



February 2000

In only five years, Internet auctions have become perhaps the hottest phenomena on the web. They offer buyers a "virtual flea-market" with an endless array of merchandise from around the world — and they give sellers a "storefront" from which to market everything from sentimental sports memorabilia to sophisticated computer systems.

Every day, millions of items are offered for auction on the Internet; the vast majority of transactions occur without incident. Unfortunately, however, some con artists have identified Internet auctions as an easy way to make a fast buck at the expense of trusting buyers who send a personal check, cashier's check or money order to someone they don't know for a product they've never seen. Typically, such fraudsters offer goods for sale that they do not have, accept payment for goods they don't deliver, provide goods that are not as advertised, or fail to deliver goods in a timely way.

On the theory that Internet auction fraud is, like most fraud, best fought on many fronts, the Federal Trade Commission has developed a multi-pronged strategy, *Project Safebid*, that consists of training, law enforcement and education. The training component of *Project Safebid* was designed to encourage local, state and federal law enforcement cooperation in the investigation and prosecution of Internet auction fraud. Under the *Project Safebid* umbrella, FTC attorneys and investigators have conducted training sessions for law enforcement authorities from coast to coast.

The FTC's Consumer Sentinel fraud database is integral to coordinating meaningful law enforcement efforts. This binational, multi-state computerized consumer fraud database uses the Internet to provide secure access to over 220,000 consumer complaints for over 200 law enforcement organizations across the United States and Canada. Through Consumer Sentinel, the FTC and partner enforcement officials have been able to track complaints about Internet auction fraud, which have escalated from approximately 100 in 1997 to over 10,000 in 1999.

Tips for Sellers

Provide an accurate description of the item you're selling, including all terms of the sale and who will pay shipping costs.

Respond quickly to any questions bidders may raise during the auction.

Contact the high bidder as soon as possible after the auction loses to confirm details of the sale.

Ship the merchandise as soon as you receive payment.

The rising number of Internet auction fraud complaints means a rise in the number of investigations and potential cases. Using Consumer Sentinel data, the FTC is able to refer potential cases to a wide array of law enforcement agencies where the wrong-doers are located. For their part, law enforcement agencies throughout the nation have risen to the challenges that Internet auction fraud presents. A list of cases already filed against Internet auction fraud artists follows. Many more are in the pipeline.

Tips for Buyers

Identify the seller and check the seller's feedback rating.

Do your homework. Be sure you understand what you're bidding on, its relative value and all terms and conditions of the sale, including the seller's return policies and who pays for shipping.

Establish your top price and stick to it.

Evaluate your payment options. If possible, use a credit card. It offers the most

Recognizing that law enforcement alone cannot stem the tide of Internet auction fraud, the FTC has launched an ambitious education program directed to Internet auction sites as well as auction participants. Most major and many smaller Internet auction websites have fraud prevention and detection programs, and many are working closely with law enforcement investigators when problem sellers are identified. In fact, starting in February, eBay — perhaps the largest and best-known of all the Internet auction sites — will feed its fraud complaints directly to the Consumer Sentinel database.

protection if there's a problem. Consider using an escrow service if the seller doesn't accept credit cards.

Anecdotal evidence from many consumers suggests that despite the incredible popularity of Internet auctions, many consumers don't fully understand how they work, the kinds of auctions available — and perhaps most important, how to participate in auctions as responsibly and safely as possible. To help educate consumers about Internet auctions, the Federal Trade Commission is disseminating [*Internet Auctions: A Guide for Buyers and Sellers*](#), which offers tips for buyers to protect themselves against fraud and advice for sellers on how to make Internet auction transactions as smooth and successful as possible. The guide advises buyers and sellers to contact the FTC for more information about their rights and responsibilities and to file a complaint with the FTC if they have a problem with an Internet auction transaction. It is available in print and online.

There's no question that the electronic marketplace is creating challenges. There's also no question that consumer confidence is critical to its continued growth. A program that combines training, enforcement and education — and consumers, industry, law enforcement officials and regulators — can ensure meaningful consumer protection in cyberspace and allow consumer confidence to flourish.

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

U.S. v. Guest

On July 14, 1999, Robert J. Guest pleaded guilty in United States District Court in Los Angeles to charges of bilking people who bid on various items offered at auction on the eBay Internet auction web site, taking approximately \$37,000 from consumers and never delivering the purchased goods. Guest pleaded guilty to one count of mail fraud as well as a second count of illegally obtaining a credit card. On November 2, 1999, Guest was sentenced to 14 months in federal prison.

This case was investigated by the County of Orange Boiler Room Apprehension Task Force, which includes the FBI, the Orange County Sheriff's Office and the United States Postal Inspection Service. This case was prosecuted by the Office of the United States Attorney for the Central District of California.

Contact:

Thom Mrozek, Public Affairs Officer, Office of the United States Attorney, Central District of California, 213/894-6947.

People of the State of California v. Alto Corp. et. al.

On May 27, 1999, the District Attorney of Ventura County, California obtained a final judgment and permanent injunction against Alto Corporation and Auction Sales, Inc. The companies operated a web site that conducted sales and auctions for computer equipment and other merchandise and the companies operated as an Internet service provider. According to the Complaint, the defendants offered goods for sale, accepted payment and, among other things, failed to deliver the merchandise in a timely manner, failed to provide refunds to customers who received defective merchandise, and failed to provide refunds to customers who returned defective merchandise. The final judgment required the defendants to pay a civil penalty of \$28,500, and requires that the defendants ship merchandise within 30 days and follow other legal requirements regarding auctions and Internet sales.

This case was investigated and prosecuted by the office of the Ventura County District Attorney.

Contact:

Michael Schwartz, Deputy District Attorney, Ventura County, 805/289-1997.

People of the State of California v. Frazier

On August 12, 1999, Eugene Michael Frazier pled guilty in San Diego Superior Court to one count of Accessing a Computer to Defraud and one count of Grand Theft. Mr. Frazier was sentenced to 12 months in jail and three years probation. He also was required to make full restitution to his victims, and was prohibited from using the Internet for the duration of his probation.

This case was investigated by the San Diego Police Department and was prosecuted by the San Diego County, District Attorney's office.

Contact:

Gayle Falkenthal, Director of Public Affairs, Office of the San Diego County District Attorney, 619/531-3529.

People of the State of California v. You

On November 1, 1999, Jonathan You was charged in California Superior Court, Santa Clara County, with obtaining money from consumers by Conducting a Pretend or Mock Auction in violation of the California Penal Code.

The case was investigated by the San Jose and Mountain View Police Departments and is being prosecuted by the Santa Clara County District Attorney's Office.

Contact:

Frank Dudley Berry, Jr., Deputy District Attorney, Santa Clara County, 408/792-2742.

USPS v. Various Fictitious Names at PO Box 22754, Sacramento, CA 95822-0754

On March 16, 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. This 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 participating in Internet auctions and paying for merchandise with credit cards that he was not authorized to use.

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.

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

On March 30, 1998, the Federal Trade Commission filed a civil suit in the United States District Court for the Southern District of Florida alleging that Craig Lee Hare violated the FTC Act by offering computers and computer-related equipment for sale on various Internet auction web sites, accepting payment and failing to deliver the goods. Ultimately, the Court issued a stipulated permanent injunction banning Hare from using the Internet to advertise, market or otherwise offer for sale any goods or services.

This case was investigated and prosecuted by the Federal Trade Commission.

Contact:

Lisa Hone, Staff Attorney, Federal Trade Commission, 202/326-3207.

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 Breidis 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.

Illinois v. Chicago Copier Wholesale, Inc. et. al.

In February 2000, the Illinois Attorney General filed a civil complaint against Chicago Copier Wholesale and Daniel Fisher, each doing business under various names. The complaint was filed in the Illinois State Circuit Court, alleging that the defendants violated the Illinois Consumer Fraud And Deceptive Business Practices Act by offering copying equipment for sale using various Internet auction sites, accepting payment from consumers, and, at least in some instances, failing to deliver the specific merchandise offered. The Complaint also

alleges that as part of the scheme, defendants used various false names to give themselves positive feedback ratings and bid on their own merchandise in order to inflate the price.

This case was investigated and is being 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. Nelson et. al.

On February 9, 2000, the Illinois Attorney General filed a civil complaint against Jay and Kirsta Nelson, each doing business under a variety of names, including softwarefourless, diamondsoft, and JKB Software. The complaint was filed in Illinois State Circuit Court, alleging that the Nelsons violated the Illinois Consumer Fraud And Deceptive Business Practices Act by offering merchandise for sale using various Internet auction sites, accepting payment from consumers, and failing to deliver the goods or a refund. Additionally, the Complaint alleges that in some instances, the defendants allegedly delivered "pirated" software. The Complaint also alleges that after being suspended from at least one auction web site, the defendants used false names and contact information to obtain new accounts with an auction site.

This case was investigated and is being 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.

USPS v. Various Fictitious Names at 511 West 3rd Street, Flora, IL 62839-1249

On July 28, 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 to that address, most of which contained payment checks, being returned to the sender(s). The Order was the result of an investigation that determined the respondents were involved in a failure to render scheme involving the auction of Beanie Baby collectibles over the Internet. Losses to the known victims

were estimated to be \$50,000.

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.

Indiana

Indiana v. Martin

On January 24, 2000, Jeffrey L. Martin was convicted in Indiana State Court on theft charges. The defendant assumed someone else's identity, and using that identity, offered goods for sale via the eBay auction site, accepted payment for the goods and failed to deliver the goods. Investigators identified approximately 50 consumers victimized by defendant's scam, with an approximate loss of \$9,400. The defendant was sentenced to six years in prison, all of which was suspended except for two months; he also received six years of probation. Additionally, Martin was ordered to pay victim restitution and was ordered to stay off the Internet while on probation. When postal inspectors learned of this scam, quick action was taken through the USPS Judicial Officer to prevent further victimization. An order to withhold mail, under the provisions of 39 USC 3003 and/or 3004, was issued by the USPS Judicial Officer against 434 Harlan Drive, Mooresville, IN, the address the defendant was using. This Order resulted in mail to that address, most of which contained payment checks, being returned to the senders. This is an example of how a combination of administrative and criminal action can be taken to protect consumers.

This case was investigated by the United States Postal Inspection Service, Michiana Division, and was prosecuted by the Morgan County Prosecutor's Office.

Contact:

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

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.

On October 1, 1999, the Attorney General of the State of New Jersey filed suit against Barbara Arakelian a/k/a Barbara Wilson, d/b/a Bobbi1 and Halo58 and against Darren Baker d/b/a Mugsy 430. The complaint alleges that Ms. Arakelian offered Beanie Babies and Furbies for sale on the eBay and Amazon auction web sites, accepted payment and failed to deliver the merchandise. The Complaint further alleges that Mr. Baker, with assistance from Ms. Arakelian, offered to sell Bruce Springsteen tickets via eBay, accepted payment and failed to deliver the merchandise.

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

Contacts:

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

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:

Genene 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.

Pennsylvania v. Piatt

In January, 1999, Pennsylvania Attorney General Mike Fisher filed a civil complaint against Jamison Piatt a/k/a George Williams and George Lijerus, who allegedly took money for toys he never delivered. According to the Complaint, Piatt advertised the sale of nearly 500 Furbys on eBay, an Internet auction website. Piatt allegedly offered the Furbys for \$60 and promised to mail all orders on the day payment was received to ensure delivery before Christmas. Piatt also allegedly ignored requests for refunds from consumers who did not receive the toys. Under the terms of a settlement agreement reached with the Attorney General's office, Piatt was required to: refrain from operating any mail order or Internet order business without approval from the Attorney General's office; pay \$2,617 in restitution, \$500 in civil penalties and \$500 in investigatory costs, as well as additional restitution to consumers who filed complaints within 90 days; and deliver two Furbys to one consumer in lieu of a cash refund. In January 2000, the settlement was modified to resolve allegations that the defendant accepted payment for Pokemon cards he sold to dozens of consumers over eBay, but failed to deliver. Under the modified terms of this settlement, Piatt must pay an additional \$2,000 in civil penalties

and investigation costs as well as \$600 in restitution to nine consumers who purchased the Pokemon trading cards he advertised for sale. Piatt also must deliver more than \$2,200 worth of Pokemon cards to 38 additional consumers.

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

Contact:

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

US v. Saunders

On September 20, 1999, David M. Saunders was convicted on charges of mail fraud. The defendant posted approximately 60 Internet auctions and, after collecting the bidders' money, failed to render the merchandise.

This case was investigated by the United States Postal Inspection Service, Philadelphia Metropolitan Division, and prosecuted by the United States Attorney's Office for the Middle District of Pennsylvania

Contacts:

David Barasch, United States Attorney for the Middle District of Pennsylvania, 717/221-4482.

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

USPS v. Various Fictitious Names at 224 E 21st Avenue, Munhall, PA 15120-2524

On July 6, 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 to that address being returned to the sender(s). The Order resulted from an individual using Internet auctions to defraud individuals in a failure to pay scam. Using fictitious names and addresses, he accepted payment from the auction winners and failed to provide the advertised merchandise.

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

Contact:

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

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:

Glen Lloyd, Public Information Officer, State of Wisconsin,

Department of Agriculture, Trade & Consumer Protection, 608/224-5007.