Federal Trade Commission
Protecting America's Consumers

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Pyramid Promoter Settles FTC Charges

A participant in a pyramid scheme that posed as a multi-level marketing business has agreed to settle Federal Trade Commission charges that the scheme violated federal law. The settlement bars Robert Waitkus from engaging in illegal marketing schemes in the future and requires that he give up $30,000 in ill-gotten gains. The settlement also will bar him from making false or unsubstantiated safety or efficacy claims for dietary supplements.

In June 2001, the FTC charged that Waitkus and Streamline International, Inc., the firm for which he worked, were operating a fraudulent business opportunity whose members purportedly distributed a line of dietary supplements and health-care products. Marketing materials claimed participants could earn money quickly and easily. But the FTC complaint alleged, "In reality, the vast majority of participants in the Streamline program achieve little or no financial success, or make very modest earnings."

In addition to claims about earnings, the program promoted its health-care products with the claim, "Our products contain only those ingredients that appear on the [FDA's] list of [products] generally recognized as safe." "In reality," the FTC's 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 settlement will bar Waitkus from engaging, participating, or assisting in any pyramid, Ponzi, or other illegal marketing scheme in the future. In any future multi-level marketing enterprises in which he participates, the settlement bars him from misrepresenting the income or rewards a participant is likely to earn or the income that previous participants earned. If earnings claims are made, the settlement requires that he disclose the number and percentage of current program participants who have made a profit and the average and median amount of money made by each current program participant. It also bars him from providing others with the means and instrumentalities to engage in deceptive conduct and bars misrepresentations about dietary supplements. Finally, the settlement requires Waitkus will give up $30,000 in ill-gotten gains.

The Commission vote to file the settlement was 5-0. It was filed in U.S. District Court for the Southern District of Florida.

NOTE: A Stipulated Final Judgment and Order is for settlement purposes only and does not constitute an admission by the defendant of a law violation. Consent judgments have the force of law when signed by the judge.

Copies of the Stipulated Final Judgment and Order 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 http://www.ftc.gov. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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Related Documents:

FTC v. Streamline International, Inc., et al. (So. Dist. of Fla.)

Stipulated Final Judgment And Order For Permanent Injunction As To Defendant Robert Waitkus [PDF 30K]