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U.S. DISTRICT COURT
ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

JUN 23 1997
DEP. CLK

X970077

Civil Action No. **97 WY-1296**

_____)
 FEDERAL TRADE COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
)
 \ ROCKY MOUNTAIN INTERNATIONAL SILVER AND)
 GOLD, INC., also known as RMI, Inc. a Colorado corporation,)
 STEVE LUCAS, individually, and)
 JANSEY LYNN LUCAS, individually,)
)
 Defendants.)
 _____)

COMPLAINT FOR INJUNCTION AND OTHER EQUITABLE RELIEF

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

1. The FTC 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, restitution, disgorgement, and other equitable relief for defendants' deceptive trade practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

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

3. Venue in the District of Colorado 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. §§ 41-58. The Commission enforces 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 may initiate federal district court proceedings to enjoin violations of the FTC Act and to secure appropriate equitable relief in each case, including restitution for injured consumers and disgorgement. 15 U.S.C. § 53(b).

5. Defendant Rocky Mountain International Silver and Gold, Inc. ("RMI"), is a Colorado corporation with its office and principal place of business at 845 San Juan Avenue, Saguache, Colorado, the residence of defendants Steve and Jansey Lynne Lucas. On or before January 10, 1997, RMI was a sole proprietorship owned by defendant Steve Lucas and operated by both defendants Steve and Jansey Lynn Lucas. RMI markets memberships in a program it refers to as "Rocky Mountain International Silver and Gold" throughout the United States and in foreign countries. RMI transacts business in the District of Colorado.

6. Defendant Steve Lucas ("Lucas") is RMI's founder and sole director.

Individually or in concert with others, Lucas formulates, directs, controls, or participates in the acts and practices of RMI alleged below, and has done so at all times pertinent to this action. He resides and transacts business in the District of Colorado.

7. Defendant Jansey Lynne Lucas is the wife of Steve Lucas. Individually or in concert with others, she formulates, directs, controls, or participates in the acts and practices of RMI alleged below, and has done so at all times pertinent to this action. She resides and transacts business in the District of Colorado.

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.

COURSE OF CONDUCT

9. Since approximately July 1993, defendants have operated a program, commonly known as a "pyramid scheme," called Rocky Mountain International Silver and Gold. Pyramid schemes are characterized by the payment of money to the scheme's promoter in return for which participants receive the right to recruit new participants. Participants then receive payments for each individual they recruit or who appears below them in their pyramid (commonly referred to as a "downline"). Earnings in a pyramid scheme are derived primarily from recruiting other participants into the program, not from the retail sale of products or services.

10. Pyramid schemes are inherently injurious to consumers because they must eventually collapse. Like chain letters, pyramid schemes may make money for those at the top of the chain or pyramid, but end up injuring the vast majority of participants at the bottom who can find few or no recruits.

11. Defendants advertise and market RMI's Silver and Gold program on the Internet, using electronic home pages on the World Wide Web. They also use faxes and mail to distribute their promotional information and documents.

12. Defendants represent that by becoming a participant in RMI's Silver and Gold program, participants will receive the opportunity to earn a substantial income by bringing others into the program, receive "free silver" every month, and receive "products," such as a monthly newsletter and a network marketing course.

13. Defendants, through their promotional materials, promise consumers that for an initial investment, from \$12 to \$15, and a continuing monthly obligation, from \$21 to \$39, they can earn an unlimited income, from a few hundred dollars a month to thousands of dollars a month. For example, defendants' promotional material (attached hereto and incorporated herein as Exhibits A - D) states: "Your income may be built to what **YOU** want it to be, from a few hundred dollars per month, to a few thousand per month, to **UNLIMITED!**" (Exhibit A, see also Exhibit B) Further, defendants represent: "With over 20 years experience in Sales and Marketing, I know of **NO OTHER PROGRAM** in existence, (that is legal), that is so **EASY**

TO AFFORD, so EASY TO WORK, that will bring in SO MUCH MONEY for such a SMALL INVESTMENT." (Exhibits C and D).

14. Defendants, through their promotional materials, have promised consumers that they will receive their money back if they are not completely satisfied with RMI's Silver and Gold program. (Exhibits A and D.)

15. Defendants, individually or in concert with others, have used the above representations, or others similar to those described above, to induce the purchase of investments in RMI's Silver and Gold program.

DEFENDANTS' VIOLATIONS OF THE FTC ACT

COUNT ONE

16. In connection with the offering for sale or sale of memberships in RMI's Silver and Gold program, defendants have represented, expressly or by implication, orally and in writing (including electronic writing on the World Wide Web), that consumers who pay RMI an initial fee, from \$12 to \$15, and a continuing monthly obligation, from \$21 to \$39:

- a. Will receive a high income, from a few hundred dollars a month to thousands of dollars a month; and
- b. Will receive a full refund of the money they pay defendants if dissatisfied.

17. In truth and in fact, most consumers who pay RMI an initial fee, from \$12 to \$15, and a continuing monthly obligation, from \$21 to \$39:

- a. Will not receive a high income, from a few hundred dollars a month to thousands of dollars a month; and
- b. Will not receive a full refund of the money they pay defendants if dissatisfied.

Instead, most participants in the pyramid scheme will lose money.

18. Therefore, the representations set forth in ¶16 are false and misleading and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

19. By providing participants in RMI's Silver and Gold program with promotional materials that contain false and misleading representations, including but not limited to the false and misleading representations described in ¶16 above, to be used in recruiting new participants, defendants have provided these persons with the means and instrumentalities for the commission of deceptive acts and practices.

20. Defendants' practices, as described in ¶19 above, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

INJURY

21. Defendants' violations of Section 5 of the FTC Act, as set forth above, have caused and continue to cause substantial injury to consumers. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers.

THIS COURT'S POWER TO GRANT RELIEF

22. Section 13(b) of the FTC Act, 15 U.S.C. §53(b), empowers this Court to issue a permanent injunction against defendants' violations of the FTC Act and, in the exercise of its equitable jurisdiction, grant such other relief as the Court may deem appropriate to halt and redress violations of the FTC Act, including restitution and disgorgement of unjust enrichment.

PRAYER FOR RELIEF

WHEREFORE the Commission respectfully 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 the Commission all temporary and preliminary injunctive and ancillary relief that 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, including but not limited to, temporary and preliminary injunctions, appointment of a receiver, an order freezing each defendant's assets;
2. Permanently enjoin defendants from violating the FTC Act as alleged in this complaint, including engaging in such violations in connection with the sale of memberships in RMI's Silver and Gold program and in the continued collection of monthly fees;
3. Award all relief that the Court finds necessary to remedy the defendants' violations of Section 5(a) of the FTC Act, including, but not limited to, the refund of monies paid and the disgorgement of ill-gotten gains; and

4. Award the Commission the costs of bringing this action, as well as any other equitable relief that the Court may determine to be proper and just.

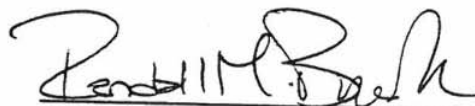
Dated: _____

Respectfully submitted,

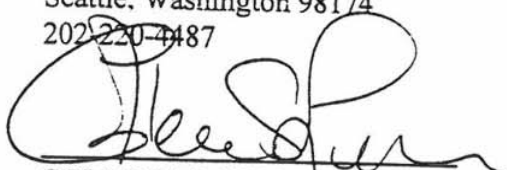
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