania, in Pittsburgh, today. The settlement requires the court's approval to become binding on the defendants.

The Commission vote to file the proposed settlement was 5-0. The FTC's Boston Regional Office is handling this matter.

The FTC has a consumer fact sheet available with tips on evaluating invention promotion firms. Single, free copies are available from the address below.

(Invention Submission-2--02/07/94)

NOTE: A consent decree is for settlement purposes only and does not constitute admission of a law violation. A consent decree has the force of law when signed by the judge.

Copies of the proposed consent decree, the news release announcing the charges in this case, and the fact sheet for consumers, are available from the FTC's Public Reference Branch, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-326-2222; TTY for the hearing impaired 202-326-2502.

# # #

MEDIA CONTACT: Howard Shapiro, Office of Public Affairs  
202-326-2176

STAFF CONTACT: Phoebe D. Morse or Pamela J. Wood  
Boston Regional Office  
10 Causeway Street, Room 1184  
Boston, Massachusetts 02222  
617-565-7240

(Civil Action No. 93-0616)

(FTC File No. 882 3060)

(isc-2)