

interest resulting from defendants' violations of the FTC Act .

JURISDICTION AND VENUE

2. Subject matter jurisdiction is conferred upon this Court by 1 5
U.S.C. §§ 45(a) and 53(b) and 28 U.S.C. §§ 1331, 1337(a), and
1345.
3. Venue in the United States District Court for the Northern 5
District of Indiana is proper under 15 U.S.C. § 53(b), a s
amended by the FTC Act Amendments of 1994, Pub. L. No. 103 -
312, 108 Stat. 1691, and 28 U.S.C. § 1391(b) and (c).

PLAINTIFF

4. Plaintiff, the Federal Trade Commission, is an independent t
agency of the United States Government created by statute. 15
U.S.C. § 41 *et seq.* The Commission enforces Section 5(a) of
the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair o r
deceptive acts or practices in or affecting commerce. Th e
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DEFENDANTS

5. Defendant The Dean Thomas Corporation is an Indian a corporation with its principal place of business at 4622 East State Boulevard, Fort Wayne, Indiana 46815. The Dean Thomas Corporation also does business as:

- (a) Alcohol Prevention Review;
- (b) Area Drug Abuse;
- (c) Area Drug Abuse Program;
- (d) Child Safety Guide;
- (e) Community Drug Abuse in Washington County;
- (f) Community Drug Abuse News;
- (g) Crime and Alcohol Prevention;
- (h) Crime and Alcohol Prevention Review;
- (i) Crime Awareness;
- (j) Crime Prevention and Review;
- (k) Crime Prevention Program;
- (l) Crime Prevention Review;
- (m) Drug and Alcohol Review;
- (n) Fire Prevention and Review;
- (o) Fire Prevention Program;
- (p) Fire Prevention Review;
- (q) Fire Safety Monitor;
- (r) Labor Guide;
- (s) Labor Trade Review;

- (t) P.P.C.;
- (u) The Community Child Safety Digest;
- (v) Washington County Child Safety Guide;
- (w) Washington County Fire Prevention;

and possibly under other d/b/a's. The Dean Thomas Corporation n
transacts business in this District.

6. Defendant The Game Club, Inc.,

do business under other names, including the same d/b/a's The Dean Thomas Corporation uses, as set forth in paragraph 5 . Thomas Publishing Company, Inc., transacts business in thi s district.

9. Defendant Dean R. Thomas is the director, president an d secretary of The Dean Thomas Corporation, The Game Club, Inc. , Professional Publishers, Inc., and Thomas Publishing Company, Inc. At all times material to t his complaint, individually or in concert with others, he has formulated, directed , controlled or participated in the acts and practices of th e corporate defendants, including the acts and practices se t forth in this complaint. He transacts business in thi s District.

10. Defendant Randy B. Lonis operates and manages one or more of the defendant corporations. At all times relevant to thi s complaint, individually or in concert with others, he ha s formulated, directed, controlled or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint. He transact s business in this District.

COMMERCE

11. At all times relevant to this complaint, defendants hav e maintained a substantial course of trade in or affectin g

commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS ACTIVITIES

12. Since at least 1987, defendants have engaged in a program of misrepresentation targeted at public-spirited businesses in many states. Defendants solicit businesses, including many small businesses, to advertise in publications defendant claim to publish and distribute. Defendants represent advertising in their publications, which have titles such as AREA DRUG ABUSE, CHILD SAFETY GUIDE and FIRE PREVENTION REVIEW, as a meaningful opportunity for businesses to support important causes in their community, such as fighting crime and preventing drug abuse. As further inducement for businesses to purchase advertising, defendants tell businesses that publications containing their advertising will be widely distributed in their local communities or that publication containing their advertising will be distributed to local organizations and specially targeted audiences within their communities.
13. Contrary to defendants' representations, publications containing the businesses' advertisements are not widely distributed in the businesses' community nor provided to local organizations or specially targeted audiences.

14. In addition to misrepresenting the distribution of the publications, defendants often obtain payment by misrepresenting to the business that it has already ordered the advertisement. This misrepresentation is conveyed in several ways; in numerous instances: (1) defendants telephone a business and misrepresent to the business that an advertisement it agreed to place in defendants' publication is printed and needs to be paid for, even though the business has never agreed to an advertisement; (2) defendants obtain the name of a person at the business, and misrepresent that the person has previously authorized the advertisement; (3) defendants send a collector to the business who misrepresents that the business has approved an advertisement and that it must be paid for; (4) defendants convey the misrepresentation that an advertisement has been ordered by sending an envelope Cash on Delivery (C.O.D.) to the business. Many businesses pay the COD and, upon opening the envelope, discover an invoice for an advertisement in one of defendants' publications that they never authorized. Many businesses are convinced by the above misrepresentations that they have pre-approved the advertisement and pay the defendants.

15. If a business refuses to pay for unordered advertising, defendants frequently threaten to turn the business's bill over to a collection agency for collection action, or threaten to take legal action to collect payment. Many businesses are

convinced by these threats and, believing that their credit records may be adversely affected, pay the bill.

16. Defendants' representations have caused individual businesses to pay hundreds and even thousands of dollars for advertising in defendants' publications.

COUNT ONE

17. In numerous instances, in connection with the offering for sale and sale of advertisements, defendants have represented, expressly or by implication, that:

- (a) the proceeds from the advertisements will be used for a local, civic purpose, or to defray the cost of printing and disseminating the publications locally ;
and
- (b) the publication in which the advertising is to appear will receive widespread local distribution, or will be distributed to community organizations or specially targeted audiences within the business's local community.

18. In truth and in fact, in numerous instances:

- (a) the proceeds for the advertisements are not used for a local, civic purpose, nor

to defray the cost of printing and disseminating the publications locally ; and

(b) the publication in which the advertising is to appear does not receive widespread local distribution and is not distributed to community organizations or specially targeted audiences within the business's local community.

19. Therefore, defendants' representations set forth in paragraph 17 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 TWO

20. In numerous instances, in connection with the offering for sale and sale of advertisements, defendants have represented, expressly or by implication, that the business or a named person acting on behalf of the business previously authorized placement of the advertising in defendants' publications.

21. In truth and in fact, in numerous instances, the business or a named person acting on behalf of the business did not previously authorize placement of the advertising in defendants' publications.

22. Therefore, defendants' representation set forth in paragraph 20 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, § 15 U.S.C. § 45(a).

COUNT THREE

23. In numerous instances in connection with the offering for sale and sale of advertisements, defendants have represented, expressly or by implication, that defendants incurred the cost of printing the publication in reliance on the business's authorization of and promise to pay for the advertisement.

24. In truth and in fact, in numerous instances, defendants have not incurred the cost of printing the publication in reliance on the business's authorization of and promise to pay for the advertisement.

25. Therefore, defendants' representations set forth in paragraph 23 are false or misleading and constitute deceptive acts or practices

- (a) sending to businesses by Cash on Delivery (C.O.D.) packages containing bills for such advertisements; and
- (b) threatening to turn the bill over to a collection agency unless the business pays the bill; and
- (c) threatening to take legal action to collect payment for such advertisement.

27. Therefore, Defendants' practices, described in paragraph 26, constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, § 45(a).

CONSUMER INJURY

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

THIS COURT'S POWER TO GRANT RELIEF

29. 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, and an order freezing each defendant's assets.
2. Permanently enjoin the 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 ill-gotten monies; 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 just and proper.

DATE: _____

Respectfully submitted,

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