



Federal Trade Commission Protecting America's Consumers

For Release: June 20, 2001

FTC Sues Nationwide Internet Scam

"Health-Care" Products Sold To Mask Pyramid Operation; Safety of Products Misrepresented

The Federal Trade Commission has brought suit against a fraudulent Internet operation posing as a legitimate multi-level marketing business. The FTC charges that the scheme is actually an illegal pyramid that uses phony promises of easy income to scam consumers from across the country.

According to the FTC complaint, since 1996 the operators of the scam have used Web sites, radio, direct mail and print advertisements to promote "Streamline," a fraudulent business opportunity whose members purportedly distribute a line of dietary supplements and health-care products. Marketing materials contain claims such as: "YES, YOU CAN MAKE \$500 - \$2,000 PER MONTH FOREVER!!!," and "NO MORE WORKING FOR THE NEXT 10, 20, 30 OR 40 YEARS. WORK PART-TIME THIS YEAR AND RETIRE NEXT YEAR." But the FTC said, "In reality, the vast majority of participants in the Streamline program achieve little or no financial success, or make very modest earnings."

The defendants require participants to make minimum monthly purchases in order to be eligible to earn recruitment-related commissions from the purchases of their "downline," - individuals beneath them in the organization. The FTC charges that the resale of these products by participants, which is neither encouraged nor required by defendants, is incidental to making money through the recruitment of new participants. "Earnings in a pyramid scheme are derived primarily from recruiting other participants into the program, not from the retail sale of products or services," the complaint says. In addition to claims about earnings, the program promotes its health-care products with the claim, "Our products contain only those ingredients that appear on the [FDA's] list of generally recognized as safe." "In reality," the complaint says, "a number of dietary supplements sold by the defendants contain the herbal ingredient comfrey, which is not included on the Food and Drug Administration's list of products generally recognized as safe. In fact, comfrey is known to pose a significant risk to humans, including liver damage, when used internally or externally on open wounds."

The FTC charges that the Streamline operation and its deceptive claims violate federal law. It has filed a motion for a preliminary injunction and other equitable relief, including appointment of a receiver and an asset freeze. The FTC will seek to permanently bar the operation at trial.

The complaint was filed in United States District Court for the Southern District of Florida. It named Streamline International, Inc., J. R. Jackson, doing business as Action Enterprises and Robert "Bob" Waitkus, doing business as WorldWide Opportunities Network.

The Commission vote to file the complaint was 5-0.

NOTE: The Commission authorizes the filing of a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant actually has violated the law. The case will be decided by the court.

Copies of the complaint are available from the FTC's web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at www.ftc.gov.

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Related Documents:

FTC v. Streamline International. Inc., et al. (Southern District of Florida)

[Complaint](#) [PDF 675KB]