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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA
Phoenix Division**

FEDERAL TRADE COMMISSION,)
)
Plaintiff,) CIV-96-_____
v.)
) **COMPLAINT FOR**
) **INJUNCTION AND**
GLOBAL ASSISTANCE NETWORK FOR) **OTHER EQUITABLE**
CHARITIES a.k.a. GANC, an unincorporated) **RELIEF**
organization,)
EILEEN BELCAR, individually and)
doing business as GANC, and)
CEDRICK ROBLES, individually and)
doing business as GANC,)
)
Defendants.)

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' unfair and 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 Arizona 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 Global Assistance Network for Charities ("GANC"), is an unincorporated organization. Its address is 11259 East Via Linda, Suite 100-947, Scottsdale, Arizona, which is a mailbox at Mail Vault, a commercial mail receiving company. GANC markets memberships in a charitable donation pyramid sales scheme throughout the United States and in foreign countries. GANC transacts business in the District of Arizona.

6. Defendant Eileen Belcar ("Belcar") (a.k.a. Eileen B. Robles) co-founded GANC and is a manager or agent of GANC. Individually or in concert with others, Belcar formulates, directs, controls, or participates in the acts and practices of GANC alleged below, and has done so at all times pertinent to this action. She resides and transacts business in the District of Arizona.

7. Defendant Cedrick Robles co-founded GANC and is a manager or agent of GANC. Individually or in concert with others, he formulates, directs, controls, or participates in the acts and practices of GANC alleged below, and has done so at all times pertinent to this action. He resides and transacts business in the District of Arizona.

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 March 1996, Defendants have operated an investment program that purports to raise money for charities and to which it sells memberships. In actuality, the defendants run what is commonly known as "pyramid scheme". Pyramid schemes are characterized by each participant paying money to the scheme 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 sale of products or services.

10. Pyramid schemes are inherently injurious to consumers because as a mathematical certainty, they are doomed to collapse. As in the case of chain letters, in a pyramid, only the people at the very top make any money. Participants can only make money if there are participants in levels below them. Eventually pyramid schemes break down because the pool of possible recruits becomes exhausted and recruitment stops. Those at the bottom of the pyramid,

the vast majority of the participants, lose money because there is no one in the pyramid below them.

11. Defendants advertise and market their charity pyramid scheme in newspapers and on the Internet, using electronic home pages on the World Wide Web. Defendants also use telephones, faxes, and mail to distribute their promotional documents.

12. Defendants claim that their primary goal is to fund charities and that by becoming a participant in the Defendantspyramid scheme, a participant will ensure, not only that his or her favorite charity will receive funds, but that the participant also will receive substantial income. See Attachment A at 4.

13. Defendants, through their promotional materials, have promised consumers that if they participate in GANC they will ultimately earn a profit of \$89,700 a month for a \$70 initial investment and \$50 per month thereafterSee Attachment A at 6. For example, Defendants promotional material states:

Global Assistance Network for Charities
The Vision
To create a path to financial independence for ourselves and worthy cause.
A TRUE
\$\$\$ INCOME MAKER \$\$\$
while funding your favorite cause or organization

14. Through this claim and others like it, Defendants have solicited consumers throughout the United States and in foreign countries to pay GANC a specific sum, such as an initial fee of \$70 and \$50 per month thereafter, to join their pyramid charity scheme.

DEFENDANTS' VIOLATIONS OF THE FTC ACT

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

COUNT ONE

16. In connection with the offering for sale or sale of memberships in a charity pyramid scheme, Defendants have represented, directly or by implication, orally and in writing (including electronic writing on the World Wide Web), that consumers who pay GANC a specific sum, such as an initial fee of \$70 and \$50 per month thereafter:

- a. Will receive high income or profits, such as \$89,700 per month, in return; and
- b. Will receive a full refund.

17. In truth and in fact, most consumers who pay GANC a specific sum, such as an initial fee of \$70 and \$50 per month thereafter:

- a. Will not receive high income or profits, such as \$89,700 per month, in return; and
- b. Will not receive a full refund of money they pay GANC.

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

INJURY

19. 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

20. 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, an order freezing each defendant's assets, requiring an accounting, permitting immediate access to Defendant's business records and expedited discovery;
2. Permanently enjoin Defendants from violating the FTC Act as alleged in this complaint;
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 illgotten 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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