

Wealth creation property spruiker made false or misleading representations

We Buy Houses promoted strategies throughout Australia via published material, seminars, boot camps and mentoring programs. Consumers were enticed by these false or misleading representations to attend training programs, including paid boot camps and mentoring.

Following ACCC action **the Federal Court found that We Buy Houses and its sole director, Rick Otton did not have a reasonable basis** for representing that, by following its strategies, consumers could:

- buy a house for \$1, without needing a deposit, bank loan or real estate experience, or using little or none of their own money
- create passive income streams through property and quit their jobs
- build a property portfolio without their own money invested, new bank loans or any real estate experience, and
- start making profits immediately and create or generate wealth.

The Court found that We Buy Houses failed to sufficiently inform consumers that the strategies could only realistically be successfully implemented by a consumer who already owned real estate, or who was able to finance a bank loan.

The Court also found that Mr Otton had made false or misleading representations that he had successfully implemented the wealth creation strategies he taught. In addition, a book authored by Mr Otton, and websites operated by We Buy Houses and Mr Otton, included testimonials from 'students' claiming they were able to buy a house for \$1 which the court found were false or misleading.

"We Buy Houses sold a lie to vulnerable consumers that home ownership could be achieved easily through strategies taught by Mr Otton," ACCC Deputy Chair Delia Rickard said.

"Around 2,000 consumers spent around \$3,000 per ticket to attend Mr

Otton's boot camps, and approximately 700 consumers participated in the mentoring program at a cost of up to \$26,000."

"Today's judgment sends a strong message to 'property spruikers' that they must not make false or misleading representations about the success and profitability of their 'wealth creation strategies' to induce consumers to pay significant sums to learn about them," Ms Rickard said.

"Consumers who attended We Buy Houses seminars, boot camps and mentoring should be aware that, in her judgment, Justice Gleeson stated that for ordinary consumers seeking to achieve the outcomes represented by We Buy Houses and Mr Otton, the free seminars were a waste of time, and that the boot camps and the mentoring programs were an expensive waste of time."

Her Honour also said: "I formed the view that Mr Otton was a very unreliable witness who was prepared to maintain or defend statements that were obviously untrue or misleading and who is habitually careless with the truth in making statements and claims designed to promote [his and We Buy Houses'] business interests."

The Court held that Mr Otton knew and approved of all the materials published by We Buy Houses, and was both knowingly concerned in and a party to the conduct of We Buy Houses.

The ACCC will now prepare the matter for a hearing seeking relief against both We Buy Houses and Mr Otton, including penalties, and a disqualification order against Mr Otton.