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8 **UNITED STATES DISTRICT COURT**
9 **WESTERN DISTRICT OF WASHINGTON**
10 **AT SEATTLE**

11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 DILLON SHERIF, A.K.A. NURALDIN SHAREEF
15 KARIM, DILLON SHAREEF, AND DILLON
16 NARIMAN, D.B.A. ALS, GCI, GRAND
17 ALLIANCE SERVICE ("GAS"), PBI, POWER
18 BALL SERVICES ("PBS"), ROYAL
19 ENTERPRISES, AND ROYAL MARKETING
20 GROUP ("RMG");
21 MELISSA C. ROBINSON, D.B.A. ROYAL
22 MAJESTY SERVICES ("RMS"), ROYAL
23 INTERNATIONAL SERVICES ("RIS"), ROYAL
24 ENTERPRISES, AND MUTUAL AMERICAN;
25 SAUL SOMERSTEIN, A.K.A.
26 SAUL SOMERS, D.B.A. IMPERIAL MARKETING
27 SERVICE ("IMS"), ALLIANCE MARKETING
28 SERVICE ("AMS"), RMG, AND WORLD
MARKETING SERVICE ("WMS");

Defendants,

and

NARIMAN SABRI MIKDAD, A.K.A. NARIMAN
SHERIF;
AMINA MOHAMAD,

Relief Defendants.

Civil No.

**COMPLAINT FOR
INJUNCTIVE AND OTHER
EQUITABLE RELIEF**

Plaintiff Federal Trade Commission ("FTC" or "Commission") for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade

1 Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and
2 Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 *et seq.*, to
3 obtain permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other
4 equitable relief for defendants' deceptive acts or practices in violation of Section 5(a) of the FTC
5 Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled "Telemarketing Sales
6 Rule," 16 C.F.R. Part 310. The Commission also seeks disgorgement, plus prejudgment interest,
7 from each relief defendant of all funds derived, directly or indirectly, from the defendants'
8 deceptive conduct.

9 **JURISDICTION AND VENUE**

10 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a),
11 53(b), 57b, 6102(c), and 6105(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

12 3. Venue in the Western District of Washington is proper under 15 U.S.C. § 53(b)
13 and 28 U.S.C. § 1391(b), (c), and (d).

14 **PLAINTIFF**

15 4. Plaintiff Federal Trade Commission is an independent agency of the United States
16 Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission enforces Section 5(a)
17 of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
18 affecting commerce. The Commission also enforces the Telemarketing Sales Rule ("TSR" or
19 "the Rule"), 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing practices.
20 The Commission may initiate federal district court proceedings by its own attorneys to enjoin
21 violations of the FTC Act and the TSR and to secure such equitable relief as may be appropriate
22 in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b and 6105(b).

23 **DEFENDANTS**

24 5. Dillon Sherif ("Sherif"), a.k.a. Nuraldin Shareef Karim, Dillon Shareef, and
25 Dillon Nariman, does business as ALS, GCI, Grand Alliance Service ("GAS"), PBI, Power Ball
26 Services ("PBS"), Royal Enterprises, and Royal Marketing Group ("RMG"). Acting alone or in
27 concert with others, he has formulated, directed, controlled, or participated in the acts and
28 practices set forth in this Complaint. He has transacted business throughout the United States.

1 defendants have offered to sell purported foreign lottery tickets or chances, claiming that
2 consumers who purchase are likely or guaranteed to win large amounts of money. Defendants
3 have initially charged consumers anywhere from \$250 to \$999 for these tickets, convincing them
4 that their winnings will far exceed this cost. Other times, defendants have told consumers that
5 they have won a large amount of money in a foreign lottery but that, in order to claim their
6 winnings, consumers must pay certain fees, variously characterized as taxes, duties, currency
7 exchange fees, or other fees. Some consumers have received both pitches.

8 12. Consumers have been instructed to pay by cashier's check, made payable to one of
9 the company names or d.b.a.'s under which defendants have done business. Defendants have
10 instructed consumers to send the checks to one of defendants' numerous rented mail drops in
11 Vancouver, B.C. Defendants' victims, most of whom are elderly, believed they were purchasing
12 lottery tickets or had won the lottery, and paid defendants the requested amounts. They received
13 little or nothing in return.

14 13. Some consumers who had agreed to make an initial payment either to participate
15 in a lottery or to receive their purported winnings have been targeted by defendants for additional
16 calls and claims of even greater winnings. The amounts of money that defendants have
17 demanded from these consumers have also increased.

18 14. The sale and trafficking in foreign lotteries is a crime in the United States.
19 Defendants have failed to disclose to consumers that, by participating in the foreign lotteries,
20 consumers are violating federal criminal law.

21 15. Defendants have operated as a common business enterprise. All three defendants
22 have received substantial financial remuneration from this enterprise, and defendants Robinson
23 and Somerstein have worked for or with defendant Sherif in furtherance of the unlawful
24 practices.

1 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

2 16. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits deceptive acts and
3 practices in or affecting commerce.

4 **COUNT I**

5 17. In numerous instances, in connection with telemarketing foreign lottery tickets to
6 consumers, defendants have represented, expressly or by implication, that the consumer is likely
7 to win a large cash award if the consumer purchases lottery tickets from, or otherwise pays
8 money to, defendants.

9 18. In truth and in fact, the consumer is not likely to win a large cash award if the
10 consumer purchases lottery tickets from, or otherwise pays money to, defendants.

11 19. Therefore, the representation set forth in Paragraph 17 is false and misleading and
12 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.
13 § 45(a).

14 **COUNT TWO**

15 20. In numerous instances, in connection with telemarketing to consumers, defendants
16 have represented, expressly or by implication, that consumers have won a large cash award, but
17 must pay defendants a fee or fees to receive it.

18 21. In truth and in fact, consumers who pay defendants a fee or fees do not receive the
19 promised large cash awards.

20 22. Therefore, the representation set forth in Paragraph 20 is false and misleading and
21 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.
22 § 45(a).

23 **COUNT THREE**

24 23. The sale and trafficking in foreign lotteries is a violation of federal criminal law,
25 including laws prohibiting the importing and transmitting of lottery materials or information in
26 interstate or foreign commerce, 18 U.S.C. §§ 1301 and 1302.

1 24. In numerous instances, in connection with telemarketing foreign lottery tickets or
2 foreign lottery opportunities, defendants have failed to disclose that the sale and trafficking in
3 foreign lotteries is a crime in the United States.

4 25. Defendants' failure to disclose this material fact is deceptive and violates Section
5 5(a) of the FTC Act, 15 U.S.C. § 45(a).

6 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

7 In the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, Congress directed the FTC to
8 prescribe rules prohibiting deceptive telemarketing acts or practices. On August 16, 1995, the
9 Commission promulgated the TSR, 16 C.F.R. Part 310. The TSR became effective on December
10 31, 1995.

11 26. Defendants are "telemarketers" or "sellers" engaged in "telemarketing" as those
12 terms are defined in the TSR, 16 C.F.R. §§ 310.2(r), (t) and (u).

13 27. The TSR requires sellers and telemarketers to disclose all material restrictions,
14 limitations, or conditions to purchase, receive, or use the goods or services that are the subject of
15 the sales offer. 16 C.F.R. § 310.3(a)(1)(ii).

16 28. The TSR prohibits sellers and telemarketers from "making a false or misleading
17 statement to induce any person to pay for goods or services." 16 C.F.R. § 310.3(a)(4).

18 29. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102 (c), and
19 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the TSR constitute
20 deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act,
21 15 U.S.C. § 45(a).

22 **COUNT FOUR**

23 30. In numerous instances, in connection with telemarketing foreign lottery tickets or
24 foreign lottery opportunities, defendants have made false or misleading statements to induce the
25 purchase of lottery tickets or payment of money, including but not limited to the following:

- 26 a. the consumer is likely to win a large cash award if the consumer purchases
27 lottery tickets or otherwise makes a payment to defendants; and
28

1 relief by this Court, the defendants are likely to continue to injure consumers, reap unjust
2 enrichment, and harm the public interest.

3 **THIS COURT'S POWER TO GRANT RELIEF**

4 38. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant
5 injunctive and other ancillary relief, including consumer redress, disgorgement, and restitution to
6 prevent and remedy any violations of any provision of law enforced by the Commission.

7 39. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the
8 Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court
9 finds necessary to redress injury to consumers or other persons resulting from defendants'
10 violations of the TSR, including rescission and reformation of contracts and refund of monies.

11 40. This Court, in the exercise of its equitable jurisdiction, may award other ancillary
12 relief to remedy injury caused by the defendants' law violations.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, plaintiff the Federal Trade Commission, pursuant to Sections 13(b) and
15 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15
16 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

- 17 a. Award plaintiff such preliminary injunctive and ancillary relief as may be
18 necessary to avert the likelihood of consumer injury during the pendency of this
19 action and to preserve the possibility of effective final relief;
- 20 b. Permanently enjoin the defendants from violating the FTC Act and the
21 TSR, as alleged herein;
- 22 c. Award such relief as the Court finds necessary to redress injury to
23 consumers resulting from the defendants' violations of the Telemarketing Sales
24 Rule and the FTC Act, including but not limited to, rescission of contracts, the
25 refund of monies paid, and the disgorgement of ill-gotten monies and interest
26 thereon by defendants and relief defendants; and
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1 d. Award plaintiff the costs of bringing this action and reasonable attorneys'
2 fees, as well as such other and additional relief as the Court may determine to be
3 just and proper.

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5 Dated: _____, 2002

6 Respectfully Submitted,

7 WILLIAM E. KOVACIC
8 General Counsel

9 CHARLES A. HARWOOD
10 Regional Director

11 Mary T. Benfield, WSBA #18835
12 Thomas Rowan, WSBA #30789
13 Attorneys for Plaintiff
14 Federal Trade Commission