

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

MISTY STAFFORD, individually and d/b/a
National Home Assemblers;
and

WILLIAM R. STAFFORD,

Defendants.

3: CV 05-0215

FILED
SCRANTON

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COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its
Complaint alleges:

1. The FTC brings this action under Sections 5(a) and 13(b) of the Federal Trade Commission Act, 15 U.S.C. §§ 45(a) and 53(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement, appointment of a receiver, and other equitable relief for the defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. § 53(b). This action arises under 15 U.S.C. § 45(a)(1).

3. Venue in the United States District Court for the Middle District of Pennsylvania is proper under 28 U.S.C. §§ 1391(b) and 15 U.S.C. § 53(b).

THE PARTIES

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government, created by statute. 15 U.S.C. §§ 41 et seq. The Commission is charged, among other things, with enforcing Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission is authorized to initiate federal district

court proceedings, by its own attorneys, to enjoin violations of the FTC Act in order to secure such equitable relief as may be appropriate in each case. 15 U.S.C. § 53(b).

5. Defendant Misty Stafford is the owner of the fictitious business name “National Home Assemblers” (“NHA”). At times relevant to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of NHA, including the acts and practices set forth in this Complaint. She resides or transacts business in the Middle District of Pennsylvania.

6. Defendant William Stafford is the husband of Misty Stafford and works at NHA. At times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of NHA, including the acts and practices set forth in this Complaint. He resides or transacts business in the Middle District of Pennsylvania.

COMMERCE

7. At all times relevant to this Complaint, the defendants have maintained a substantial course of trade, offering employment for persons wanting

to work from home, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ BUSINESS PRACTICES

8. Beginning as early as 2002, defendants Misty Stafford and William Stafford (collectively referred to as “defendants”) advertised nationally in newspapers and mail solicitations for persons wanting to work at home. Defendants’ newspaper ads typically proclaim “**SIMPLE WORK/TOP PAY**” for assembling refrigerator magnets. Interested consumers are to call a telephone number in the ad. A copy of one of these ads is attached to this Complaint as Attachment A.

9. To consumers responding to the initial ad or solicitation, defendants send promotional material. This material typically includes the following statements:

HOME ASSEMBLERS NEEDED!

EARN UP TO \$800 PER WEEK

ASSEMBLING PRODUCTS AT HOME!

NO SPECIAL SKILLS REQUIRED

WORK FROM THE COMFORT OF YOUR OWN HOME!

* * *

Because of the success of our well-established home assembly operation, we are no longer able to meet our bulk home assembly requirements. Therefore we are now accepting applications for Home Assemblers. The work is very simple and easy and requires no special skills or experience. You can choose your own hours and work at your own pace in the comfort of your own home—and, you can earn up to **\$3200 per month.**

A copy of one of these items is attached as Attachment B. This promotional material also states that consumers will be paid four hundred dollars (\$400) for every unit of sixty (60) magnets the consumer makes to defendants' specifications.

10. Before interested consumers can begin working, defendants require them to pay approximately thirty-eight dollars (\$38) for registration and a start-up kit. The start-up kit contains materials for one magnet, which consumers may make to have pre-inspected by defendants. Defendants charge twelve dollars (\$12) for each magnet that is pre-inspected.

11. Consumers wishing to make a full unit of sixty magnets need additional materials. Defendants charge over ninety-eight dollars (\$98) for supplies for a full unit. If any of the sixty magnets fails to meet defendants' standards the entire unit is rejected; consumers can have the rejected magnets returned to them by paying an additional fee of sixteen dollars (\$16).

12. Many, if not all, consumers who pay the fee and submit a magnet for inspection are told their magnet did not meet defendants' quality standards. Many, if not all, consumers who submit a unit of sixty magnets are told some or all of these magnets did not meet defendants' quality standards, and defendants reject the entire unit.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

13. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

COUNT ONE

14. In numerous instances in connection with soliciting consumers for at-home assembly work, defendants have represented, expressly or by implication,

that persons engaged in such work for defendants are likely to earn substantial sums of money, including up to \$800 per week or \$3200 per month.

15. In fact, consumers engaging in at-home assembly work for defendants are not likely to earn substantial sums.

16. Therefore, defendants' representations as set forth in Paragraph 14 above are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

17. In numerous instances in connection with soliciting consumers for at-home assembly work, defendants have represented, expressly or by implication, that assembling products to defendants' standards is simple and requires no special skills on the part of the consumer.

18. In fact, assembling products to defendants' standards is not simple and requires skills beyond those of the typical consumer.

19. Therefore, defendants' representations as set forth in Paragraph 17 above are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

20. Consumers nationwide have suffered and will continue to suffer substantial monetary loss as a result of defendants' violations of Section 5(a) of the FTC Act. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

21. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of the FTC Act. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including but not limited to rescission of contracts, restitution, and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's equitable powers, requests that this Court:

1. Award plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including an *ex parte* temporary restraining order with an order freezing assets, appointing a receiver to operate the business, accounting, and expedited discovery;
2. Permanently enjoin defendants from violating the FTC Act as alleged in this Complaint;
3. Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of Section 5(a) of the FTC Act, including but not limited to rescission of contracts, restitution, and the disgorgement of ill-gotten gains by the defendants; and
4. Award plaintiff the costs of bringing this action as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated: 1-1-05, 2005



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John D. Graubert,
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Federal Trade Commission

Dated: February 1, 2005



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