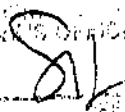


**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

FILED
AUSTIN DIVISION

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BY:  CLERK
CAPS

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CASTLE PUBLISHING, a Texas sole proprietorship, and TREIGH DUSTIN HUBBARD, individually, and as the sole owner and manager of the above company,

Defendants.

Civil Action No.

A03 CA 905SS

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

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

1. The FTC brings this action pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure temporary, preliminary, and permanent injunctive relief, restitution, rescission of contracts, disgorgement, and other equitable relief for defendants' deceptive marketing and sale of worthless envelope stuffing employment opportunities in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. Jurisdiction is proper in this Court pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue is proper in the United States District Court for the Western District of Texas pursuant to 15 U.S.C. § 53(b), and 28 U.S.C. §§ 1391(b) and (c), because defendants reside

in this district and a substantial part of the events giving rise to these claims occurred in this district.

PARTIES

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC 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 FTC is authorized to initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. § 53(b).

5. Defendant Castle Publishing is a Texas sole proprietorship, with its principal place of business located at 1706 Houston Street, Austin, Texas 78756.

6. Defendant Treigh Dustin Hubbard ("Hubbard") is the sole owner of Castle Publishing. Hubbard resides and transacts business in the Western District of Texas. At all times material to this complaint, acting alone or in concert with others, Hubbard has formulated, directed, controlled, or participated in the acts and practices set forth in this complaint.

7. Defendants have conducted the acts and practices set forth in this complaint under various business names and "mail drop" addresses, including Castleguard Publishing, 3639 Midway Drive, Suite B-292, San Diego, California 92110-5254; Bigcastle Publishing, 11765 West Avenue, #301, San Antonio, Texas 78216; Bluecastle Publishing, 5030 North May, #347, Oklahoma City, Oklahoma 73112; Castlebridge Publishing, 700 North Colorado Boulevard, Suite 288, Denver, Colorado 80206; Castledoor Publishing, 2123 FM 1960 West, Suite 208, Houston,

Texas 77090-3103; and Stonecastle Publishing, 10580 North McCarran Boulevard, #115-396, Reno, Nevada 89503.

COMMERCE

8. At all times material to this complaint, defendants have 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.

DEFENDANTS' DECEPTIVE BUSINESS ACTIVITIES

9. Beginning not later than early 2001, and continuing thereafter, defendants have marketed, offered for sale, and sold envelope stuffing employment opportunities to consumers throughout the United States. Defendants promoted these envelope stuffing employment opportunities to prospective purchasers through unsolicited home mailers containing numerous false claims. Many of defendants' customers are unemployed, disabled, or elderly individuals hoping to earn an income working from home.

10. Defendants promise that consumers employment can earn substantial income in a legitimate advertising business by inserting and mailing defendants' "special letters." For example, defendants mailers typically state:

EARN \$2,900.00 TO \$5,000.00 AND MORE WEEKLY!

Inserting and Mailing Our Special Letters From Home . . .
\$10.00 per letter inserted and returned to us per our instructions . . .
NO ADVERTISING. . . FREE POSTAGE . . . FREE SUPPLIES. . .
WE SHIP YOU ALL ENVELOPES AND LETTERS TO BE INSERTED . . .
Pay Checks Mailed Out On Tuesdays, So That You Receive Them By Friday . . .
Start NOW! And make this your best year for making money!
Don't Get Left Out! Give us a try and we'll send you a check in ten days . . .

Would you like to earn \$2,900 to \$5,000, and more, each and every week for as long as you want? Wouldn't that just help you catch up with most of your bills, and allow you some time to relax and enjoy the finer things in life?...

...As you probably know, **INSERTING AND MAILING LETTERS IS ONE OF THE EASIEST JOBS IN THE WORLD...** All you have to do for us is insert the envelopes that we send you with the letters that we send you and then mail them out so that you can receive your paycheck. Can you find an easier job than this? That pays as well? We can't think of any...Can you? (Emphasis in original, underlining added).

11. Defendants' mailers also directly link the amount of money a consumer can earn to the amount of money the consumer pays to defendants:

For your convenience, we have established **5 Different Income Groups. You choose the group you want to work under.** Each Group Has A Different Earning Potential. And A Different Number of Starting Supplies. The earning potential in Group 1 is \$590.00 weekly. Group 2 is \$790.00. Group 3 is \$990.00. **Group 4, our most popular group has an earning potential of \$2,900.00 weekly.** Group 5 is for established mailers who start in Group 4 and get promoted after receiving their first \$2,900.00 in pay. **When you reach Group 5, you have the potential to make \$5,000.00 and more weekly....**

IN ORDER TO GET YOU STARTED IMMEDIATELY, we must require a one-time computer processing and materials fee. The fee must match the income group that you have selected. This one-time fee ensures that you are serious about earning good money for inserting and mailing our special letters...However, this start-up fee will be promptly returned to you after you are in the system and have earned 5 paychecks under your chosen income group.... (Emphasis in original).

12. Defendants' mailers further link the number of envelopes consumers will mail to the income they receive, *i.e.*, \$10.00 per envelope. The "Application Form" attached to the mailer lists as follows:

Income Group #1, (\$590.00) Fee is \$59-We send you 59 letters, 59 envelopes, 59 customer mailing labels.

Income Groups #2, (\$790.00) Fee is \$79-We send you 79 letters, 79 envelopes, 79 customer mailing labels.

Income Groups #3, (\$990.00) Fee is \$99-We send you 99 letters, 99 envelopes, 99 customer mailing labels.

Income Group #4, (\$2,900.00) Fee is \$290-We send you 290 letters, 290 envelopes, 290 customer mailing labels.

Now only \$149! If you respond *within 10 days*.

Income Group #5 - This income group is only for home workers who started under income group #4 and got promoted after receiving their first \$2,900 in pay. Earning Potential is \$5,000.00 and more weekly. (Emphasis in original).

13. Defendants' mailers also state:

The more letters you have to stuff, the more money you'll make . . . **Why do we pay such a high rate as \$10.00 per letter stuffed and received?** Firstly, the number of people who respond to our special letters, once they are mailed out is very high. Secondly, they like what we offer, and they are willing to pay for the opportunities that we offer. These two facts are the main reason why we can easily afford to pay you \$10.00 per letter stuffed and mailed. (Emphasis in original).

14. Defendants also promise that consumers will continue to earn money over time and will be refunded their initial investment. The mailers state:

P.S. Money Back Guarantee!! All application fees will be refunded with your 5th paycheck. This fee will be added to your check and mailed to you. (Emphasis in original).

15. Defendants promises are false. Although defendants' mailer offers consumers the opportunity to be employed in a purportedly legitimate advertising business, in reality no services or products are involved. Rather, defendants' program amounts to little more than a simple chain letter scheme.

16. When the consumers receive their first package of "special letters" from defendants, they learn for the first time that defendants' "special letters" are simply letters advertising another very similar "work-at-home opportunity." These "special letters" state "GET PAID FOR MAILING LETTERS \$1,000.00 A DAY POSSIBLE," and invite new consumers to

send defendants a \$20.00 shipping and handling fee along with a \$59.00, \$79.00, \$99.00 or \$290.00 “application fee” to join into an income group. (Emphasis in original).

17. A majority of defendants’ customers failed to receive even a single paycheck. The promised refund of the application fee “with your 5th paycheck” is thus also impossible to obtain. Those few consumers who did receive payment from defendants typically received an amount significantly less than the amount they invested in defendants’ scheme.

18. Defendants also falsely promise to pay consumers’ postage costs in sending out defendants’ “special letters.” For example, defendants’ home mailer states: “FREE POSTAGE,” and “All postage cost is reimbursable, for the orders we receive. THAT MEANS IT’S FREE!” (Emphasis in original).

19. After realizing that they were unlikely to earn any money from defendants envelope stuffing employment opportunity, many consumers attempted to contact defendants. These attempts proved fruitless. When the consumers attempted to contact defendants by telephone, they were connected to an automated voice message machine that simply repeated most of the information contained in defendants’ home mailer. The automated voice message machine did not accept incoming messages.

20. Similarly, defendants’ customers found it nearly impossible to communicate with defendants via mail. Defendants hide behind myriad fictitious business names and mail drop addresses in states other than where they are actually located. Those customers who were able to contact defendants via mail only received a form letter in reply.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

22. As set forth below, defendants, individually or in concert with others, have violated Section 5(a) of the FTC Act in connection with the advertising, offering for sale, or selling of services via the mails.

COUNT I

23. In numerous instances, in the course of offering for sale and selling purported envelope stuffing employment opportunities, defendants represent, expressly or by implication, that they offer a legitimate employment opportunity whereby consumers can earn a substantial amount of money, such as \$590.00 to \$5,000.00 per week, advertising legitimate products and services.

24. In truth and in fact, defendants do not offer consumers a legitimate envelope stuffing employment opportunity whereby consumers can earn a substantial amount of money, such as \$590.00 to \$5,000.00 per week.

25. Therefore, defendants' representations, as set forth in Paragraph 23, are false and deceptive in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT II

26. In numerous instances, in the course of offering for sale and in selling envelope stuffing employment opportunities, defendants represent, expressly or by implication, that they will pay consumers \$10.00 per envelope for all or most of the envelopes stuffed and mailed by the consumers.

27. In truth and in fact, defendants do not pay consumers \$10.00 per envelope for all or most of the envelopes stuffed and mailed by the consumers.

28. Therefore, defendants' representations, as set forth in Paragraph 26, are false and deceptive, in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT III

29. In numerous instances, in the course of offering for sale and selling purported envelope stuffing employment opportunities, defendants represent, expressly or by implication, that defendants will pay the cost of postage spent by consumers to mail defendants' "special letters."

30. In truth and in fact, defendants do not pay the cost of postage spent by consumers to mail defendants' "special letters."

31. Therefore, defendants' representations, as set forth in Paragraph 29, are false and deceptive in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT IV

32. By furnishing consumers with advertising circulars and letters that contain false and misleading representations, defendants provide others with the means and instrumentalities for the commission of deceptive acts and practices.

33. Therefore, defendants' practices, as set forth in paragraph 32, constitute deceptive acts and practices in violation of in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

34. Defendants' violations of Section 5(a) of the FTC Act have injured, and will continue to injure consumers throughout 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.

THIS COURT'S POWER TO GRANT RELIEF

35. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other relief to prevent and remedy defendants' violations of the FTC Act, and in the exercise of its equitable jurisdiction, to order the disgorgement of monies resulting from defendants' unlawful acts or practices, and to order other ancillary equitable relief including rescission of contracts and restitution.

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 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, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies.

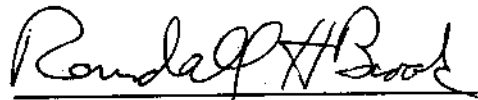
4. Award plaintiff the costs of bringing this action, as well as such other and additional equitable relief as the Court may determine to be just and proper.

Dated: December 9, 2003

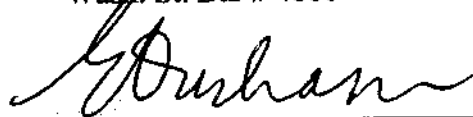
Respectfully submitted,

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