

The PHONE BOOK SCAM

By Mark Toriski

In May of 2007, more than 50 area law firms, medical centers, merchants, and restaurants were anticipating the release of the new Erie County Yellow & White Pages. Those businesses showed their support of the new venture by collectively purchasing hundreds of thousands of dollars in advertising to be in the book's inaugural edition. The books were touted as being the only phone books to be widely distributed across Erie County, and advertising rates were

50% less than local competitors. The deal seemed too good to be true... and it was. Today those businesses are still waiting to see the new Erie County Yellow & White Pages published.

A Matter of Trust

Robert Melzer may have single-handedly and permanently changed the faith and support the Erie community used to show new venture companies—and all it took was unbeatable prices and promises of a wide distribution range. When Melzer's business, Ram Publishing Company, came to Erie in 2006, it offered a product Erie County had never seen before. The new Erie County Yellow and White Pages would be the first phone directory to circulate across the entire county and undercut the rates of local competitors—up to 75% in some cases.

“I thought the new directory was the best thing that could ever happen to this community,” says John (last name withheld per request), a former sales associate for Ram Publishing. “Erie has one of the highest yellow-page price rates in the country. At the time, I had worked in the Erie market for six years and had seen a lot of money being taken from businesses. The new venture was a viable situation that could have worked.”

John says Melzer considered him Ram's top salesman. He worked with the company for almost nine months, bringing in more than \$150,000 in sales revenue. Business clients seemed to have faith in John, and John seemed to have faith in Melzer. “I never envisioned the phone book not happening. I really don't believe that from the beginning he had intentions to hurt anyone,” says John. “Melzer was



a generous person. He treated his staff to business lunches and made promises of trips and rewards for top sales staff.”

One of the first people to advertise with the phone book was a high-profile Erie law firm. Melzer had the right sales tools in place to sell a new phone book in Erie. John recalls seeing a phone book Melzer printed for his native Madison, Ohio, and a prospective cover for the new Erie County Yellow & White Pages that was taken to sales meetings. To add trust and legitimacy to his sales team, Melzer hired many sales associates who had previously been representatives for the Erie Verizon Yellow Pages and The Talking Phone Book. The law firm signed on for a lucrative spot in the book at an undisclosed sum. The firm’s advertising presence created a ripple effect in the Erie area as businesses quickly began buying advertising.

The proposed printing date of May 2007 came and went without anyone seeing the new Erie County Yellow & White Pages. When businesses started to question the book’s whereabouts, Melzer would continually explain that unexpected printing delays were holding up release of the books. Melzer made promises in June, July, August, and September that the book was coming. And that was not the first time promises had been made.

Ram Publishing first came to the attention of the Cleveland Better Business Bureau (BBB) in 2004. The Cleveland BBB website reports, “Complaints were received from Cleveland area businesses that purchased ad space in a phone directory being published by Ram Publishing Company. These complaints alleged the

directory was not published by the promised date and Ram’s owner cited financial difficulties for the delay. The promised directory was not published and businesses did not receive refunds or returned calls from Ram.” The website goes on to reveal that the BBB had begun receiving complaints from Erie businesses as early as June 2007. Melzer told his Erie sales associates he was issuing refunds to the Ohio businesses. That has yet to happen.

Frustrated with the growing concern and complaints over the missing phone books, John and another sales associate drove to Melzer’s home in Madison, Ohio. The two men confronted Melzer, demanding to see contracts from printers to show there was, at the very least, proof that attempts were made to publish the books. When Melzer had nothing to show, John knew it was over. Reputations were ruined, businesses were jeopardized, and hundreds of thousands of dollars were gone.

Scorned Businesses Take Action

Jeff Connelly was tired of waiting to see his advertisement. His law firm, the Connelly Law Office, purchased a white page ad from a Ram sales associate on March 30, 2007, for \$1,609. The firm paid only half of the cost of the ad. As the months wore on and no phone book came in sight, Connelly grew more frustrated. He sent a letter to Melzer’s Madison, Ohio, residence on September 11, 2007, asking for a refund. Melzer’s response was a letter issued to all of his clients on September 17, 2007, stating the usual “we will publish and deliver soon.”

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Eight months ago, Connelly decided to take the next step and is trying to file a class-action law suit against Melzer and Ram Publishing. He is currently in the process of finding all the information on what he believes is a scam, asking for copies of all Ram sales contracts, financial records, a full list of employees, and other documents. Melzer has been served with a complaint but has not been respondent. The next step in the case is for Connelly to prepare questions and a request for records from Melzer. Connelly expects to have a written request prepared in a matter of weeks, but does not expect a response from Melzer. “He will have 30 days to respond, but I have a feeling he’s not going to answer, and I’m going to have to get a court order,” says Connelly. “A court date is dependent on how fast he responds to the information. I have no idea when we are going to trial.”

Connelly says he has no exact figure to show how many businesses were affected or how

CRIME

C much money was lost, but he has 41 businesses willing to be named plaintiffs in the case. Bradley Foulk, Erie County District Attorney, states the DA's office has received no request for a criminal investigation into the practices of Ram Publishing, but he remains stunned by the case. "I can't recall a widespread case like this in Erie," says Foulk. "It seems like an attempt to fraud everyone. It should be viewed as a criminal matter."

Like Connelly, Mike Kerner, Director of Marketing for Erichson Hearing Aid Center, chose to take matters into his own hands. Kerner purchased a \$1,600 advertisement from a Ram associate. After growing frustrated with the lack of phone books, Kerner spoke to Melzer and asked him

for the name of the alleged printer in Chicago. "I called the printer," says Kerner, "and they had never heard of Ram Publishing."

By Christmas of 2007, Kerner was infuriated. He told Melzer he could expect to see him at his house if he wasn't issued a refund. "I told him I'd show up," states Kerner. "My intentions were something else, but I went to Ohio and waited for him. When I finally saw him, I told him I would come every week if I had to. I have friends up there so it would be no problem to drop by. He said the books were still being published."

Kerner noted that Melzer's house was undergoing a massive remodeling project. He is still curious about the financing for such an endeavor.

Linda Tolhurst,

owner of For Art's Sake Gallery and Frame Shop in Fairview, was excited about a new phone book that would feature the advertisement she purchased. For the past two years, an error at the Verizon Yellow Pages accidentally omitted her business from the publication. "I wasn't listed in any phone books in the Erie, Girard, or Fairview areas," says Tolhurst. "I lost quite a lot of business. I'm still suffering."

Larry Klingensmith, owner of Larry Klingensmith Insurance Agency spent a little over \$8,000 advertising with Ram. When he realized the phone books weren't going to arrive, he was forced to place last-minute advertising with other area directories. He spent his budget, because he thought he was going to save money.

"Robert Melzer is the type of person that, in the back of your mind, you don't want to believe is there, but unfortunately he is," says Connelly. "I prefer to believe people do the right thing and are inherently good, and I'm surprised when people aren't, but I'd rather be surprised than to live my life suspecting people and thinking the worst of them."

The Fallout of a Scam

David (name changed per request) was hired by Melzer in October of 2006 as one of Ram Publishing's sales associates. His hiring was part of a massive "house cleaning" at Ram. Melzer was in the process of replacing his entire sales team, having fired everyone less than a month before, for "Bartering ads for their own personal gain," David was told. David, certain the



The New Erie County Yellow & White Pages



September 17, 2007

Dear Customer:

As you know, *The New Erie County Yellow and White Pages* have been greatly delayed. It was an unforeseen situation that will not repeat itself. My remedy for the 2007 directory is with a new printer and now scheduled for delivery between the end of September and mid-October. To regain your confidence in *The New Erie County Yellow and White Pages*, we will place your current ad at no cost to you for the 2008/2009 edition, which will appear next September 2008. We will get back on track for the 2009/2010 directory as a May/June delivery. I have taken several steps in order to provide better service for you including free advertising and giving you two years of FREE participation with our web-site, which is listed on the front cover of this years directory. The web-site offers the consumer the opportunity to see your ad on their computer. In order for the consumer to advance to your web-site, you must provide your web address to us.

It has always been my goal to give you greater distribution, a major cost savings and to force the competition to lower their prices. I do believe this is beginning to work. The competition is claiming that we may not produce a directory, however due to their uncertainty, I understand they are lowering prices and giving better deals. Let me assure you, WE WILL PUBLISH and DELIVER SOON!

If you have other concerns, please e-mail me at rampubco@aol.com and I will personally answer all e-mails. Sorry, my staff is on temporary lay off and I am not in the office too often while waiting delivery of this years books, therefore the phones are not personally being answered very often.

Sincerely yours,

Robert Melzer

Robert Melzer
President & CEO

commissions he would receive would be enough to support his family of four, quit his job at a local telemarketing company.

During his nine months with Ram, David sold over \$100,000 to various companies, including local carpet stores, cleaners, and car dealerships. He insists the business seemed legitimate at the time. Any doubts he had were overshadowed by the amount of money he was making.

In May of 2007, when the new Erie County Yellow & White Pages were supposed to be published, David was one of three consultants who were instructed by Melzer to begin selling in Buffalo, New York. John, who chose not to sell in Buffalo, tried to tell Melzer that the same sales angle used in Erie would not work in Buffalo, because price rates there were already significantly less than Erie's. The sales associates were several weeks into selling in the Buffalo market, when Melzer suddenly vanished. He never paid his employees for the last several weeks of work. Ram Publishing still owes David \$3,800. He has not heard from Melzer since June of '07 and has since returned to his telemarketing job.

"That really hurt some of the sales people who have been selling in this area for years," says Connelly. "Some of their clients in this situation were people they have had accounts with for years. Those poor salespeople are now looked at differently. That's where the most damage has been done."

John has stopped selling in the Erie area. He, along with other former Ram sales associates, has chosen to work out of the region. "This deception ruined

my reputation," he states. "Some people know I had no power in the situation, so they are not holding it against me, but when so much money has been lost, you don't want to face people."

David says he has consulted with several attorneys about filing a defamation of character suit, but has been instructed against it. "I still receive phone calls from business owners looking for the phone books," he reveals. "I've been doing sales for most of my life, and now my reputation has been scarred. I've been threatened with lawsuits over this matter."

Ram Publishing has forever changed the way Erie will look at a start-up company. Erichson Hearing Aid Center no longer accepts drop-in sales calls and will meet only with certain sales executives. Larry Klingensmith Insurance Agency also remains skeptical of committing to anything, requiring proof of publication before paying up front. The level of trust is gone, and many people are not willing to be as accepting of new businesses. People coming to Erie with new ideas are going to have to jump through a few more hoops than before to get seen and heard.

"It's not so much the loss of money, but the way businesses have been affected. If the phone books were printed now, it still wouldn't change anything," says Connelly. "That year is gone, and those businesses lost money and faith. There's nothing Mezler can do to make up for it. It's has made people more aware, and they will be more careful in the future."

Attempts to reach Robert Melzer for comments were unsuccessful.

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