

STATE OF MAINE  
KENNEBEC, ss.

SUPERIOR COURT  
CIVIL ACTION  
DOCKET NO. CV-00-

STATE OF MAINE,

Plaintiff

v.

CHAD BEAUCHENE, GARY CARON  
PAUL CARON, RYAN COULOMBE  
CHRIS COTE, BOB DENIS  
JUDY DIFIORE, TREVOR DOSTIE  
CARRIE DUFOUR, SANDY FECTEAU  
CAROLYN FETHA, RALPH GADDY  
MIKE GILBERT, SCOTT GILBERT  
DON GODIN, KATE GROVES  
STEVE HAIRSTON, JILL HARRISON  
CHRIS HEMENWAY, KIM KELLY  
EDWARD KILGORE, TROY KYAJONIAN  
REGGIE LECLERC, KEN LETOURNEAU  
RANDALL LOWE, JIMMY MACDONALD  
PAUL MCLEAN, COLLEEN MORESHEAD  
RUTH MORESHEAD, RON NICKERSON  
GREG NORTON, RON PINARD  
DENISE RAMSDALE, CHRIS RIZZOLO  
DOLAR SMITH, GEORGE STAMBOULES, JR.)  
RICHARD STURGIS, TOM THERRIAN  
DANA TURNER, ANGELO VERZONI,

d/b/a CHANGING LIVES

Defendants

UNFAIR TRADE  
PRACTICE COMPLAINT  
(Injunctive Relief Requested)

### INTRODUCTION

1. The Plaintiff, State of Maine, brings this action by and through the Attorney General pursuant to 17 M.R.S.A. §2305 and 5 M.R.S.A. §209 to enjoin the Defendants from operating in the State of Maine a pyramid plan called Changing Lives and from engaging in misleading and deceptive practices in connection with a pyramid scheme, in violation of the Maine

Unfair Trade Practices Act, 5 M.R.S.A. §207. The State also seeks restitution for persons injured by these practices and civil penalties for intentional violations of the Unfair Trade Practices Act.

### **PARTIES**

2. Plaintiff, the State of Maine, is a sovereign State and brings this action by and through its Attorney General pursuant to 5 M.R.S.A. §§191 and 209 and the powers vested in him by common law.

3. The Defendants, as listed below in paragraph 14, are each organizers of the “Changing Lives” multi-level pyramid club. Each Defendant recruited at least one new member to the pyramid club and required the recruit to pay a participation fee.

### **JURISDICTION AND VENUE**

4. This Court has jurisdiction over this matter pursuant to 4 M.R.S.A. §105 and 5 M.R.S.A. §209.

5. Pursuant to 5 M.R.S.A. § 209, the Maine Unfair Trade Practices Act, this action is brought in the Superior Court of Kennebec County.

### **STATUTORY BACKGROUND**

6. Pursuant to 17 M.R.S.A. §2305 pyramid clubs are declared to be a lottery and constitute an unfair trade practice in violation of 5 M.R.S.A. §207. A pyramid club is any club whereby fees contributed by new recruits are paid to other members of the plan who have themselves been required to pay for the right receive such sums; and which includes a provision for club membership to grow through a chain process whereby members secure new recruits, thereby advancing up the pyramid structure to a position where such members in turn receive money from others.

7. Pursuant to 5 M.R.S.A. §207, unfair and deceptive trade practices in trade or commerce are unlawful.

8. Pursuant to 5 M.R.S.A. §209, whenever the Attorney General has reason to believe that any person is using or is about to use any method, act or practice declared by §207 to be unlawful, the Attorney General may bring an action against such person to restrain by temporary or permanent injunction the use of unfair trade practices and to order the return of illegally obtained money or property.

### **FACTS**

9. Each Defendant is an organizer and a participant in the Changing Lives pyramid club or plan.

10. The Changing Lives pyramid club or plan is a multilevel organization in which participants move up a hierarchy by securing new recruits to occupy lower positions in the hierarchy. Each new recruit is required to contribute the sum of \$2,000 to the most senior participant. Changing Lives has no commercial purpose apart from raising funds from new recruits for the benefit of the senior participants.

11. Each Defendant uses a high school analogy to explain to recruits how the Changing Lives club works. By way of example only, the following is an example of a Changing Lives recruitment presentation:

In order to easily understand [Changing Lives], an analogy to a high school was established. When you enter high school, you enter as a Freshman, proceed to a Sophomore, then to a Junior and then to a Senior where you graduate. If you would, would you please get a paper and pencil? First please write the word Freshman at the top. Then underneath, please draw horizontally or across the page, 8 boxes. The underneath, please write the word Sophomore and then underneath, please draw horizontally or across, 4 boxes. Then underneath write the word Junior and underneath draw horizontally 2 boxes. Underneath that, please write the word Senior and draw 1

box. In our activity you receive a personal, one-to-one invitation (by the way that is the only way you can participate) to participate, and if you accept, you would become a Freshman, which is also the giving stage of the activity. Please put an "X" in the first box on the Freshman line. You will be given a list of names who are participating with you on this team and will be introduced to the Senior on the team. You will make arrangements to send a gift of \$2,000 in the form of cash, cashiers check or money orders and overnight the gift by the private carrier that best suits their location, whether it be FedEx, Airborne or UPS Overnight.

The Senior will then collect all 8 Freshman gifts which totals \$16,000. He is then graduated from the team. We will come back to him in just a minute. Everyone now moves to the next class and you will then become a Sophomore, so please put an "X" in the Sophomore position directly under Freshman position you were in. The Sophomores then become Juniors and the 2 Juniors each become a Senior on their own board, because the board splits into 2 new boards with a new Freshman class on each team. The same process occurs again and when that Freshman class is full, once again everyone moves to the next class or put an "X" in the Junior position directly under the Sophomore position. Once again the process takes place and now you are a Senior and you will receive calls from 8 Freshmen asking you how you would like your gift and where do they send it? You will receive \$16,000 in tax-free gifts. As a team, we help someone in the Freshman position go to the Senior position on their first board in about 10-14 days – isn't that exciting?

By way of example only, a Changing Lives hypothetical board is attached as Attachment A to this Complaint.

12. Each Defendant reached the position of Senior on one or more Changing Lives boards.
13. As a Senior, each Defendant received one or more payments of \$2,000 from one or more Freshmen who had been recruited into Changing Lives.
14. Each Defendant represented to recruits that participation in Changing Lives did not violate Maine law.

15. Each Defendant represented to recruits that money received as a result of participation in Changing Lives was not taxable income.

16. Each Defendant, in at least one instance, has refused to return a recruit's entire \$2,000 participation fee.

17. The Defendants in this action and recruits who attempted but were unable to receive full restitution of their participation fee are as follows:

Defendants

Chad Beauchene  
24 Pond Rd., Lewiston, ME 04240

Gary Caron  
PO Box 457, Greene, ME 04236

Paul Caron  
9 Furbush St., Lewiston, ME 04240

Ryan Coulombe  
140 Chicoine Ave., Auburn, ME 04210

Chris Cote  
Old Lisbon Rd., Sabattus, ME 04280

Bob Denis  
141 Stetson Rd., Lewiston, ME 04240

Judy DiFiore  
34 Pine Ave., Windham, ME 04062

Trevor Dostie  
187 Central St., Lewiston, ME 04240

Carrie Dufour  
548 Pleasant St., Lewiston, ME 04240

Sandy Fecteau c/o Modern Electrolysis  
71 East Ave., Lewiston, ME 04240

Carolyn Fetha  
RR 3, Box 1458, Bangor, ME 04401

Ralph Gaddy  
PO Box 63, W. Buxton, ME 04093

Recruits Who Have Not Received Full Restitution

Willie A. Blanchette, III  
Scott J. Monsen

Sheryl Griffey & Joyce Poulin

Tim Fredheim

Denise Dow  
Jeanne M. Sproul

Kenneth W. Richards  
Maurice R. Plante

Paul Devine  
Michael A. Smith

Greg Chenard

Daniel P. Mercier

Lynn Chenard

Adam Friend

Lance Thompson  
Douglas Thompson  
Sandra Pelletier  
Alden H. Ramsdell, Jr.  
Dwight D. Sanborn  
James E. Gregoire

	William W. Thompson
Mike Gilbert 24 Market Sq., S. Paris, ME 04281	Steven Berry
Scott Gilbert 24 Market Sq., S. Paris, ME 04281	David J. Pratt
Don Godin 208 Lisbon Rd., Lewiston, ME 04240	Derek J. LeClerc Steve Proctor
Kate Groves Turner, ME 04282	Gregory A. Fraser Chip Knowles David A. Larrivee
Steve Hairston 143 Sabattus St., Lewiston, ME 04240	Amy R. Dodge Donald Dudley Shannon Simmons Stephen Richard
Jill Harrison RR 35, E. Winthrop, ME 04343	Paul Theberge Roger Ouellette
Chris Hemenway 425 Marsh St., Sabattus, ME 04280	Rebecca Lawler
Kim Kelly 13 Androscoggin Ave., Lewiston, ME 04240	Steven C. Brunetti
Edward Kilgore PO Box 871, Auburn, ME 04210	Robert Champagne
Troy Kyajonian 70 West River Rd., Apt 5 Manchester, NH 03104	Bill DeMille Gayla S. Pulkkinen Thomas J. Nadeau
Reggie LeClerc Pleasant St., Lewiston, ME 04240	Jill Chenard
Ken Letourneau 20 Mellon St., Lewiston, ME 04240	Holly Webster Duncan Webster
Randall Lowe New Gloucester, ME 04260	Elaine A. Chenard
Jimmy MacDonald 426 Parker Farm Rd., Buxton, ME 04093	Karen Anania Kevin Ramsdell
Paul Mclean 154 Turner Center Rd., Turner, ME 04282	John Labbe
Colleen & Ruth Moreshead 14 Greenwood Ter., Windham, ME 04062	Tom Hall
Ron Nickerson RR 1, Box 946, Turner, ME 04282	Carol Dow

Greg Norton  
Cumberland Ave., Auburn, ME 04210

Armand Norton, II  
Steve Johansen

Ron Pinard  
27 Hideway Ln., Greene, ME 04236

Denise Ramsdale  
Buxton, ME 04093

Michael James McKinley

Chris Rizzolo  
24 Montel St., Lewiston, ME 04240

Randall Matthews

Dolar Smith  
14 McKinley Dr., Lewiston, ME 04240-2444

Michael C. Brennan

George Stamboules, Jr.  
115 Hogan Rd., Lewiston, ME 04240

Richard Sturgis  
183 Old Turner Rd., Auburn, ME 04210

Peter D. Fyfe

Tom Therrian  
693 Sabattus St., Lewiston, ME 04240

Richard Butts  
Jennifer B. Chasse

Dana Turner, c/o Yankee Trader  
Center St., Auburn, ME 04210

LeeAnne Mercier & Rick Bourisk

Angelo Verzoni  
Lillian Way, Scarborough, ME 04074

Mike Ouellette  
Paul Pellitier

18. In addition to the recruits listed in paragraph 17, Defendants may have recruited additional participants in the Changing Lives pyramid club and failed to make full restitution to those recruits.

**COUNT ONE**  
**(Violation of the Unfair Trade Practices Act – Unlawful Pyramid)**

19. Plaintiff repeats and realleges the preceding paragraphs of this Complaint.
20. Each Defendant's participation in the Changing Lives pyramid scheme is a violation of 17 M.R.S.A. §2305.
21. Each Defendant's participation in the pyramid constitutes a violation of the Maine Unfair Trade Practices Act, 5 M.R.S.A. §207.
22. Each Defendant's violation of 5 M.R.S.A. §207 was intentional.

**COUNT TWO**  
**(Violation of Unfair Trade Practices Act – Deceptive Conduct)**

23. Plaintiff repeats and realleges the preceding paragraphs of this Complaint.

24. Each Defendant misrepresented, either expressly or by implication, that participation in the Changing Lives did not violate Maine law.

25. Each Defendant misrepresented either expressly or by implication, that money received from participation in Changing Lives was not taxable income.

26. Each Defendant's conduct as described in this Count, constitutes unfair and deceptive acts or practices and is a violation of the Maine Unfair Trade Practices Act, 5 M.R.S.A. §207.

27. Each Defendant's violation of 5 M.R.S.A. §207 was intentional.

**RELIEF REQUESTED**

Plaintiff requests the following relief:

1. Declare that the conduct of each Defendant as described in this Complaint, violates 17 M.R.S.A. §2305 and the Maine Unfair Trade Practices Act, 5 M.R.S.A. §207.

2. Pursuant to 5 M.R.S.A. §209, permanently enjoin each Defendant, its agents, servants, employees and those persons acting in concert or participation with the Defendant from further participating in any pyramid scheme in violation of 17 M.R.S.A. §2305.

3. Permanently enjoin each Defendant from any future engagement in an unfair or deceptive business practice in Maine in violation of 5 M.R.S.A. §207.

4. Pursuant to 5 M.R.S.A. §209, order each Defendant to pay full restitution to any "Freshman" participant in this Changing Lives pyramid scheme who made a payment to that Defendant as a Senior in the pyramid scheme.



5. Pursuant to 5 M.R.S.A. §209, order each Defendant to pay the Department of the Attorney General the cost of this suit, including its attorney's fees.

6. Pursuant to 5 M.R.S.A. §209, order each Defendant to pay the Department of the Attorney General a civil penalty of up to \$10,000 for each intentional violation of the Unfair Trade Practices Act.

7. Order such other and further relief as may be necessary to remedy the effects of the Defendant's unfair and deceptive trade practices.

Respectfully submitted,

ANDREW KETTERER  
Attorney General

Dated: 1/04/01



JAMES A. MCKENNA  
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Office of Attorney General  
#6 State House Station  
Augusta, Maine 04333  
Tel: 626-8800  
Maine Bar No. 1735

Attorneys for State of Maine

Senior	Junior	Sophomore	Freshman
Sample board 1 (only)	#1 Tom	#1 Julie	#1 Michelle
Lois		#2 Elaine	#2 Steve
		#3 Joni	#3 John
	#2 Tammy	#4 Rick	#4 Kelly
			#5 Eva
			#6 Amy
			#7 Don
			#8 Glen

The example below is how this board splits once the Senior is gone — check the corresponding numbers and see how everyone moves up towards Senior. There are always 7 people filling 8 spots.

Sample board 2 (only)	#1 Julie	#1 Michelle	
#1 Tom		#2 Steve	
	#2 Elaine	#3 John	
		#4 Kelly	
		#5 Eva	
	#3 Joni	#6 Amy	
		#7 Don	
#2 Tammy		#8 Glen	
	#4 Rick		