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FEDERAL TRADE COMMISSION

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

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11 FEDERAL TRADE COMMISSION,
12 Plaintiff,

CV

13 v.

14 KOMACO INTERNATIONAL, INC.,
a Nevada corporation, dba
Success Masters International
and Max Horizon Securities;

**COMPLAINT FOR INJUNCTIVE AND
OTHER EQUITABLE RELIEF**

15 ROBERT LEE ANDERSON,
16 individually and as an
officer of Komaco Int'l,
17 Inc.; and

18 KENSHIN HAYASHI, individually
and as a principal of Komaco
Int'l, Inc.,

19 Defendants.

20 Plaintiff, the Federal Trade Commission ("FTC" or
21 "Commission"), for its complaint alleges:

22 1. The FTC brings this action under Sections 5(a) and
23 13(b) of the Federal Trade Commission Act ("FTC Act"), 15
24 U.S.C. §§ 45(a) and 53(b), to obtain preliminary and permanent
25 injunctive relief, rescission or reformation of contracts,
26 restitution, disgorgement, and other equitable relief for
27 defendants' deceptive acts or practices in violation of
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1 Section 5(a) of the FTC Act, 15 U.S.C. §45(a).

2 **JURISDICTION AND VENUE**

3 2. Subject matter jurisdiction is conferred upon this
4 Court by 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331,
5 1337(a), and 1345.

6 3. Venue in the Central District of California is
7 proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b).

8 **PLAINTIFF**

9 4. Plaintiff Federal Trade Commission is an independent
10 agency of the United States Government created by statute. 15
11 U.S.C. §§ 41-58, as amended. The Commission enforces Section
12 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair
13 or deceptive acts or practices in or affecting commerce. The
14 Commission may initiate federal district court proceedings by
15 its own attorneys to enjoin violations of the FTC Act and to
16 secure such equitable relief as may be appropriate in each
17 case, including restitution for injured consumers. 15 U.S.C.
18 § 53(b).

19 **DEFENDANTS**

20 5. Komaco International, Inc. ("Komaco") is a Nevada
21 corporation doing business as Success Masters International
22 (also known as and hereafter referred to as "Success Masters")
23 and Max Horizon Securities (also known as and hereafter
24 referred to as "Max Horizon"). Komaco transacts or has
25 transacted business in the Central District of California.

26 6. Defendant Robert Lee Anderson is an officer of
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1 Defendant Komaco. Anderson, individually, also has done
2 business as Success Masters. At all times material to this
3 complaint, acting alone or in concert with others, he has
4 formulated, directed, controlled, or participated in the acts
5 and practices set forth in this complaint. Anderson resides
6 in and transacts or has transacted business in the Central
7 District of California.

8 7. Defendant Kenshin (also known as "Ken") Hayashi is a
9 principal of Komaco. Hayashi, individually, also has done
10 business as Success Masters. At all times material to this
11 complaint, acting alone or in concert with others, he has
12 formulated, directed, controlled, or participated in the acts
13 and practices set forth in this complaint. Hayashi resides in
14 and transacts or has transacted business in the Central
15 District of California.

16 **COMMERCE**

17 8. At all times relevant to this complaint, Defendants
18 have maintained a substantial course of business in the
19 offering for sale and sale of work-at-home booklet stapling
20 opportunities, in or affecting commerce, as "commerce" is
21 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

22 **DEFENDANT'S BUSINESS PRACTICES**

23 9. Since early 2001, and continuing thereafter,
24 Defendants, doing business as Success Masters, have offered
25 for sale and sold work-at-home booklet stapling opportunities
26 to consumers throughout the United States, including within
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1 the Central District of California. In early 2002, Defendants
2 also began using the name Max Horizon in this business.
3 Defendants have promoted their work-at-home opportunities to
4 prospective purchasers in print classified advertisements,
5 through direct mail, and on their websites, successmasters.com
6 and maxhorizonsecurities.com. In their advertisements,
7 Defendants typically offer consumers the chance to make
8 hundreds of dollars or more a week by stapling booklets. The
9 print advertisements refer consumers to a toll-free telephone
10 number for further information.

11 10. Upon calling the toll-free telephone number,
12 consumers hear a recorded message from the "Human Resources
13 Department" stating that if the caller wants to make hundreds
14 of dollars or more weekly by stapling booklets from home,
15 paychecks guaranteed, these consumers should leave their names
16 and addresses so that Defendants can send them an application.

17 11. Consumers who leave their names and addresses
18 receive a letter from Defendants, as do those solicited by
19 direct mail. This letter, which is also on Defendants'
20 websites, claims that participants in Defendants' program can
21 earn \$5 to \$15 for each booklet they staple and mail, up to
22 thousands of dollars weekly. Defendants claim in the letter
23 that their booklets are in great demand, thus, "the more
24 booklets you have to staple each week[,], the more money you
25 will make." Defendants again promise "guaranteed pay checks
26 [sic]," and state that participants will receive payment for
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1 each booklet they staple, even before they have to mail the
2 booklet out. Defendants also unconditionally guarantee that
3 if participants are not making the claimed earnings after
4 working with Defendants for 90 days and mailing 50 booklets,
5 participants can obtain a full refund of their registration
6 fee plus an additional \$20 just for trying the program. With
7 the letter, Defendants also send consumers a separate sheet of
8 paper with the pictures and testimonials of three alleged
9 participants who claim to have made thousands of dollars with
10 the program.

11 12. The registration fee for the program is \$39 plus \$3
12 for shipping and handling. After consumers send Defendants
13 the required \$42, they do not receive the booklet stapling
14 opportunity that Defendants represent. Instead, Defendants
15 send consumers a single set of Defendants' "Secrets to Making
16 Money at Home" booklets, as well as a flyer, advertisements,
17 and a sales letter to market the booklets. Defendants
18 instruct consumers to find people to buy the booklets by
19 placing the advertisements in newspapers, posting the flyer,
20 or by purchasing mailing lists from Defendants. Defendants
21 tell consumers to copy the sales letter and send it to those
22 on the mailing list or anyone who responds to the consumer's
23 ads or flyers. The sales letter offers a complete set of the
24 "Secrets to Making Money at Home" booklets for \$30 plus \$3 for
25 shipping and handling. If anyone orders the booklets,
26 consumers are to fulfill the order by copying the master set

1 of booklets Defendants sent, stapling the copies, and mailing
2 them to the orderer. Defendants do not pay consumers any
3 money for stapling and mailing the booklets. The only money
4 consumers can earn is the \$33 they may receive from each
5 individual who responds to the consumer's solicitations and
6 orders the booklets, less the consumer's cost to reproduce,
7 staple and mail the booklets.

8 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

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

12 **COUNT I**

13 14. In numerous instances, in the course of offering for
14 sale and selling their work-at-home booklet stapling
15 opportunities, Defendants or their employees or agents have
16 represented, expressly or by implication, that consumers will
17 make a substantial amount of money after sending the
18 registration fee to Defendants.

19 15. In truth and in fact, many consumers do not earn a
20 substantial amount of money after sending the registration fee
21 to Defendants.

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

26 **COUNT II**

1 from Defendants' unlawful acts or practices, and other
2 remedial measures.

3 22. This Court, in the exercise of its equitable
4 jurisdiction, may award other ancillary relief to remedy
5 injury caused by Defendants' law violations.

6 **PRAYER FOR RELIEF**

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

10 1. Award Plaintiff such preliminary injunctive and
11 ancillary relief as may be necessary to avert the likelihood
12 of consumer injury during the pendency of this action and to
13 preserve the possibility of effective final relief, including,
14 but not limited to, temporary and preliminary injunctions and
15 an order freezing assets;

16 2. Permanently enjoin Defendants from violating the FTC
17 Act as alleged herein;

18 3. Award such relief as the Court finds necessary to
19 redress injury to consumers resulting from Defendants'
20 violations of the FTC Act, including but not limited to,
21 rescission or reformation of contracts, restitution, the
22 refund of monies paid, and the disgorgement of ill-gotten
23 monies; and

24 4. Award Plaintiff the costs of bringing this action,
25 as well as such other and additional relief as the Court may
26 determine to be just and proper.

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Respectfully Submitted,
WILLIAM E. KOVACIC
General Counsel

DATED: _____, 2002

BARBARA Y.K. CHUN
Attorney for Plaintiff
Federal Trade Commission