

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

**FILED**  
U.S. DISTRICT COURT  
EASTERN DISTRICT OF TEXAS

MAY - 7 2003

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JEFFREY STONE EVANS also known as  
STONE EVANS and MARK WISE

Defendant.

DAVID J. MALAND, CLERK  
BY  
DEPUTY \_\_\_\_\_

Civil No. 4:03cv 178

**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF**

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

1. The Commission brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain permanent injunctive relief against the defendant to prevent him from engaging in deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and to obtain other equitable relief, including rescission, restitution, and disgorgement, as is necessary in order to redress injury to consumers and the public interest resulting from the defendant's violations of the FTC Act.

**JURISDICTION AND VENUE**

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

3. Venue in the United States District Court for the Eastern District of Texas is proper

under 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1391(b).

**PLAINTIFF**

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 enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits 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 and to secure such other equitable relief as may be appropriate in each case, including redress and disgorgement. 15 U.S.C. § 53(b).

**DEFENDANT**

5. Defendant Jeffrey Stone Evans, also known as Stone Evans and Mark Wise, conducts business from his residence located at 5935 Bent Creek Trail, Dallas, Texas 75252. At all times material to this complaint, acting alone or in concert with others, the defendant has formulated, directed, controlled, or participated in the acts or practices set forth in this complaint. Defendant resides and transacts or has transacted business in the Eastern District of Texas.

**COMMERCE**

6. At all times relevant to this complaint, the defendant has maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

**DEFENDANT’S BUSINESS PRACTICES**

7. Since at least February 2002, the defendant has promoted a “get rich quick” scheme through the use of unsolicited commercial email (“UCE” or “spam”) sent in bulk to numerous consumers throughout the country. The content and form of such email messages are virtually

identical.

8. The scheme promoted by the defendant instructs a new recruit to mail a five dollar bill to four or five participants whose names and addresses appear in a numbered list in the message. Upon receipt of the cash payment, the participants email to the new recruit one of four or five different "reports" on how to engage in the scheme, i.e., how to send bulk spam and advertise for "free" on the Internet. In the email message, the new recruit who wants to participate in the scheme is instructed to enter his or her own name and address into position one on the list of participants, move every other participant's name one entry level down on the list, and remove the participant that is in the last position on the list. After this revision is complete, and the new recruit receives each of the four or five reports from the other participants, he or she is instructed to forward the revised message to thousands of new names, using his or her own bulk spam.

9. In his UCE touting this scheme, the defendant has represented, expressly or by implication, that participants will receive substantial income by participating in the program, including, but not limited to, the following representations:

- (a) Making over half million dollars every 4 to 5 months from your home.
- (b) BE AN INTERNET MILLIONAIRE LIKE OTHERS WITHIN A YEAR!!!
- (c) If you would like to make at least \$500,000 every 4 to 5 months easily and comfortably, please read the following . . . THEN READ IT AGAIN and AGAIN!!!

10. In reality, the vast majority of participants in the program achieve little or no financial success, or make very modest earnings.

11. The defendant promotes what is commonly known as a "chain letter" or pyramid

scheme that necessarily enriches only a few initial participants at the expense of the majority of other participants. In a chain letter, each participant pays money to other participants preceding them in the chain, in exchange for the right to recruit new participants. Participants then receive benefits for each individual they recruit or who appears below them in the chain. Earnings in a chain letter scheme are derived primarily from recruiting other participants into the program, not from the *bona fide* sale of products or services to retail customers.

12. The structure of a chain letter places severe limitations upon the success of its participants. Participants can only make money if they recruit a substantial number of newer participants in levels below them. Eventually, chain letter schemes break down due to exhaustion of the pool of possible recruits. Those at the bottom of the chain, the majority of participants, lose money because there is no one left to recruit into positions below them in the chain.

13. In his UCE, the defendant also has represented, expressly or by implication, that the program is legal. For example, the defendant's messages includes the following representations:

- (a) Due to the popularity of this letter on the Internet, a national weekly news program recently devoted an entire show to the investigation of this program described below. . . Their findings proved once and for all that there are "absolutely NO laws prohibiting the participation in the program . . ."
- (b) You have just received information that can give you financial freedom for the rest of your life, with NO RISK and JUST A LITTLE BIT OF EFFORT.

14. In fact, this program is a chain letter scheme that is illegal under a variety of federal statutes, including the FTC Act, 15 U.S.C. § 45, the Mail Fraud Statute, 18 U.S.C. § 1341, and the Lottery Statutes, 18 U.S.C. §§ 1301-02.

15. The defendant has continued to promote this program through spam or through selling "reports" on how to engage in the scheme to other participants in the scheme even after receiving

a warning letter from the FTC, explicitly advising the defendant that the program was, in fact, illegal.

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

16. 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**

17. In numerous instances, the defendant represents, expressly or by implication, that consumers who participate in the chain letter program are likely to receive substantial income.

18. In truth and in fact, in numerous instances, consumers who participate in the chain letter program are not likely to receive substantial income.

19. Therefore, the representation set forth in paragraph 17 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT TWO**

20. In numerous instances, defendant represents, expressly or by implication, that consumers who participate in the chain letter program are likely to receive substantial income.

21. Defendant fails to disclose that the program's structure ensures that most participants in the program are not likely to receive substantial income.

22. This additional information, described in paragraph 21, would be material to consumers in deciding whether to participate in the program.

23. The defendant's failure to disclose the material information in paragraph 21, in light of the representations made in paragraph 20, constitutes a deceptive act or practice in violation of

Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT THREE**

24. As alleged above, the program promoted by the defendant is characterized by the payment of money by a new recruit to other participants in the program, in return for which the recruit obtains the right to receive income for recruiting others into the program.

25. This type of scheme, often referred to as a chain letter, is a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT FOUR**

26. In numerous instances, the defendant represents, expressly or by implication, that the program is legal.

27. In truth and in fact, the program is not legal.

28. Therefore, the representation set forth in paragraph 26 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT FIVE**

29. The defendant provides participants in the deceptive program with copies of the chain letter to be used in recruiting new participants and, in return for a \$5 fee, with copies of "reports" on how to engage in the deceptive scheme.

30. By providing participants with the chain letter and selling the "reports," the defendant has provided the means and instrumentalities for the commission of deceptive acts and practices.

31. Therefore, the defendant's practices, as described in paragraph 29, constitute

deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **CONSUMER INJURY**

32. Defendant's 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. Absent injunctive relief by this Court, the defendant is likely to continue to injure consumers and harm the public interest.

### **THIS COURT'S POWER TO GRANT RELIEF**

33. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provision of law enforced by the Federal Trade Commission.

### **PRAYER FOR RELIEF**

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

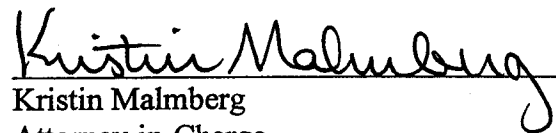
1. Permanently enjoin the defendant from violating Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), as alleged in this complaint;
2. Award other equitable relief, including rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten monies, as is necessary in order to redress injury to consumers and the public interest resulting from defendant's violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a); and
3. Award the Commission the costs of bringing this action, as well as any other

equitable relief that the Court may determine to be just and proper.

Date: May 6, 2003

Respectfully submitted,

William E. Kovacic  
General Counsel, Federal Trade Commission  
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FEDERAL TRADE COMMISSION**

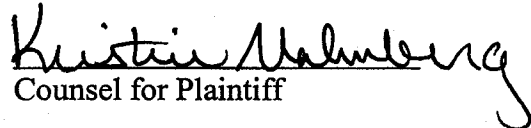


**CERTIFICATE OF SERVICE**

I, the undersigned counsel for Plaintiff Federal Trade Commission, hereby certify that Plaintiff Federal Trade Commission has provided a true and correct copy of the forgoing document, via overnight delivery this day, to the defendant at the following address:

Jeffrey Stone Evans  
5935 Bent Creek Trail  
Dallas, Texas 75252

Dated: May 7, 2003

  
Counsel for Plaintiff