

**Subject:** NewsBud

**Date:** Wednesday, February 23, 2011 10:28:15 PM ET

**From:** Arman Patel

**To:** Flowers Canada Retail

February 23 , 2011 Send us an email



# NewsBud

**GROWING YOUR BUSINESS TOGETHER**

**FTD PARENT COMPANY UNTD BEING INVESTIGATED FOR POSSIBLE SEC VIOLATIONS**

[United Online, Inc. under shareholder investigation over possible securities laws violations](#)

Investigation for investors in shares of United Online, Inc. (NASDAQ:UNTD) over possible violations of securities laws announced - UNTD stockholders should contact the Shareholders Foundation at [mail@shareholdersfoundation.com](mailto:mail@shareholdersfoundation.com)

(Following a recent Senate report concerning "Aggressive Sales Tactics on the Internet and Their Impact on American Consumers" an investigation on behalf of United Online, Inc. UNTD over possible Securities Laws violations by United Online and its Chairman and CEO Mark R. Goldston was announced.

If you purchased United Online, Inc. (NASDAQ:UNTD) stock, including those who purchased UNTD shares between May 1, 2007 and November 17, 2009, and/or if you have any information relating the investigation including those who are former employees and/or whistleblowers, you have certain options and you should contact the Shareholders Foundation at [mail@shareholdersfoundation.com](mailto:mail@shareholdersfoundation.com) or call +1(858) 779 - 1554.

The investigation by a law firm concerns whether United Online, Inc violated the Federal Securities Laws by issuing false and misleading statements between May 1, 2007 and

**CONTENTS**

**FTD Parent Company UNTD Being Investigated for Possible SEC Violations**

**Double-Digit Increases Dominate Valentine's Day Preliminary Survey**

**FTD Defends Groupon Deal and Addresses the Fiasco of Last Week**

**Valentine's Day Over - Plan for Next Year NOW**

**Floral Design School at University of Guelph**

November 17, 2009.

United Online's 12 months Total Revenue rose from \$533.65million in 2006 to \$990.13million in 2009. Its Net Income rose from \$41.23million in 2006 to \$70.08million in 2009. But during 2008 United Online, Inc. had to report a Net Loss of \$94.66million. For the first three quarters in 2010, United Online, Inc. reported a combined nine months Total Revenue of \$687/95million with a combined nine months Net Income of \$37.34million. Shares of United Online, Inc. (NASDAQ: UNTD) traded during 2006 as low as \$10.24 but then increased to \$17.21 in June 2007. During 2008 UNTD traded still as high as \$12.23 but fell during 2009 to as low as \$3.93 per share in March 09.

The investigation by a law firm also concerns whether United Online, Inc. and its CEO Goldston materially inflated United Online's reported revenue by using Internet scams designed to mislead consumers.

On November 17, 2009, the Senate issued a report entitled "Aggressive Sales Tactics on the Internet and Their Impact on American Consumers" describing misleading sales tactics, and finding that E-Commerce companies knew that these aggressive sales tactics were harming their customers.

According to the Senate report United Online Inc. agreed to let Affinion, Vertrue, and Webloyalty sell club memberships to consumers as they were in the process of buying movie tickets, plane tickets, or other online goods and services. According to the report misleading "Yes" and "Continue" buttons caused consumers to reasonably think they were completing the original transaction, rather than entering into a new, ongoing financial relationship with membership clubs operated by Affinion, Vertrue, or Webloyalty.

In addition, so the report, even more misleading and confusing was that United Online, Affinion, Vertrue, and Webloyalty used a "data pass" process to automatically transfer consumers' credit or debit card information from the familiar web seller to the third-party membership club so that consumers did not know that they were entering a new, ongoing financial relationship with an unfamiliar company. After a 30-day "free trial" period, Affinion, Vertrue, or Webloyalty began charging the consumer a monthly fee of \$10-\$20 until the consumer cancels the membership, so the report.

The report claims that using aggressive sales tactics to enroll consumers in unwanted membership clubs is a billion-dollar business and Affinion, Vertrue, Webloyalty and their e-commerce partners have earned over \$1.4 billion in revenue by using aggressive tactics to charge Internet shoppers for club membership programs. According to the report hundreds of well-known websites and online retailers have earned hundreds of millions of dollars employing aggressive online sales tactics, and [Classmates.com](http://Classmates.com), owned by United Online, INC since 2004, has made more than \$70 million using these controversial practices.

According to an article in PC World magazine with the title : "Just Cancel the @#%\$\* Account!" PC World magazine field-tested several companies to determine how easy or difficult it was to cancel their service and [Classmates.com](http://Classmates.com) was one of the companies that received their worst rating. In August 2010, New York Attorney General Andrew Cuomo announced a settlement with six companies, including Classmates, as part of a probe into the discount club industry. [Classmates.com](http://Classmates.com) was among the retailers that agreed to pay \$2.1 million toward refunds and consumer education. Furthermore [Classmates.com](http://Classmates.com) has agreed to pay up to \$9.5 million to its users to settle a lawsuit that accused the social network of sending fraudulent emails that told recipients their old friends from school wished to reconnect (and the recipients would need to buy [Classmates.com](http://Classmates.com) memberships to receive their old friends' contact information).

The report by the Senate said that the Affinion, Vertrue, and Webloyalty have knowingly charged millions of consumers for services the consumers do not use and are unaware they have purchased and their customer service centers are almost entirely dedicated to handling the large volume of calls from angry and confused consumers requesting cancellations.

United Online's common stock dropped from a closing price of \$8.39 on November 17 to a closing price of \$7.03 on November 19.

During the days before the announcement of the Senate report certain officers at United Online sold substantial amounts of

UNTD shares. Chairman, President & CEO of United Online, Inc Mark Goldston sold over 750,000 UNDT shares between Nov. 4 and Nov 15. Executive Vice President, Chief Strategy Officer, Interim President of Classmates Media Corporation Frederic Randall sold over 120,000 shares between Nov. 9 and Nov 15. Executive Vice President - Sales and Chief Sales Officer Jeremy Helfan, sold over 96,000 shares of United between Nov. 15 and Nov 18. President - Communications Segment Robert Taragan sold over 53,000 shares between Nov.11 and Nov.15. Executive Vice President, Chief Personnel Officer Paul Jordan sold over 49,000 shares between Nov. 15 and Nov. 10. On November 15, 2010, Executive Vice President, General Counsel, Secretary Charles Ammann sold roughly 29,000 shares and President of FTD Group Inc Robert Apatoff sold over 41,000 shares.

Those who purchased United Online, Inc. (Public, NASDAQ:UNTD) stock, including those who purchased UNTD shares between May 1, 2007 and November 17, 2009, and/or if you have any information relating the investigation including those who are former employees and/or whistleblowers, have certain options and should contact the Shareholders Foundation.

It appears that ShareholdersFoundation.com is run by a law firm. They're investigating whether UNTD knew the WebLoyalty-type programs were scams and then used the income to misrepresent the financial health of the company to shareholders.

At the time FTD and Classmates.com were raking in huge profits by flipping consumer credit card numbers over to the post-transaction marketing companies, I don't believe the programs were expressly illegal (they are now). But FTD and Classmates both paid fines to the state of NY for the rip-offs and Classmates coughed up another \$9.5 million to settle a class action lawsuit for deceptive marketing.

The allegations about the UNTD executive office team unloading large amounts of shares just days before the Senate report was released look like they'll have legs. Insiders would have know about the investigations - and they also would know the stock prices were likely to fall once word hit the street.

Source: flowerchat

---

## **DOUBLE-DIGIT INCREASES DOMINATE VALENTINE'S DAY PRELIMINARY SURVEY**

Retail florists who had yet to see the proverbial light at the end of the recession's tunnel prior to Valentine's Day are likely basking in it now, according to a preliminary survey of respondents on Feb 15, ---- the vast majority of retailers — 84 percent of about 450 responding — reported increases in sales for Valentine's Day over last year.

During a recent Flowers Canada Retail meeting, one board member commented that "sales were 14% and all product was sold out."

The average increase retailers reported was about 22 percent; the average decrease was 13 percent. One in 10 reported flat sales compared to 2010 and 5 percent reported decreases.

A number of florists noted that some increase was to be expected, considering the comparison to 2010's Sunday holiday — "the poorest day of the week for Valentine's orders for a florist." Others remarked that the weather cooperated this year, unlike last year, which had florists in many parts of the country dealing with blizzard conditions. "It was an insane day, like it should have been," one retailer commented.

Retailers should keep an eye out for a more comprehensive survey in the next few weeks.

---

## **FTD DEFENDS Groupon DEAL AND ADDRESSES THE FIASCO OF LAST WEEK**

Last week, FTD joined the likes of Gap, Shutterfly and Cirque du Soleil



by partnering with online group couponing site Groupon — and received a lot of flak from customers complaining that the pre-Valentine's deal wasn't so sweet.

The Feb. 9 deal offered \$40 worth of florist-filled arrangements, plants and gifts for \$20 on [groupon.com](http://groupon.com), where customers redeemed their coupons. Shortly after "tens of thousands" of people nationwide opted to purchase the promotion, according to an Associated Press story, many discovered that the flowers they bought through groupon.com were priced lower as sale items on ftd.com and insisted that FTD had inflated its prices for Groupon.

FTD and Chicago-based Groupon — which advertises a daily deal of "the best stuff to do, see, eat, and buy" to more than 28,250,000 registered users in more than 160 cities in the U.S. — contend that claim was false. Furthermore, Apatoff told the AP that the site clearly stated the 50 percent off coupon didn't apply to sale items.

Both companies are offering full refunds to unsatisfied customers, as well as advertising FTD's sale prices on the Groupon site. FTD President Rob Apatoff told the AP "at no time did we inflate any prices," but because of the confusion, "we decided to step up and do the right thing to make sure everybody was happy."

Despite the criticism, Apatoff considers marketing through Groupon a wise move, as it exposes FTD to millions of users of "a progressive and popular" website and "should help drive a new, younger consumer base to FTD and FTD member florists for years to come."

The order flows through to the florist as any other order would. FTD.com is absorbing the discount for the Groupon offer — not filling florists, Apatoff said, adding that the promotion benefits FTD member florists by driving florist-filled orders into the FTD floral network. "Additionally, by reaching a new consumer base through Groupon, it increases the potential for florists to acquire new local customers," he said.

What do you think? Send comments to [flowers@flowerscanada.org](mailto:flowers@flowerscanada.org)

The image shows a Groupon deal for FTD. At the top, it says "GROUPON Seattle" with a "Get Deals By Email" link. Below that, a banner reads "Oh no... You're too late for this Groupon! Sign up for our daily email so you never miss another deal." The main offer is "\$20 for \$40 Worth of Flowers, Gifts, and Plants from FTD". A table shows the deal details: Value \$40, Discount 50%, You Save \$20. There is a "Buy it for a friend!" button. Below the table, it says "This deal closed at: 9:17PM 02/10/2011". A badge indicates "3,271 bought" and "Limited quantity available". A status indicator says "The deal is on!" with a note "Tipped at 4:41AM with 50 bought". To the right, there is an image of a bouquet of red roses and the FTD logo. Below the image, the text reads "The Fine Print" and "Highlights". The fine print includes "Expires Jun 15, 2011", "Limit 2/person. Limit 1/order. Online only. Post-2/14 option not valid until 2/15. Groupon value reduces by \$20". The highlights include "Beautiful floral arrangements", "Delectable gifts", and "Nationwide same-day delivery".

## VALENTINE'S DAY OVER - PLAN FOR NEXT YEAR NOW

Following this most manic of Mondays, most florists carved out some much needed "me time." But before you decompress, take a few minutes to debrief, while you can still recall the details of Valentine's Day. Here are a few quick thoughts to help you gauge what you did right and to identify improvements needed for next year.

- Were supplies on the mark? If you haven't already, do an inventory of all surplus stock and merchandise. Create a form that accounts for surplus pre-made bouquets, roses, other flower categories, plants, pre-made boxes, vases and other supplies. Note shortages and last-minute purchases on the same form, as well as busy times of the day and the week.
- How do YOU think you did? Make an honest assessment of how the day went. Spend time with your entire staff, including volunteers, analyzing Valentine's week. What went well? What needs improvement?

- How do CUSTOMERS think you did? Use your e-newsletter or a Valentine's Day comment box on your website to solicit opinions, testimonials and suggestions. (Don't forget to post positive customer feedback to your website and Facebook page!)
- Project next year's order. Using your Valentine's inventory sheets and current year order sheet, project next year's flower order.

## **FLORIST DESIGN SCHOOL AT UNIVERSITY OF GUELPH**

The next session of the Florist Design School will start in June 2011.

Curriculum will be released this week. Stay tuned!

**Flowers Canada Retail represents all segments of the Canadian Retail Floral Industry.  
Our goal is helping you reach yours.**

99 Fifth Ave., Suite #305 Ottawa, ON K1S 5P5  
ph 1.800.447.5147 fax 1.866.671.8091  
email [flowers@flowerscanada.org](mailto:flowers@flowerscanada.org) web [www.flowerscanada.org](http://www.flowerscanada.org)

Copyright 2011 Flowers Canada Retail

Sent to [arman@flowerscanada.org](mailto:arman@flowerscanada.org): [unsubscribe](#) | [update profile](#) | [forward to a friend](#)

The MailChimp logo is displayed in a light blue rounded rectangle. The text "MailChimp" is written in a blue, cursive script font.