

INTERNET AUCTION FRAUD CASES

ALABAMA

Alabama v. White

On April 27, 1999, David M. White was convicted on charges of theft of property in the first degree by deception. The defendant offered items for sale via Internet auctions using various fictitious names and addresses. He accepted payment from hundreds of consumers all over the world and failed to provide the merchandise. The defendant received five years probation and was ordered to pay full restitution.

This case was investigated by the Geneva County District Attorney's Office, the Hartford Police Department and the United States Postal Inspection Service, Southeast Division, and the case was prosecuted by the Geneva County District Attorney's Office.

Contacts: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.

David Emery, Geneva County District Attorney, 334/684-3697 or 334/774-9500.

ALASKA

USPS v. Various Fictitious Names at various addresses in Anchor Point, Alaska

On November 10, 1999, an order to withhold mail, under the provisions of 39 USC 3003 and/or 3004, was issued by the USPS Judicial Officer and resulted in mail, most of which contained payment checks, being returned to the sender(s). The Order resulted from an investigation that determined that the respondents were running a scam that involved offering goods via an Internet auction web site and failing to deliver the goods.

This case was investigated by the United States Postal Inspection Service, Northwest Division.

Contact: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.

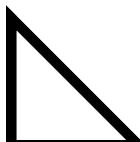
ARIZONA

Arizona v. Simek

On February 19, 1999, Arizona Attorney General Janet Napolitano announced that her office had obtained an Assurance of Discontinuance from Anthony Simek, who allegedly offered computers for sale over the Internet but failed to deliver. Simek allegedly used an Internet auction web site to advertise the computers, and then made arrangements to ship the computers to a buyer after receiving a \$1,500 payment. However, the consumer never received the computer. Under the terms of the Assurance, Simek will furnish written statements of material terms of sale to future buyers, including a complete description of the merchandise, price, terms and delivery arrangements. He also is required to keep records of shipment and payment as well as all correspondence with buyers. Simek also refunded the buyer's money.

Contact: Pati Urias, Public Information Officer, 602/542-8017.

CALIFORNIA





USPS v. Various Fictitious Names at 865 Ackerman Drive, Danville, CA 94526-1849

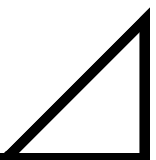
On February 18, 1999, an order to withhold mail, under the provisions of 39 USC 3003 and/or 3004, was issued by the USPS Judicial Officer against the above address. The Order resulted in mail, most of which contained payment checks, to that address being returned to the sender(s). The Order resulted from an investigation that determined the respondent was offering computer software at Internet auctions. Winning bidders were advised to send cash. The merchandise was never provided.

This case was investigated by the United States Postal Inspection Service, Northern California Division

Contact: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.

FLORIDA

FTC v. Hare



U.S. v. Hare

On September 6, 1998, the United States Attorney for the Southern District of Florida charged Craig Lee Hare with wire fraud for offering computers and computer-related equipment for sale on various Internet auction web sites, accepting payment and failing to deliver the goods. On February 12, 1999, Hare pled guilty to one count of wire fraud and was sentenced to six months home detention and three years probation, and ordered to pay approximately \$22,000 in restitution.

The case was investigated by the Federal Bureau of Investigation in the Southern District of Florida, West Palm Beach Division, and prosecuted by the United States Attorney's Office for the Southern District of Florida, West Palm Beach Division.

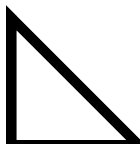
Contact: Kerry S. Baron, Assistant United States Attorney, Southern District of Florida, 561/820-8711.

USPS v. Various Fictitious Names at addresses in Miami, Miami Beach and Hallandale, Florida

On November 2, 1999, an order to withhold mail, under the provisions of 39 USC 3003 and/or 3004, was issued by the USPS Judicial Officer, and resulted in mail, most of which contained payment checks, being returned to the sender(s). This Order was the result of an investigation that determined the respondents accepted payment but failed to deliver merchandise ordered as the result of Internet auctions.

This case was investigated by the United States Postal Inspection Service, Florida Division.

Contact: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.



ILLINOIS

Illinois v. Briedis

On August 26, 1998, the Illinois Attorney General filed a civil complaint against Peter Briedis in the Illinois State Circuit Court, alleging that Briedis violated the Illinois Consumer Fraud And Deceptive Business Practices Act by offering merchandise for sale using the Internet auction site eBay, accepting payment from consumers, and failing to deliver the goods or a refund. The case was settled; the final order requires Briedis pay restitution to 17 consumers and prohibits him from selling items through Internet auctions in the future.

This case was investigated and prosecuted by the Illinois Attorney General's office.

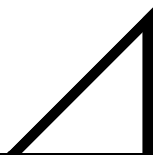
Contact: Debbie Hagan, Bureau Chief, Consumer Fraud Bureau, Southern Region, Office of the Illinois Attorney General, 217/782-9021.

Illinois v. Fairbank et. al.

On August 19, 1999 the Illinois Attorney General filed a civil complaint against Graham Fairbank d/b/a Fairbank Computer, Fairbank PCS and Venture Computer and against Mark Litwin d/b/a Venture Computer alleging that the defendants violated the Illinois Consumer Fraud and Deceptive Business Practices Act. The defendants allegedly advertised the sale of computer products through various Internet auction web sites, including eBay and ZDNet/FairMarket, accepted payment and then either delivered unwanted merchandise or did not deliver any merchandise. This litigation is pending.

This case was investigated and prosecuted by the Illinois Attorney General's office.

Contact: Debbie Hagan, Bureau Chief, Consumer Fraud Bureau, Southern Region, Office of the Illinois Attorney General, 217/782-9021.





IOWA

State of Iowa v. Striley

In February 2000, the office of the Iowa Attorney General filed a Consent Agreement entered into with Karen Striley of Clinton, Iowa. The defendant allegedly offered household items such as candlesticks for sale via Internet auction websites, accepted payment and failed to deliver the goods. Pursuant to the consent agreement, the defendant has agreed to a permanent injunction prohibiting her from selling over the Internet, taking money and not delivering goods. The defendant has also agreed to reimburse consumers.

This case was investigated and prosecuted by the Iowa Attorney General's office.

Contact: Bob Brammer, Communications Director, Office of the Iowa Attorney General, 515/281-6699.

State of Iowa v. Schnathorst

In February 2000, the office of the Iowa Attorney General filed, in Polk County District Court, a Consent Agreement entered into with Daniel Schnathorst of Norwalk, Iowa. The defendant allegedly offered camera and stereo equipment for sale via Internet auction websites, accepted payment and failed to deliver the goods. Pursuant to the consent agreement, the defendant has agreed to a permanent injunction prohibiting him from selling over the Internet, taking money and not delivering goods. The defendant also has agreed to be reimburse consumers.

This case was investigated and prosecuted by the Iowa Attorney General's office.

Contact: Bob Brammer, Communications Director, Office of the Iowa Attorney General, 515/281-6699.

KANSAS

State v. Arik Gentry and Jerry Dove II, d/b/a Beanmania

The Kansas Attorney General filed a lawsuit in Shawnee County, Kansas, on July 1, 1999, against Arik Gentry and Jerry Dove II, d/b/a Beanmania alleging that the defendants violated the Kansas Consumer Protection Act by representing that they had Beanie Babies for sale on an Internet auction site and received payments for the products but failed to provide them to consumers. The defendants entered into a Consent Judgement on September 1, 1999 and agreed to pay \$5,364.00 in restitution to consumers and \$1,000 in civil penalties and investigative fees.

This case was investigated and prosecuted by the Kansas Attorney General's Office.

Contacts: Assistant Attorney General Jim Welch, 785/296-3751.
Special Agent Lori Denk, 785/296-3751.

MISSOURI

Missouri v. Marriott

On October 29, 1999, Donald L. Marriott pled guilty to criminal charges brought by Missouri Attorney General Jay Nixon, admitting that he had defrauded consumers seeking to purchase computer equipment on the Internet auction site, eBay. Marriott was 16 at the time the crimes occurred, and was certified to stand trial as an adult on the charges. The plea agreement called for Marriott to pay \$5,863 in restitution to 13 consumers, complete 200 hours of community service and be placed on five years probation. While on probation, Marriott is prohibited from (1) using the Internet to buy, sell, advertise, or trade any goods or services; (2) visiting any Internet site on which goods or services are sold via auctions or classified advertisements, and (3) permitting anyone else to use his computer, screen name, identification or account to do those things described above.

This case was investigated by and prosecuted by the Missouri Attorney General's Office.

Contact: Office of the Missouri Attorney General, Office of Communications,
573/751-8844.

NEBRASKA

USPS v. John A. Wilhelm

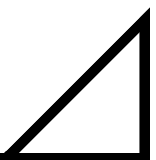
On June 4, 1999, a Cease and Desist Order, under 39 USC 3005, was issued against John A. Wilhelm. Under this Order, the respondent was ordered to cease and desist from making false representations relating to the sale of computers via Internet auction sites. An investigation determined that he had accepted payment for computers without furnishing the merchandise. Under this order, the respondent agreed to make victim restitution.

This case was investigated by the United States Postal Inspection Service, Midwest Division.

Contact: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.

NEW JERSEY

Farmer and Herr v. Arakelian et. al.



Farmer and Herr v. Beanie Stars, Inc. et. al.

On February 4, 2000, the Attorney General of the State of New Jersey filed suit against Beanie Stars, Inc., Hani Kheiralla and Mohammad Kheiralla, d/b/a nada400 and beaniestars. The Complaint alleges that the Kheirallas offered Beanie Babies for sale on the eBay auction web site, accepted payment and either failed to deliver the merchandise, or failed to deliver the merchandise within the time frame required under the New Jersey Consumer Fraud Act.

This case was investigated and is being prosecuted by the New Jersey Department of Law and Public Safety, Division of Consumer Affairs.

Contacts: Genevieve Morris or Jennifer Salvato, Press Office New Jersey Division of Consumer Affairs, 973/504-6327.

NEW YORK

People of the State of New York v. Dikhtyar

On October 18, 1999, Paul Dikhtyar was arrested and charged with larceny. The defendant allegedly manipulated Internet auction sites and fraudulently attempted to have bidders send him money for items other people were selling. On November 18, 1999, the defendant was sentenced to one year probation and eight days of community service.

This case was investigated by a joint task force comprised of the United States Postal Inspection Service, New York Metropolitan Division and the New York Police Department, Computer Crimes Squad. The case was prosecuted by the Kings County District Attorney's Office.

Contact: Rob Bethel, National Public Information Officer, United States Postal Inspection Service, 202/268-5283.
Melissa C. Jackson, Deputy District Attorney Kings County District Attorney's Office, 718/250-2600.

NORTH CAROLINA

US v. Lane

On December 15, 1999, Richard Lane of Raleigh, North Carolina, was arrested and charged with Mail Fraud and other crimes. Lane allegedly used numerous aliases and email addresses, and offered toys, jewelry and collectibles for sale on an Internet auction site. He purportedly accepted payments from consumers by falsely advertising he had the items listed in his auctions and would sell them to the highest bidder. Consumers complained of misrepresentations of the value and/or condition of the items offered for sale, receipt of something entirely different and, in some case, receipt of nothing at all.

This case was investigated by the United States Postal Inspection Service, Mid-Atlantic Division, and prosecuted by the United States Attorney's Office for the Eastern District of North Carolina.

Contact: Inspector Bill Johnson, United States Postal Inspection Service,
919/501-9314.

OHIO

State of Ohio ex rel. Betty D. Montgomery v. Brenda Theos, et al.

Ohio Attorney General Betty D. Montgomery filed a lawsuit on February 11, 2000, in the Licking County Court of Common Pleas. The lawsuit was filed against Brenda Theos of Newark, Ohio, for alleged violations of Ohio's Consumer Sales Practices Act. Theos is alleged to have sold counterfeit Beanie Babies through Internet auctions. Montgomery's office received numerous complaints regarding the authenticity of the products received. In some cases, the products were never received at all. Specific allegations in the lawsuit include failing to deliver the products, misrepresenting the authenticity of the products being sold, and using fictitious names to avoid connection with previous bad dealings.

This case was investigated and is being prosecuted by the Ohio Attorney General's Office.

Contact: Jennifer Detwiler, Office of the Ohio Attorney General, 614/466-3840.

OKLAHOMA

US v. Lansford

On January 19, 2000, Christine Lansford was indicted in the United States District Court, Western District of Oklahoma, on 14 counts of mail fraud for allegedly offering Beanie Babies on Internet auction web sites, accepting payment and failing to deliver the goods. Lansford allegedly used numerous aliases to perpetrate her scheme.

This case was investigated by the United States Postal Inspection Service, Fort Worth Division, and prosecuted by the United States Attorney's Office for the Western District of Oklahoma.

Contact: Joe Heaton, Assistant United States Attorney, Western District of Oklahoma, 405/553-8772.

PENNSYLVANIA

Pennsylvania v. Cavanaugh

Pennsylvania Attorney General Mike Fisher reached an Assurance of Voluntary Compliance with Scott Cavanaugh, owner of Cavanaugh Collections, resolving claims that the defendant advertised brand name or authentic trademarked collectibles on eBay, but delivered reproductions or knock-offs. Attorney General Fisher further alleged that Cavanaugh misrepresented the value of the items offered for sale. Under the terms of the agreement, Cavanaugh is required to comply with the Commonwealth's Consumer Protection Law, and pay \$1,379.81 in restitution and \$260 in investigatory costs.

This case was investigated by the Office of the Pennsylvania Attorney General.

Contact: Barbara Petito, Deputy Press Secretary, Office of the Pennsylvania Attorney General, 717/787-5211.

SOUTH DAKOTA

South Dakota v. Global Shopping Network

South Dakota Attorney General Mark Barnett entered into a settlement with the Global Shopping Club, Inc., a company that auctioned goods over the Internet. The company allegedly sent consumers items that were defective or different than those ordered. In addition, some consumers did not receive purchases at all, but were charged for the items on their credit cards. The company is enjoined from conducting any future business over the Internet, and will pay \$31,784.73 in consumer restitution.

This case was investigated and prosecuted by the South Dakota Attorney General's Office.

Contact: Roxy Everson, Director of Operations, 605/773-3215.

WISCONSIN

In the Matter of Maura M. Werts

On February 19, 1999, the State of Wisconsin, Department of Agriculture, Trade & Consumer Protection, issued an order finding that, in violation of Wisconsin state law, Maura M. Werts offered items using the Internet auction site eBay, accepted payment and failed to provide the goods for at least several weeks after payment was made, misrepresented the goods she was auctioning, or misrepresented the time it would take to complete the transaction and delivery of goods sold or auctioned. Under the order, Maura Werts is required to ship merchandise within 14 days of receiving payment or to furnish a refund to the buyer.

This case was investigated and prosecuted by the State of Wisconsin, Department of Agriculture Trade & Consumer Protection.

Contact:

TOLL-FREE 1-877-FTC-HELP

FOR THE CONSUMER

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