

Southwest Netforce: 45 Law Enforcement Actions

AGENCY	MATTER NAME & DESCRIPTION	AGENCY CONTACT
<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>State of Arkansas v. Mercury Internet, GoInternet and Neil Saferstein</i></p> <p>Complaint filed in Arkansas State Court (Pulaski County) alleging sale of Internet services through deceptive telemarketing in violation of Arkansas Deceptive Trade Practices Act.</p> <p>Case set for trial in July, 2003.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>
<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>State of Arkansas v. USA Prescription Inc. et al.</i></p> <p>Complaint filed in Arkansas State Court (Pulaski County) alleging defendants marketed and sold prescription drugs in violation of Arkansas law, including Arkansas Internet Prescription Consumer Protection Act.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>
<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>State of Arkansas v. Garbersoft, Inc. and Daniel Garber</i></p> <p>Complaint filed in Arkansas State Court alleging the use of materially misleading statements in the advertising of Internet service to consumers in violation of Arkansas Deceptive Trade Practices Act.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>
<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>Matter of Tadlock</i></p> <p>Warning letter sent to subject who participated in chain email scheme that falsely promised participants that they will earn significant amounts of money.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>

<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>Matter of Pruitt</i></p> <p>Warning letter sent to subject who participated in chain email scheme that falsely promised participants that they will earn significant amounts of money.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>
<p>Arkansas Attorney General's Office www.ag.state.ar.us</p>	<p><i>State of Arkansas v. Alyon Technologies, Inc. et al.</i></p> <p>Lawsuit filed in state court (Pulaski County) alleging defendants deceptively billed consumers for video text entertainment services in violation of the Arkansas Deceptive Trade Practices Act.</p>	<p>Ruth Whitney Chief of Staff (501) 682-3632</p>
<p>Federal Trade Commission Division of Marketing Practices www.ftc.gov</p>	<p><i>FTC v. K4 Global Publishing, Inc. dba Instant Internet Empires et al.</i></p> <p>Complaint filed in federal court in Macon, Georgia, alleging defendants deceptively marketed a prepackaged Internet chain marketing scheme in violation of the FTC Act.</p> <p><i>Ex Parte</i> Temporary Restraining Order with asset freeze issued on May 8, 2003.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Robert Schoshinski (202) 326-3219</p>
<p>Federal Trade Commission Division of Marketing Practices www.ftc.gov</p>	<p><i>FTC v. Patrick Cella, an individual and dba Quick Cash et al.</i></p> <p>Complaint filed in federal court in Los Angeles, California, alleging defendants deceptively marketed a purported work-at-home opportunity through spam in violation of the FTC Act.</p> <p><i>Ex Parte</i> Temporary Restraining Order with asset freeze issued on May 7, 2003.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Michael Davis (202) 326-2458</p>

<p>Federal Trade Commission Division of Marketing Practices www.ftc.gov</p>	<p><i>FTC v. Alyon Technologies, Inc. et al.</i></p> <p>Complaint filed on May 13, 2003 in federal court in Atlanta, Georgia, alleging defendants deceptively billed consumers for video text entertainment services in violation of the FTC Act.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Peter Lamberton (202) 326-3274</p>
<p>Federal Trade Commission Southwest Region Office www.ftc.gov</p>	<p><i>Case Under Seal</i> <i>Ex Parte</i> Temporary Restraining Order with asset freeze issued on May 7, 2003.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact James Golder (214) 979-9376</p>
<p>Federal Trade Commission Southwest Region Office www.ftc.gov</p>	<p><i>FTC v. The College Advantage, Inc. et al.</i></p> <p>Complaint filed in federal court in Sherman, Texas, alleging defendants deceptively market a college financial aid assistance program in violation of the FTC Act.</p> <p><i>Ex Parte</i> Temporary Restraining Order with asset freeze issued on May 7, 2003.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Gary Kennedy (214) 979-9379</p>
<p>Federal Trade Commission Southwest Region Office www.ftc.gov</p>	<p><i>FTC v. Jeffrey Stone Evans</i></p> <p>Complaint and Stipulated Final Judgment and Order filed on May 7, 2003 in federal court in Sherman, Texas. Complaint alleges defendant participated in chain email scheme that falsely promised participants that they will earn significant amounts of money in violation of the FTC Act.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Kristin Malmberg (214) 979-9381</p>

<p>Federal Trade Commission Southwest Region Office www.ftc.gov</p>	<p><i>FTC v. Joel Kent Benson</i></p> <p>Complaint and Stipulated Final Judgment and Order filed on May 6, 2003 in federal court in Dallas, Texas. Complaint alleges defendant participated in chain email scheme that falsely promised participants that they will earn significant amounts of money in violation of the FTC Act.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact Kristin Malmberg (214) 979-9381</p>
<p>Federal Trade Commission Midwest Region Office www.ftc.gov</p>	<p><i>FTC v. ClickForMail.com, Inc. et al.</i></p> <p>Complaint filed on May 7, 2003 in federal court in Chicago, Illinois, alleging defendants deceptively market advance-fee credit cards through spam in violation of the FTC Act.</p>	<p>Press Contact Claudia Farrell (202) 326-2181</p> <p>Staff Contact William Hodor (312) 960-5592</p>
<p>Louisiana Attorney General's Office www.ag.state.la.us</p>	<p><i>Matter of Novus University</i></p> <p>Subject put on notice of violation of the Louisiana Unfair and Deceptive Trade Practices Act by marketing of university degree programs via Web site.</p>	<p>Kristi Garcia Assistant Attorney General (225) 342-6007</p>
<p>Oklahoma Attorney General's Office www.oag.state.ok.us</p>	<p><i>State of Oklahoma v. David M. Blanton</i></p> <p>Defendant pled guilty to 7 counts of violating Oklahoma's Computer Crimes Act for posting auctions on eBay but failing to deliver products to consumers.</p>	<p>Julie A. Bays Assistant Attorney General (405) 522-3082</p>
<p>Oklahoma Attorney General's Office www.oag.state.ok.us</p>	<p><i>State of Oklahoma v. Shellie Joy Lindley</i></p> <p>Petition filed in Oklahoma State Court (Canadian County) alleging that defendant knowingly defrauded consumers through the sale of Beanie Babies on eBay.</p>	<p>Julie A. Bays Assistant Attorney General (405) 522-3082</p>

<p>Oklahoma Attorney General's Office</p> <p>www.oag.state.ok.us</p>	<p><i>State of Oklahoma v. Lantz J. Hafner</i></p> <p>Petition filed in Oklahoma State Court alleging that defendant violated Oklahoma Consumer Protection Act for disseminating email chain letter pyramid scheme.</p>	<p>Julie A. Bays Assistant Attorney General (405) 522-3082</p>
<p>Securities and Exchange Commission</p> <p>www.sec.gov</p>	<p><i>SEC v. Rocky Mountain Energy Corporation, John N. Ehrman, et al.</i></p> <p>Complaint filed April 3, 2003, in federal district court in Houston, Texas, alleging that defendants engaged in a "pump-and-dump" scheme in which they posted false press releases on an Internet website regarding oil-and-gas acquisitions in violation of the anti-fraud provisions of the federal securities laws.</p> <p>Temporary Restraining Order with asset freeze issued on April 3, 2003.</p>	<p>Press Contact Spencer Barasch (817) 978-6425</p> <p>Staff Contact Timothy McCole (817) 978-6453</p>
<p>Securities and Exchange Commission</p> <p>www.sec.gov</p>	<p><i>SEC v. Concentrax, Inc. and Mark Gifford</i></p> <p>Complaint filed May 14, 2003 in federal district court in Houston, Texas, alleging that defendants used an Internet website to post materially misleading press releases regarding product sales contracts and revenue projections in violation of the anti-fraud provisions of the federal securities laws.</p>	<p>Press Contact Spencer Barasch (817) 978-6425</p> <p>Staff Contact Timothy McCole (817) 978-6453</p>
<p>Securities and Exchange Commission</p> <p>www.sec.gov</p>	<p><i>SEC v. Autofund Servicing, Inc. and James D. Haggard</i></p> <p>Complaint filed February 12, 2003, in federal district court in San Antonio, Texas, alleging that defendants posted false press releases regarding projected revenue and certain acquisitions on an Internet website in violation of the anti-fraud provisions of the federal securities laws.</p>	<p>Press Contact Spencer Barasch (817) 978-6425</p> <p>Staff Contact Timothy McCole (817) 978-6453</p>

<p>Securities and Exchange Commission</p> <p>www.sec.gov</p>	<p><i>SEC v. Pension Plans of America, Inc. and Lloyd Benton Sharp</i></p> <p>Complaint filed on May 15, 2003 in federal district court in Tacoma, Washington, alleging that defendants used an Internet website to offer \$33 million in fraudulent limited-partnership securities involving paulownia-tree farming in violation of the securities-registration and anti-fraud provisions of the federal securities laws.</p>	<p>Press Contact Spencer Barasch (817) 978-6425</p> <p>Staff Contact Timothy McCole (817) 978-6453</p>
<p>Securities and Exchange Commission</p> <p>www.sec.gov</p>	<p><i>SEC v. Moller International, Inc. and Paul S. Moller</i></p> <p>Complaint filed February 12, 2003, in federal district court in Sacramento, California, alleging that defendants conducted a \$5 million unregistered securities offering in which they made false statements on an Internet website in violation of the securities-registration and anti-fraud provisions of the federal securities laws.</p> <p>Trading suspension issued April 22, 2002.</p>	<p>Press Contact Spencer Barasch (817) 978-6425</p> <p>Staff Contact Timothy McCole (817) 978-6453</p>
<p>Texas Attorney General's Office</p> <p>www.oag.state.tx.us</p>	<p><i>United States v. Charles Anthony Challenger</i></p> <p>Defendant pleaded guilty to six counts of wire fraud relating to his contacting women through online dating services and then defrauding his victims out of \$58,862. Judge upwardly departed from 12-24 month sentencing range and sentenced defendant to 36 months prison due to criminal history and likelihood of future crimes.</p>	<p>Tom Kelley (512) 463-2050</p>

<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas vs. Perkins Management d/b/a Maximum Efficiency Products & Brian Pesky</i></p> <p>Agreed Judgment and Permanent Injunction entered against seller of dietary supplements advertised over the internet. Defendant made unsubstantiated health claims including that an herbal tea would help to cure cancer and ADD. The injunction prohibits future false claims and orders payment of \$100,000.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas v. Cyco.net</i></p> <p>Deceptive Trade Practice law suit filed in Austin, Texas (Travis County) against online seller of cigarettes which represents that it has a system in place that enables it to comply with laws which prohibit the sale of cigarettes to minors. In fact, Defendant has failed to comply with such laws. Suit seeks penalties, injunction and attorney's fees.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas v. Expressmed.com</i></p> <p>Agreed Judgment and Permanent Injunction entered in Austin, Texas (Travis County) against online pharmacy. Defendant also paid \$10,000 in attorney's fees.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas vs. Competition Parts</i></p> <p>Deceptive Trade Practice case filed against seller of automobile wheels and tires that misrepresented terms that would apply to telephone and Internet purchases of their products. Assurance of Compliance entered requiring compliance with FTC Mail Order Rule and clear and conspicuous disclosure of terms of sale. Company also agreed to pay \$10,000 in fees and penalties.</p>	<p>Tom Kelley (512) 463-2050</p>

<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas v. Scott Adams, Individually and dba Keith Adams & Associates et al.</i></p> <p>Deceptive Trade Practice and Credit Service Organization case against online seller of program to obtain a new credit profile by forming a corporation and obtaining an EIN from the IRS. Defendants misrepresent the nature and legality of the program, as it promotes file segregation, as well as misrepresenting the business itself as a "firm" which can provide legal advice.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas v. Alyon Technologies, Inc., Tel Collect Inc. and Stephane Taboul</i></p> <p>Deceptive Trade Practice case against defendants who provide computer, billing and collection services for web site providers of video text services, including web sites that feature "adult content." Suit seeks injunctive relief, penalties, and restitution.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Attorney General's Office www.oag.state.tx.us</p>	<p><i>State of Texas v. Sandra Lee Patterson</i></p> <p>Complaint filed in Texas State Court (Fort Bend County) alleging defendant participated in chain email scheme that falsely promised participants that they will earn significant amounts of money.</p>	<p>Tom Kelley (512) 463-2050</p>
<p>Texas Department of Health, Drugs and Medical Devices Division www.tdh.state.tx.us</p>	<p><i>Matter of Hi-Tech Pharmaceuticals, Inc.</i></p> <p>Administrative action in which subject notified of potential violations of Texas Food Drug and Cosmetic Act on subject's web sites; corrective action requested.</p>	<p>Mike Greenberg Office of General Counsel Texas Department of Health (512) 458- 7236</p>

<p>Texas Department of Health, Drugs and Medical Devices Division www.tdh.state.tx.us</p>	<p><i>Matter of Innovative Natural Products</i> Administrative action in which subject notified of potential violations of Texas Food Drug and Cosmetic Act on subject's web site concerning marketing of a colloidal silver product; corrective action requested.</p>	<p>Mike Greenberg Office of General Counsel Texas Department of Health (512) 458- 7236</p>
<p>Texas State Board of Pharmacy www.tsbp.state.tx.us</p>	<p><i>In the Matter of William Adams Stallknecht, License No. 18455, San Antonio, TX.</i> Alleged violations: dispensed controlled substances based on invalid prescriptions (i.e., prescriptions initiated via Internet /telephonic consultations between physicians and consumers); dispensed controlled substances pursuant to prescriptions purportedly authorized by MD with suspended license; Agreed Board Order accepted by licensee and entered by the Board on 05-08-02: license revoked.</p>	<p>Press Contact Gay Dodson (512) 305-8026 Staff Contact Kerstin Arnold (512) 305-8060</p>
<p>Texas State Board of Pharmacy www.tsbp.state.tx.us</p>	<p><i>In the Matter of The Pill Box Pharmacy, License No. 20671, San Antonio, TX.</i> Alleged violations: alleged violations by William Stallknecht (see <i>In the Matter of Stallknecht, License No. 18455, San Antonio</i>). Agreed Board Order accepted by licensee and entered by the Board on 05-08-02: license revoked.</p>	<p>Press Contact Gay Dodson (512) 305-8026 Staff Contact Kerstin Arnold (512) 305-8060</p>
<p>Texas State Board of Pharmacy www.tsbp.state.tx.us</p>	<p><i>In the Matter of The Pill Box Pharmacy, License No. 20596, San Antonio, TX.</i> Alleged violations: alleged violations by William Stallknecht (see <i>In the Matter of Stallknecht, License No. 18455</i>). Agreed Board Order accepted by licensee and entered by the Board on 05-08-02: license revoked.</p>	<p>Press Contact Gay Dodson (512) 305-8026 Staff Contact Kerstin Arnold (512) 305-8060</p>

<p>Texas State Board of Pharmacy www.tsbp.state.tx.us</p>	<p><i>In the Matter of Clayton Howard Fuchs, License No. 35892, De Soto, TX.</i></p> <p>Violations adjudicated: action by the Oklahoma State Board of Pharmacy based on Clayton Fuchs' illegal operation of an Internet pharmacy in Oklahoma, which dispensed controlled substances without a valid physician-patient relationship and dispensed to addicted individuals. Board Order entered by the Board on 02-06-02: license revoked.</p>	<p>Press Contact Gay Dodson (512) 305-8026</p> <p>Staff Contact Kerstin Arnold (512) 305-8060</p>
<p>US Attorney's Office for the District of New Mexico</p>	<p><i>United States v. Alexander Sajid Hipkins and Robert Jaramillo</i></p> <p>Defendants charged in 5 count indictment with violations of Title 18, USC, Sec 1343: Wire Fraud and Sec. 1951(a): Interference With Commerce By Threats Or Violence in connection with the use of online auction postings to lure buyers to New Mexico where defendants stole buyers' purchase money. Both defendants have pled guilty and sentencing is pending.</p>	<p>Norman Cairns, PIO (505) 346-7274</p>
<p>US Attorney's Office for the Western District of Louisiana www.usdoj.gov/usao/law</p>	<p><i>United States v. Jenell Henix</i></p> <p>Defendant pled guilty to charges under 18 U.S.C. § 1314 & 18 U.S.C. § 1029(a)(2) in connection with use of stolen identity information to obtain credit cards over the Internet. Defendant was sentenced to serve 27 months in prison and ordered to pay \$26,800.67 in restitution.</p>	<p>Donald W. Washington United States Attorney (337)262-6618</p> <p>William J. Flanagan First Assistant United States Attorney (318)676-3600</p>

<p>US Attorney's Office for the Northern District of Texas www.usdoj.gov/usao/txn</p>	<p><i>United States v. Michael William Rodriguez</i></p> <p>Federal grand jury in Lubbock, Texas returned a 2-count indictment against defendant. Defendant charged with engaging in auction fraud on eBay.</p>	<p>Kathy Colvin Press Officer (214) 659-8707</p>
<p>US Attorney's Office for the Northern District of Texas www.usdoj.gov/usao/txn</p>	<p><i>United States v. Douglas Ray Hammonds</i></p> <p>Federal grand jury in Dallas returned four-count indictment against defendant. Defendant charged with attempting to engage a minor in prohibited sexual conduct via Internet and sending online obscene video via Webcam to an undercover agent.</p>	<p>Kathy Colvin Press Officer (214) 659-8707</p>
<p>US Attorney's Office for the Northern District of Texas www.usdoj.gov/usao/txn</p>	<p><i>United States v. Clayton H. Fuchs, et al.</i></p> <p>Defendants indicted on several charges involving the operation of a web-based pharmacy and the illegal distribution of a controlled substance.</p> <p>Trial scheduled for August 18, 2003.</p>	<p>Kathy Colvin Press Officer (214) 659-8707</p>
<p>US Attorney's Office for the Northern District of Texas www.usdoj.gov/usao/txn</p>	<p><i>United States v. Bassem Mazboudi and Virginia Mazboudia aka Virginia Threatt</i></p> <p>Six counts indicting mail fraud and aiding and abetting under 18 USC 1341 and 18 USC 2 in conjunction with auction fraud. Indicted in Fort Worth Division.</p>	<p>Kathy Colvin Press Officer (214) 659-8707</p>

<p>U.S. Postal Inspection Service (Gulf Coast Division) www.usps.com/postalinspectors</p>	<p><i>Matter of Charles Aston Cox aka Thomas Hamilton LaSalle dba Caroline Heart Restaurant Supply</i></p> <p>Administrative action in which respondent consented to cease and desist fraudulent activities of selling over eBay deceptively acquired gift cards and free meal certificates.</p>	<p>Molly McMinn National Public Information Officer (202) 268-5283</p>
<p>U.S. Postal Inspection Service (Southeast Division) www.usps.com/postalinspectors</p>	<p><i>United States v. Alton Mitchell</i></p> <p>Defendant sentenced to serve one year in prison, three years probation and ordered to pay \$26,000 in restitution for fraudulent Internet Auctions.</p>	<p>Molly McMinn National Public Information Officer (202) 268-5283</p>