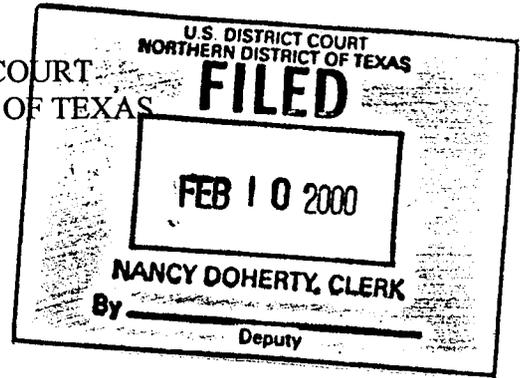


UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



FEDERAL TRADE COMMISSION,

Plaintiff,

v.

INNOVATIVE PRODUCTIONS, a Nevada
corporation; and

SHANE D. WALLS, individually and as an
officer of the corporation,

Defendants.

Civil Action No.:

3-00 CV 0312-D

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission (“FTC” or “the Commission”), for its complaint alleges:

1. The FTC brings this action under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for 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 Northern District of Texas is proper under 28 U.S.C. §§ 1391(b) and (c), 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, *inter alia*, with enforcement of 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, and to obtain consumer redress. 15 U.S.C. § 53(b).

5. Defendant Innovative Productions, a Nevada corporation using a mailing address at 18352 N. Dallas Parkway, #136, PMB 518, Dallas, TX 75287, promotes and sells envelope stuffing employment opportunities. Innovative Productions transacts or has transacted business in the Northern District of Texas.

6. Defendant Shane D. Walls is the President of Innovative Productions. At all times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of the corporate defendant, including the acts

and practices set forth in this complaint. He transacts or has transacted business in the Northern District of Texas.

COMMERCE

7. At all times relevant to this complaint, the defendants have maintained a substantial course of trade in the offering for sale and sale of envelope stuffing employment opportunities, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ BUSINESS ACTIVITIES

8. Since at least February of 1998, and continuing thereafter, defendants have offered and sold envelope stuffing employment opportunities to consumers. The defendants have promoted their employment opportunities to prospective purchasers in a variety of media, including classified advertisements in newspapers and unsolicited commercial e-mail (“UCE”).

9. In their newspaper advertisements, defendants offer to pay \$4,000 per 1,000 envelopes stuffed, and refer consumers to a recorded telephone message for additional information. In the recorded message, a person identifying himself as Shane Walls asks if the caller can find time to stuff and mail 500 to 1,000 envelopes each month for \$2,000 to \$4,000, and represents:

[B]y following my instructions, you will receive envelopes, stamps and supplies. You will be paid \$4 for every envelope you stuff with my sales materials and your payments for these envelopes are absolutely guaranteed.

. . . . I am asking each applicant for a one-time registration fee of \$34.95. This fee is fully covered by my 90-day money back guarantee.

In numerous instances, consumers who leave their names and addresses in response to defendants' message receive by mail an advertisement that includes the following representations:

I've perfected a system that lets you make \$4 per every envelope you stuff with my sales materials. And for a limited time, I'm looking for people just like you who want to *improve their standard of living, want more money, more security, and want to work at home.*

[T]here is no limit on how many envelopes may [sic] stuff. If you stuff 500 envelopes, you will get paid \$2,000 cash! If you stuff 1000 envelopes, you will be paid \$4000 cash! Just follow my easy instructions and you will get paid - every single time - **guaranteed.**

With my easy to use system, you can make more money, day after day and week after week, for as long as you like. . . .

**My System Will Even Show You How To Get The Envelopes
With The Addresses And Stamps Already On Them!**

That means, no licking stamps or addressing envelopes is required! Just stuff the envelopes with my sales materials, drop them in the mail box and you will get paid \$4 for every single one - **guaranteed!** I have done my best to make things as easy as possible for you. . . .

You will not be required or asked to pay for any additional materials or supplies. In as much as we would like to send you our program without the small registration fee, we must protect ourselves [sic] from those few who are not serious and have no intention other than to satisfy their own [sic] assures us that you are serious about wanting to earn money at home.

The cost of this system is only \$69.90. This includes everything you need to start making money immediately, including easy, step by step instructions and starting supplies. And remember, after stuffing only 17 envelopes you will have made more than your investment back.

90 Day Money Back Guarantee!

Take up to 3 full months to use the "\$4 Per Envelope System". If you have not solved all of your money problems within 90 days, just send it back and you will get an immediate refund - guaranteed - no questions asked! Also, as soon as you send us your first 100 envelopes, you will have received \$400 plus we will refund your registration fee at that point.

Defendants offer consumers "50% off" if they complete a "50% Off Risk-Free Order Form" and send it to defendants with \$34.95, plus \$5.00 for shipping and handling. The form includes the following statements:

Yes! I want to start making money right away. Please register me as an independent contractor in your **Weekly Paycheck Program** and send me the initial supplies and instructions for receiving stamped, addressed envelopes along with four dollars each. I understand I am protected by your **90 Day Money-Back Guarantee**. . . .After assembling and mailing the sales pieces in my initial package, I would like to handle the following number of envelopes each week: 100 300 500 750

10. Beginning in or about August, 1999, defendants have disseminated and caused to be disseminated numerous UCE messages which include the following representations:

I've perfected a system that lets you make \$4 per every envelope you stuff with my sales materials. And for a limited time, I'm looking for people just like you who want to improve their standard of living, want more money, more security, and want to work at home.

[T]here is no limit on how many envelopes may [sic] stuff. If you stuff 500 envelopes, you will get paid \$2,000 cash! If you stuff 1000 envelopes, you will be paid \$4000 cash! Just follow my easy instructions and you will get paid - every single time - guaranteed.

With my easy to use system, you can make more money, day after day and week after week, for as long as you like. . . .

My System Will Even Show You How To Get The Envelopes With The Addresses And Stamps Already On Them!

That means, no licking stamps or addressing envelopes is required! Just stuff the envelopes with my sales materials, drop them in the mail box and you will get paid \$4 for every single one - guaranteed! I have done my best to make things as easy as possible for you. . . .

You will not be required or asked to pay for any additional materials or supplies. In as much as we would like to send you our program without the small registration fee, we must protect ourselves [sic] from those few who are not serious

and have no intention other than to satisfy their own [sic] assures us that you are serious about wanting to earn money at home.

The cost of this system is only \$69.90. This includes everything you need to start making money immediately, including easy, step by step instructions and starting supplies. And remember, after stuffing only 17 envelopes you will have made more than your investment back.

90 Day Money Back Guarantee!

Take up to 3 full months to use the "\$4 Per Envelope System". If you have not solved all of your money problems within 90 days, just send it back and you will get an immediate refund - guaranteed - no questions asked!

Some consumers have received a UCE message that states the cost of the system as \$60 and represents that consumers will recover their investment after stuffing 15 envelopes. Consumers are then induced to purchase defendants' program by completing a "50% Off Risk-Free Order Form" and mailing it to defendants with payment of either \$34.95 plus \$5.00 for shipping and handling or \$30.00 plus \$4.95 shipping and handling. The order form includes the following language:

Yes! I want to start making money right away. Please register me as an independent contractor in your Weekly Paycheck Program and send me the initial supplies and instructions for receiving stamped, addressed envelopes along with four dollars each. I understand I am protected by your 90 Day Money-Back Guarantee. . . . After assembling and mailing the sales pieces in my initial package, I would like to handle the following number of envelopes each week: 100 300 500 1000

11. After collecting the "registration fee," contrary to their representations, defendants do not provide envelope stuffing employment for consumers. Instead, defendants tell consumers to place advertisements in weekly newspapers and on bulletin boards and telephone poles, offering information about "Work From Home" opportunities in exchange for \$4 and a stamped,

a self-addressed envelope. The defendants do not pay any money to consumers for the envelopes
that the consumers stuff and send out. The only money consumers make is the \$4 that they
r receive from each individual who responds to the advertisement that consumers place about
1 “Work From Home” opportunities. Thus, if the consumers receive any responses to the
advertisements, they collect the \$4 and send the defendants’ flyer offering defendants’ “Work at
Home Employment Guide.”

12. Although Innovative Productions advertises that success with its program is
s unconditionally “guaranteed,” consumers learn after they pay their registration fees that the
e program is “guaranteed” only if they can prove that they incurred advertising expenses in their
attempts to implement defendants’ program. Moreover, consumers who attract as few as 20
s responses are deemed to have succeeded in defendants’ program and are not entitled to refunds.
In numerous instances, consumers who unsuccessfully attempted to obtain refunds from the
r defendants have been given such refunds only after complaining to a consumer protection
1 organization, such as the Dallas Better Business Bureau.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

13. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that “unfair or deceptive
s acts or practices in or affecting commerce are hereby declared unlawful.”

COUNT I

c 14. In numerous instances in the course of offering for sale and sale of envelope
stuffing employment opportunities, defendants or their employees or agents have represented,
u expressly or by implication, that consumers will make a substantial amount of money after
sending the registration fee to defendants.

22. Therefore, defendants' representations as set forth in Paragraph 20 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

23. Consumers have suffered or will 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

24. 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.

25. This Court, in the exercise of its equitable jurisdiction, may award ancillary relief to remedy injury caused by the defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, plaintiff 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:

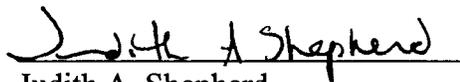
1. Award plaintiff such temporary and preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief;
2. Permanently enjoin the defendants from violating the FTC Act, as alleged herein;

3. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the FTC Act, including but not limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten gains; 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,

DEBRA A. VALENTINE
General Counsel



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