

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

FEDERAL TRADE COMMISSION,

Plaintiff

v.

Civil Action No.

**AMERICA’S SHOPPING
NETWORK, INC.,**
a corporation,

CONSUMER SERVICES, INC.,
a corporation,

KAREN A. ZAGAMI,
individually and as an officer of the corporations,

CARIANNE SICA, also known as
CARRIE SICONE, individually and as an
officer of the corporations,

LOUIS S. GANGI, individually and as a
principal of the corporations,

HME INC.,
a corporation, and

JOHN M. EPSTEIN, individually and as an
officer of the corporation,

Defendants

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

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

1. The FTC brings this action under Sections 5(a) and 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a) and 53(b), to obtain preliminary and permanent injunctive relief, rescission or reformation of contracts, restitution, disgorgement, and other equitable relief for defendant’s deceptive acts or 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 Southern District of Florida is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

PLAINTIFF

4. Plaintiff Federal Trade Commission is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission enforces 4n enforcTra(i TD /FO /

Jupiter FL 33469, and transacts or has transacted business in the Southern District of Florida.

6. Defendant Consumer Services, Inc. (“CS”), a Massachusetts corporation using a mailing address at 10 Mount Vernon St., #237, Winchester, MA 01890, promotes and sells work at home employment opportunities. CS has a business premises at 1420 Cypress Drive, Jupiter FL 33469, and transacts or has transacted business in the Southern District of Florida.

7. Defendant Karen A. Zagami is the President of ASN and of CS. At all times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices set forth in this complaint. Karen A. Zagami resides and transacts or has transacted business in the Southern District of Florida.

8. Defendant Carianne Sica, also known as Carrie Sicone, is the Treasurer of ASN and of CS. At all times material to this complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices set forth in this complaint. Carianne Sica resides and transacts or has transacted business in the Southern District of Florida.

9. Defendant Louis S. Gangi has sole authority over CS’s bank accounts, and has authorized, as “owner,” the establishment of toll-free telephone number accounts for ASN and for CS. 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 set forth in this complaint. Louis S. Gangi resides and transacts or has transacted business in the Southern District of Florida.

10. Defendant HME Inc. (“HME”), a Florida corporation using a mailing address at PMB 337, 6230 W. Indiantown Road, Suite 7, Jupiter, FL 33458, promotes and sells work at home employment opportunities, using identical advertisements and phone numbers as those used by CS.

HME has a business premises at 106 Commerce Way, Suite A15, Jupiter FL 33469, and transacts or has transacted business in the Southern District of Florida.

11. Defendant John M. Epstein is the President of HME, and is listed as the contact for ASN's and CS's toll-free telephone number accounts. 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 set forth in this complaint. Epstein resides and transacts or has transacted business in the Southern District of Florida.

COMMERCE

12. At all times relevant to this complaint, defendants have maintained a substantial course of business in the offering for sale and sale of work-at-home employment opportunities, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

13. Since at least March 1998, and continuing thereafter, the individual defendants have engaged in a common course of conduct offering for sale and selling work-at-home employment opportunities to consumers throughout the United States. In January 2001, the individual defendants Zagami and Sica incorporated ASN and CS. In March 1998, the individual defendant Epstein incorporated HME. The defendants continue their work-at-home employment opportunity sales through these various corporate entities.

14. The defendants have promoted their work at home employment opportunities to prospective purchasers through print and online classified advertisements, in the case of CS and HME, and through direct mail advertisements, in the case of ASN.

15. In the ASN direct mail advertisements, defendants typically offer to pay consumers up to \$980 per week, including 50 cents or \$1.00 per envelope for stuffing and mailing grocery coupon savings certificates, and \$30 commissions for every order defendants receive in response to consumers' mailings.

16. The ASN direct mail advertisements instruct consumers to pay ASN between \$33.50 and \$43.00, in order to receive the promised employment and earnings.

17. In the HME and CS classified advertisements, defendants typically offer to pay consumers \$635 per week for processing mail.

18. The HME and CS classified advertisements refer consumers to a toll-free telephone number for further information.

19. Upon calling the toll-free telephone number, consumers hear a recorded message from CS and are asked to leave their names and addresses so that defendants can send them additional information.

20. Consumers who leave their names and addresses receive a brochure from CS repeating the employment and earnings claims in the classified ad, as well as offering a work-at-home employment guide book, which must be purchased for \$39.90 in order to receive the promised employment and earnings.

21. The defendants also offer, in both the ASN direct mail advertisements and the CS brochure, an unconditional guarantee ensuring a full refund if the consumer is not satisfied.

22. After collecting the required payments from consumers, contrary to defendants' representations, defendants do not provide work-at-home employment to these consumers. Instead,

consumers receive either nothing at all, or just the guide book describing other work-at-home employment opportunities that require payment of additional fees. In addition, defendants tell consumers to publish or mail similar advertisements offering information about defendants' work-at-home employment opportunities.

23. The defendants do not pay any money to consumers for each envelope that the consumers stuff and mail. The only money consumers can make per envelope is from advertising defendants' work-at-home employment opportunities and asking new consumers to enclose \$1 and a self-addressed stamped envelope. Thus, if the consumers receive any responses to the advertisements, they collect the \$1 and send the materials offering defendants' work-at-home employment opportunity.

24. Consumers who stuff and mail envelopes incur numerous additional fees and costs for supplies from defendants, advertising, and postage, but receive few if any \$30 commissions from defendants for orders received in response to consumers' mailings. Moreover, few if any consumers earn the weekly amounts initially claimed by defendants.

25. Consumers who attempt to obtain a refund after discovering the true nature of defendants' work-at-home opportunities, learn that defendants' refund policy does in fact have conditions attached, such as requiring consumers to contact the companies listed in the work-at-home employment guide book, which require additional payments. Such consumers are unable to obtain refunds unless they repeatedly complain to law enforcement authorities or the Better Business Bureau. These refunds typically have an amount deducted, such as \$4.95, for shipping and handling.

consumers' mailings.

32. Therefore, defendants' representations as set forth in Paragraph 30 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).

COUNT III

(Consumer Services)

33. In numerous instances, in the course of offering for sale and selling their CS work-at-home employment opportunities, defendants or their employees or agents have represented, expressly or by implication, that defendants will pay consumers \$635 per week for processing mail.

34. In truth and in fact, in numerous instances defendants do not pay consumers \$635 per week for processing mail.

35. Therefore, defendants' representations as set forth in Paragraph 33 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).

COUNT IV

36. In numerous instances in the course of offering for sale and selling their work-at-home employment opportunities, defendants or their employees or agents have represented, expressly or by implication, that they will provide full unconditional refunds if consumers are not satisfied.

37. In truth and in fact, in numerous instances, defendants do not provide full unconditional refunds if consumers are not satisfied.

38. Therefore, defendants' representations as set forth in Paragraph 36 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

39. Consumers in the United States have suffered or are likely to suffer substantial monetary loss as a result of defendants' unlawful acts or practices. 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

40. 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, to order such ancillary relief as temporary and preliminary injunctions, consumer redress, rescission, restitution, disgorgement of profits resulting from defendants' unlawful acts or practices, and other remedial measures.

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

PRAYER FOR RELIEF

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

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, including, but not limited to, temporary and preliminary injunctions and an order

freezing assets;

2. Permanently enjoin 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 defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; 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.

Dated: _____

Respectfully Submitted,

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