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11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**

LOADED

13 Federal Trade Commission,

14 Plaintiff,

15 v.

16 Patrick Cella, an individual, d/b/a Quik  
Cash, U-Mail, Innovative Services, Central  
17 Solutions, Parallax Business Services, and  
Ace Distributing Center,

18 David Herrera, an individual, d/b/a Quik  
19 Cash, U-Mail, Innovative Services, Central  
Solutions, Parallax Business Services, Ace  
20 Distributing Center, Executive Worldwide,  
Easy Money, Coast Distributing and Credit  
21 Solutions,

22 Irene Herrera, an individual, d/b/a Quik  
Cash, Innovative Services, Central  
23 Solutions and Executive Worldwide,

24 James Zezula, an individual, d/b/a Easy  
Money, Coast Distributing and Credit  
25 Solutions, and

26 Vincent Zezula, an individual, d/b/a Coast  
Distributing and Executive Worldwide,

27 Defendants.  
28

CV-03-3202 GAF (SHSx)

**FIRST AMENDED  
COMPLAINT FOR  
PERMANENT INJUNCTION  
AND OTHER EQUITABLE  
RELIEF**

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

3 1. The Commission brings this action under Section 13(b) of the Federal Trade  
4 Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain temporary, preliminary  
5 and permanent injunctive relief, rescission of contracts, restitution, redress,  
6 disgorgement, and other equitable relief for Defendants' deceptive acts or practices in  
7 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

8 **JURISDICTION AND VENUE**

9 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§  
10 45(a) and 53(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

11 3. Venue in the United States District Court for the Central District of  
12 California is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

13 **PLAINTIFF**

14 4. Plaintiff, the FTC, is an independent agency of the United States  
15 Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission enforces  
16 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits deceptive or unfair  
17 acts or practices in or affecting commerce. The Commission is authorized to initiate  
18 federal district court proceedings, by its own attorneys, to enjoin violations of the  
19 FTC Act and to secure such other equitable relief as may be appropriate in each case,  
20 including redress and disgorgement. 15 U.S.C. § 53(b).

21 **DEFENDANTS**

22 5. Defendant Patrick Cella is an individual doing business as Quik Cash, U-  
23 Mail, Innovative Services, Central Solutions, Parallax Business Services and Ace  
24 Distributing Center, each an unincorporated entity and a registered fictitious business  
25 name ("FBN"). At all times material to this complaint, acting alone or in conjunction  
26 with others, he has formulated, directed, controlled, or participated in the acts and  
27 practices alleged in this complaint. He transacts or has transacted business in the  
28 Central District of California and throughout the United States.

1           6. Defendant David Herrera is an individual doing business as Quik Cash, U-  
2 Mail, Innovative Services, Central Solutions, Parallax Business Services, Ace  
3 Distributing Center, Executive Worldwide, Easy Money, Coast Distributing and  
4 Credit Solutions, each an unincorporated entity and each, except for Coast  
5 Distributing, a registered FBN. At all times material to this complaint, acting alone  
6 or in conjunction with others, he has formulated, directed, controlled, or participated  
7 in the acts and practices alleged in this complaint. He transacts or has transacted  
8 business in the Central District of California and throughout the United States.

9           7. Defendant Irene Herrera is an individual doing business as Quik Cash,  
10 Innovative Services, Central Solutions, and Executive Worldwide, each an  
11 unincorporated entity and a registered FBN. At all times material to this complaint,  
12 acting alone or in conjunction with others, she has formulated, directed, controlled, or  
13 participated in the acts and practices alleged in this complaint. She transacts or has  
14 transacted business in the Central District of California and throughout the United  
15 States.

16           8. Defendant James Zezula is an individual doing business as Easy Money,  
17 Coast Distributing and Credit Solutions, each an unincorporated entity and each,  
18 except for Coast Distributing, a registered FBN. At all times material to this  
19 complaint, acting alone or in conjunction with others, he has formulated, directed,  
20 controlled, or participated in the acts and practices alleged in this complaint. He  
21 transacts or has transacted business in the Central District of California and  
22 throughout the United States.

23           9. Defendant Vincent Zezula is an individual doing business as Coast  
24 Distributing and Executive Worldwide, each an unincorporated entity. Executive  
25 Worldwide is also a registered FBN. At all times material to this complaint, acting  
26 alone or in conjunction with others, he has formulated, directed, controlled, or  
27 participated in the acts and practices alleged in this complaint. He transacts or has  
28 transacted business in the Central District of California and throughout the United

1 States.

2 10. As more fully described in paragraphs 12-24, Defendants jointly  
3 participate as a common enterprise in the conduct alleged in this complaint.

4 **COMMERCE**

5 11. At all times relevant to this complaint, Defendants have maintained a  
6 substantial course of trade in or affecting commerce, as "commerce" is defined in  
7 Section 4 of the FTC Act, 15 U.S.C. § 44.

8 **DEFENDANT'S BUSINESS PRACTICES**

9 12. Since at least November 1999, Defendants, or agents acting on their  
10 behalf, have registered a series of FBNs, including but not limited to Quik Cash, Easy  
11 Money, U-Mail and Executive Worldwide, in Los Angeles and Ventura Counties and  
12 rented a succession of commercial mailboxes for those FBNs in the greater Los  
13 Angeles metropolitan area.

14 13. Since at least November 1999, Defendants, or agents acting on their  
15 behalf, have offered for sale or sold purported envelope stuffing, work-at-home  
16 opportunities to consumers throughout the United States. Defendants have promoted  
17 their work-at-home opportunities to prospective purchasers through electronic media,  
18 including unsolicited commercial email ("spam") and Internet websites.

19 14. The typical email received, or website visited, by consumers references  
20 one of the Defendants' many FBN names as the promoter of the work-at-home  
21 opportunity. However, the typical email or website omits a physical business  
22 premises address for Defendants, Defendants' staff persons' names, and a telephone  
23 number for Defendants. Instead, the only contact information for Defendants that the  
24 typical email or website contains is one of the FBN commercial mailbox addresses to  
25 which consumers should send their payments.

26 15. The typical email or website instructs consumers to send Defendants \$50,  
27 \$45 for order processing, plus \$5 postage and handling, as payment for the work-at-  
28 home opportunity.

1           16. The typical email or website states that Defendants' "very profitable work-  
2 at-home program" merely requires consumers to perform three "very simple" tasks:  
3 (1) folding pamphlets provided by Defendants, (2) inserting them into pre-addressed,  
4 postage paid envelopes provided by Defendants, and (3) mailing the stuffed  
5 envelopes:

6           **PROGRAM DESCRIPTION:**

7           Our program simply involves the folding and processing of pamphlets.

8           ... It's that simple! You **NEVER** have to pay any postage costs ...

9           [T]he pre-addressed, postage paid envelopes will always be mailed  
10 directly to your home ... You simply fold the pamphlets, insert them in  
11 the provided envelopes and drop the envelopes back into the mail!

12           17. In the typical email or website, Defendants promise to pay consumers \$1  
13 for each envelope stuffed, stating that consumers can earn up to \$1,500 in income per  
14 week for stuffing and mailing Defendants' envelopes:

15           **YOU WILL ALWAYS RECEIVE A FULL \$1.00 FOR EACH &**  
16 **EVERY PAMPHLET THAT YOU PROCESS!** If you process 500

17 pamphlets you will receive a full \$500.00.. If you process 1,000

18 pamphlets you will receive a full \$1,000.00... if you process 1,500

19 pamphlets you will receive a full \$1,500.00..Etc! ... It's simple, process  
20 1,500 pamphlets, receive A **FULL \$1,500.00** for your time and effort!

21 ... Even working slowly, you could still earn a **MUCH BETTER**  
22 weekly income than most regular 9:00 AM to 5:00 PM jobs!

23           18. The typical email or website further promises to refund consumers'  
24 order processing payments, and assures consumers that the work-at-home  
25 opportunity is both "honest and proven" and "**100% LEGAL and**  
26 **LEGITIMATE.**"

27           19. In numerous instances, consumers who pay Defendants' fees do not  
28 receive the envelope stuffing materials they were promised. Instead, they receive

1 nothing at all.

2 20. In numerous other instances, Defendants provide to consumers an  
3 instruction booklet, frequently titled "Home Workers Guide," instead of the  
4 promised pamphlets and postage prepaid, pre-addressed envelopes.

5 21. That booklet instructs consumers to place advertisements in  
6 newspapers to solicit new individuals ("new individuals") to purchase a sales  
7 pamphlet describing how to clean up bad credit. The advertisement encourages  
8 each new individual to send the consumer a postage prepaid, self-addressed  
9 envelope, plus \$1. The consumer is instructed to keep any dollars that he  
10 receives from the new individuals, and mail those new individuals a sales  
11 pamphlet for a "Credit Repair Manual" in the postage prepaid, self-addressed  
12 envelope. After that, if the new individuals choose to respond to the sales  
13 pamphlet, they can purchase the credit repair manual from the consumer for \$20.

14 22. Defendants' sales pamphlet and the credit repair manual are included  
15 inside the booklet. These documents contain promises that the Defendants'  
16 credit repair manual can be used to cleanse the new individuals' credit reports of  
17 "any negative credit items," such as "bankruptcies, foreclosures, slow payments,  
18 court judgments, liens, etc." The manual instructs new individuals to contact  
19 credit reporting agencies to "**DISPUTE ANY & ALL**" negative credit items. If  
20 negative items remain on a credit report after the first dispute, new individuals  
21 are told to dispute repeatedly "**ANY & ALL** negative or incorrect items" until all  
22 of the new individual's "credit reports are completely cleared" of such negative  
23 items. The sales pamphlet states that "[o]nce these negative items are removed  
24 from your credit files they will **NEVER** reappear on any of your credit files  
25 again!" Defendants promise that their credit repair technique is "**FAST,**  
26 **SIMPLE,** and **PROVEN!**" and that it is "**100% LEGAL & LEGITIMATE!**"

27 23. In numerous instances, consumers attempt to contact Defendants to  
28 complain about Defendants' failure to deliver as promised. Consumers reply to

1 the "from" address of the spam and mail letters to the relevant FBN at its  
2 corresponding commercial mailbox address. These email messages typically are  
3 returned to consumers as undeliverable, and the letters typically go unanswered.

4 24. Since at least February 2001, Defendants, or agents acting on their  
5 behalf, have sent versions of the spam that contain fictitious "from" information.  
6 For example, in numerous instances, Defendants' spam purports to be from well-  
7 known email or Internet service providers such as Hotmail, MSN and Pacific  
8 Bell. Additionally, in numerous instances, Defendants' spam contain misleading  
9 subject lines that denote both importance and relevance to the recipients' email  
10 account or Internet usage, such as "ALL MEMBERS MUST READ. DO NOT  
11 DELETE." The well-known email and Internet service providers, however, do  
12 not originate the spam to consumers and do not authorize the Defendants' use of  
13 their names.

#### 14 **VIOLATIONS OF THE FTC ACT**

15 25. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or  
16 deceptive acts or practices affecting commerce. Misrepresentations or omissions  
17 of material fact constitute deceptive acts or practices pursuant to Section 5(a) of  
18 the FTC Act. As set forth below, Defendants, individually or in concert with  
19 others, have violated Section 5 of the FTC Act in connection with the  
20 advertising, offering for sale, or selling of goods or services over the Internet.

#### 21 **COUNT ONE**

22 26. In numerous instances, in the course of offering for sale and selling a  
23 purported work-at-home opportunity, Defendants represent expressly or by  
24 implication that consumers, who pay Defendants' fees, are likely to earn a  
25 substantial amount of money from Defendants' work-at-home program.

26 27. In truth and in fact, consumers who pay Defendants' fees are not  
27 likely to earn a substantial amount of money from Defendants' work-at-home  
28 program.

1 28. Therefore, Defendants' representation set forth in paragraph 26 is  
2 false and deceptive in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
3 § 45(a).

4 **COUNT TWO**

5 29. In numerous instances, in the course of offering for sale and selling a  
6 purported work-at-home opportunity, Defendants represent expressly or by  
7 implication that they will provide consumers, who pay Defendants' fees, with  
8 pamphlets for mailing and with pre-addressed, pre-stamped envelopes to stuff,  
9 and that Defendants will pay such consumers \$1 for each such envelope that  
10 consumers stuff and mail.

11 30. In truth and in fact, Defendants do not provide consumers, who pay  
12 Defendants' fees, with pamphlets for mailing and with pre-addressed, pre-  
13 stamped envelopes to stuff, and Defendants do not pay such consumers \$1 for  
14 each such envelope that consumers stuff and mail.

15 31. Therefore, Defendants' representations set forth in paragraph 29 are  
16 false and misleading and constitute deceptive acts or practices in violation of  
17 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

18 **COUNT THREE**

19 32. In numerous instances, in the course of offering for sale and selling a  
20 purported work-at-home opportunity, Defendants represent, expressly or by  
21 implication, that Defendants will fully refund the order processing fee paid by  
22 consumers.

23 33. In truth and in fact, in numerous instances in which Defendants have  
24 made the representation set forth in paragraph 32, Defendants do not fully refund  
25 the order processing fee paid by consumers who request a refund.

26 34. Therefore, Defendants' representation set forth in paragraph 32 is  
27 false and deceptive in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
28 § 45(a).



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**COUNT FOUR**

25. By furnishing consumers with an instruction booklet, a sales pamphlet and a credit repair manual, that contain false and misleading representations, including but not limited to the false and misleading representations described in paragraph 22, Defendants have provided the means and instrumentalities for the commission of deceptive acts and practices.

36. Therefore, Defendants' practices, as set forth in paragraph 35, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT FIVE**

37. In numerous instances, in the course of offering for sale and selling a purported work-at-home opportunity, Defendants represent, expressly or by implication, that the sender of the spam is a specific Internet-related business, such as Hotmail, MSN or Pacific Bell, or a company affiliated with these businesses.

38. In truth and in fact, the sender of the spam is neither the represented Internet-related business nor an entity affiliated with these businesses.

39. By engaging in the representations set forth in paragraph 37, Defendants' acts or practices 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**

40. Defendants' violations of Section 5 of the FTC Act, 15 U.S.C. § 45(a), as set forth above, have caused and continue to cause substantial injury to consumers across the United States. As a result of Defendants' deceptive acts or practices, consumers have suffered substantial monetary loss. In addition, Defendants have been unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

1                                 **THIS COURT’S POWER TO GRANT RELIEF**

2             41. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court  
3 to grant injunctive and other relief to prevent and remedy Defendants’ violations  
4 of the FTC Act, and in the exercise of its equitable jurisdiction, to award redress  
5 to remedy the injury to consumers, to order the disgorgement of monies resulting  
6 from Defendants’ unlawful acts or practices, and to order other ancillary  
7 equitable relief.

8                                 **PRAYER FOR RELIEF**

9             WHEREFORE, Plaintiff, the Federal Trade Commission, requests that this  
10 Court, as authorized by Section 13(b) of the FTC Act, and pursuant to its own  
11 equitable powers:


12             1.        Enter an order enjoining Defendants preliminarily and  
13 permanently from violating Section 5(a) of the FTC Act and freezing  
14 Defendants’ assets;

15             2.        Award Plaintiff such relief as the Court finds necessary to redress  
16 the injury to consumers caused by Defendants’ violations of the FTC Act,  
17 including, but not limited to, rescission of contracts, restitution, disgorgement of  
18 ill-gotten gains and the refund of monies paid; and

19             3.        Award Plaintiff the costs of bringing this action, as well as such  
20 other and additional relief as the Court may deem just and proper.

21  
22 Dated: July 10, 2003

Respectfully submitted,  
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General Counsel

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