

MEMORANDUM

TO: Lawyering Skills I students
FROM: Professor David E. Sorkin
DATE: March 29, 2004
RE: Risky Ventures

We represent Risky Ventures LLC. Risky Ventures operates a web-based business called Risky Biz DVD Club, which offers DVD movies for sale (see below). Customers join the club by purchasing a movie, and thereafter are eligible for discounted pricing and referral bonuses. One of Risky's customers has been engaged in an ongoing dispute with the company over its shipping and handling fees, which the customer claims are excessive. The customer recently threatened to file a class action suit against Risky Ventures. The company has thoroughly investigated the legality of its shipping and handling fees and is confident that they are defensible. However, it is concerned about the legality of its practice of offering referral bonuses under § 505/2A of the Illinois Consumer Fraud Act. Please write a memorandum addressing that latter issue.



The image shows a screenshot of a web browser window titled "Risky Biz - DVD Club". The address bar shows the URL "http://www.risky.biz/". The main content area has a purple background with white text. The heading reads "RISKY BIZ The better DVD club". Below this, a paragraph explains the membership benefits: "How it works: Buy any DVD movie from our online catalog for only \$19.99*, and you'll automatically become a member of the RISKY BIZ DVD club. You'll then be able to select as many more DVDs as you like at 20% to 50% off regular retail prices.* Better yet, you can earn free* movies by referring your friends to the club. For every two new members you introduce to RISKY BIZ, we'll give you a free* DVD. Recruit 10 new members, and get 5 free* movies!". A white button with black text says "Browse our DVD catalog now!". At the bottom, a small asterisked note states: "* Standard shipping and handling charges apply (currently \$4.99 per DVD). Valid only in the United States, and void where prohibited. Offer may be withdrawn at any time." The browser's status bar at the bottom shows "Document: Done (0.297 secs)".