

May 19, 2008

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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

Case No. **08-21433-CIV-JORDAN/MCALILEY**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ALTERNATEL, INC.; G.F.G. ENTERPRISES  
LLC, also d/b/a MYSTIC PREPAID; VOICE  
PREPAID, INC.; TELECOM EXPRESS, INC.;  
VOICE DISTRIBUTORS, INC.; LUCAS  
FRIEDLANDER; MOSES GREENFIELD;  
NICKOLAS GULAKOS; and FRANK  
WENDORFF,

Defendants.

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**COMPLAINT FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its complaint against defendants Alternatel, Inc., G.F.G. Enterprises LLC, also d/b/a Mystic Prepaid, Voice Prepaid, Inc., Telecom Express, Inc., Voice Distributors, Inc., Lucas Friedlander, Moses Greenfield, Nickolas Gulakos, and Frank Wendorff (collectively “Defendants”) alleges:

**INTRODUCTION**

1. This case concerns Defendants’ deceptive marketing of prepaid telephone calling cards in violation of the Federal Trade Commission Act, 15 U.S.C. § 41, *et seq.* (“FTC Act”). As explained below, Defendants have deceived and continue to deceive consumers, many of whom are recent immigrants, by: (1) misrepresenting the number of calling minutes consumers

can obtain using Defendants' prepaid calling cards, and (2) failing to disclose or disclose adequately fees that have the effect of reducing the number of calling minutes available to consumers using Defendants' prepaid calling cards.

2. The FTC brings this action under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to obtain temporary, preliminary, and permanent injunctive relief against Defendants to prevent them from engaging in unfair and deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and to obtain other equitable relief, including rescission, restitution, and disgorgement, as is necessary to redress injury to consumers and the public interest resulting from Defendants' violations of the FTC Act.

#### **JURISDICTION AND VENUE**

3. This Court has subject matter jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a) and 1345.

4. Venue in the United States District Court for the Southern District of Florida is proper pursuant to 15 U.S.C. § 53(b), and 28 U.S.C. §§ 1391(b) and (c).

#### **PLAINTIFF**

5. Plaintiff, the FTC, is an independent agency of the United States Government created by the FTC Act, 15 U.S.C. § 41, *et seq.* The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such other equitable relief as may be appropriate in each case, including redress and disgorgement. 15 U.S.C. § 53(b).

## DEFENDANTS

6. Defendant Alternatel, Inc. (“Alternatel”) is a Florida corporation located at 8200 Pines Boulevard, Pembroke Pines, Florida 33024. Alternatel creates, promotes, and sells prepaid calling cards. Alternatel transacts or has transacted business in this District.

7. Defendant G.F.G. Enterprises LLC, also d/b/a Mystic Prepaid (“Mystic Prepaid”), is a New Jersey limited liability company located at 720 Monroe Street, Unit C-508, Hoboken, New Jersey 07030. Mystic Prepaid creates, promotes, and sells prepaid calling cards. Mystic Prepaid transacts or has transacted business in this District.

8. Defendants Voice Prepaid, Inc., Telecom Express, Inc. and Voice Distributors, Inc. (collectively “Voice Prepaid”) are Massachusetts corporations located at 151 Mystic Avenue, Medford, Massachusetts 02155. Voice Prepaid creates, promotes, and sells prepaid calling cards. Voice Prepaid transacts or has transacted business in this District.

9. Defendant Lucas Friedlander (“Friedlander”) is an owner, a Member/Manager, and the Chief Operating Officer of Mystic Prepaid. He serves as Controller of Voice Prepaid. Individually or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Alternatel, Mystic Prepaid, and Voice Prepaid, including the acts and practices alleged in this complaint. Friedlander transacts or has transacted business in this District.

10. Defendant Moses Greenfield (“Greenfield”) is a fifty-percent owner of Alternatel, serves as an officer and director of Alternatel, and is an owner and a Member/Manager of Mystic Prepaid. Individually or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Alternatel, Mystic Prepaid, and Voice Prepaid, including the acts and practices alleged in this complaint. Greenfield transacts or has transacted business in this District.

11. Defendant Nickolas Gulakos (“Gulakos”) is the founder, sole owner, and President of Voice Prepaid. Gulakos is also a fifty-percent owner of Alternatel, serves as an officer and a director of Alternatel, and is an owner and a Member/Manager of Mystic Prepaid. Individually or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Alternatel, Mystic Prepaid, and Voice Prepaid, including the acts and practices alleged in this complaint. Gulakos transacts or has transacted business in this District.

12. Defendant Frank Wendorff (“Wendorff”) is the President and Chief Operating Officer of Alternatel. Individually or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Alternatel, Mystic Prepaid, and Voice Prepaid, including the acts and practices alleged in this complaint. Wendorff transacts or has transacted business in this District.

### **COMMON ENTERPRISE**

13. Corporate defendants Alternatel, Mystic Prepaid, and Voice Prepaid (collectively “Corporate Defendants”) have operated as a common business enterprise while engaging in the deceptive acts and practices alleged in this complaint. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the deceptive acts and practices alleged below.

### **COMMERCE**

14. At all times relevant to this complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### **DEFENDANTS’ BUSINESS PRACTICES**

15. Defendants create and promote prepaid calling cards, which they distribute to sub-distributors and retailers in Florida, New England, New Jersey, and Pennsylvania, and to Internet retailers.

16. A prepaid calling card is a retail product for which the purchaser prepays a specified dollar amount and which enables the purchaser to make domestic or international telephone calls.

17. A wide variety of consumers purchase prepaid calling cards. They are especially popular with members of immigrant communities, many of whom depend on prepaid calling cards to stay in touch with family and friends outside the United States.

18. Defendants' prepaid calling cards are typically sold in denominations of between \$2 and \$10. They are often sold in newsstands, grocery and convenience stores, kiosks, and over the Internet.

19. Since at least 1995, Defendants have distributed millions of dollars worth of prepaid calling cards.

20. Defendants do not provide the telecommunications service for their prepaid calling cards. Instead, Defendants purchase the telecommunications service for their prepaid calling cards from telecommunications service providers, including, but not limited to, Dollar Phone, IDT Telecom, Inc., CVT Prepaid Solutions, Inc., STi Phonecard, Inc., Telecom Colombia, Orbitel, and RNK.

### **Defendants' Marketing**

21. Defendants market their calling cards under a variety of brand names, including, but not limited to: "Aló Mamá," "Bean Town," "Brasil Alto Astral," "Coffee Time, Call Me Time," "Dangerous Minutes!," "Mama Africa," "Martini," "Mass. Connection," "Nigeria Connect," "Oi Brasil," "Rey de Florida," "Taco Libre," "Tree Monkey," "Voice Africa," "Voice Card," and "Voz Do Brasil."

22. In many cases, Defendants Alternatel, Mystic Prepaid, and Voice Prepaid sell cards under the same brand names. Such cards, whether sold by Alternatel, Mystic Prepaid, or Voice Prepaid, are nearly indistinguishable in appearance. For example, a photocopy of the front of three "Tree Monkey" cards sold by each of the Corporate Defendants is shown below as **Graphic A**.



Graphic A

23. Defendants frequently market prepaid calling cards for use in making calls to destinations across the globe, including Argentina, Brazil, Colombia, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Mexico, Pakistan, Poland, Vietnam, Ghana, Nigeria, and many other foreign countries.

24. In many cases, Defendants use mass-media advertising, in the form of radio, television, or newspaper advertisements, to market their cards. For example, in a radio spot that aired in the Boston market more than 450 times from February 22, 2007 to September 9, 2007, Defendants advertised the Voice Prepaid “Dangerous Minutes!” card (“Dangerous Minutes! Radio Ad”). During the Dangerous Minutes! Radio Ad, Latin music plays in the background while a male voice says in Spanish:

*¡Latinos del mundo! ¡Latinos del mundo! ¡Nueva Inglaterra!  
¿Quieres vivir peligrosamente? Voice Prepaid, la compañía  
que te trae las mejores tarjetas como: Mass Connection, Bean  
Town, Coffee Time y Voz du Brazil. ¡Ahora te trae la tarjeta  
de llamada con Dangerous Minutes! Con una cantidad de  
minutos peligrosos. ¡Dangerous Minutes! ¡Dangerous  
Minutes! La tarjeta de llamada con la motocicleta. Con  
Dangerous Minutes! usted recibirá: 270 minutos para la  
Republica Dominicana, 405 Medellín, 650 para Bogota,  
Colombia, 120 para El Salvador y 100 para Guatemala.  
¡Corra! ¡No camine a tu tienda local y dile a ellos que tu  
necesitas tus Dangerous Minutes! ¡De la tarjeta Dangerous  
Minutes! ¡La tarjeta de llamada con la motocicleta y sin  
cargo de conexión! Con Dangerous Minutes! usted recibirá:  
270 minutos para la Republica Dominicana, 405 Medellín, 650  
para Bogota, Colombia, 120 para El Salvador y 100 para  
Guatemala. ¡De Voice Prepaid! ¡La compañía que siempre  
tiene las mejores tarjetas!*

25. Translated into English, the Dangerous Minutes! Radio Ad states:

Latinos of the world! Latinos of the world! New England!  
Want to live dangerously! Voice Prepaid, the company that  
brings you the best cards like: Mass Connection, Bean Town,  
Coffee Time and Voz du Brazil. Now brings you the  
Dangerous Minutes! calling card! With a dangerous number of  
minutes. Dangerous Minutes! Dangerous Minutes! The card  
with the motorcycle. With Dangerous Minutes! you will  
receive: 270 minutes to the Dominican Republic, 405  
Medellin, 650 for Bogota, Colombia, 120 for El Salvador and  
100 for Guatemala. Run! Don't walk to your local store and  
tell them that you need your Dangerous Minutes! From the  
Dangerous Minutes! card! The calling card with the  
motorcycle and no connection fees! With Dangerous Minutes!  
you will receive: 270 minutes to the Dominican Republic, 405

Medellin, 650 for Bogota, Colombia, 120 for El Salvador and 100 for Guatemala. From Voice Prepaid! The company that always has the best cards!

26. Defendants' mass-media advertising typically offers no, or only vague, disclosures about the fees and charges associated with their cards that have the effect of reducing the value of the prepaid calling cards and the number of calling minutes a consumer is likely to receive. For example, the Dangerous Minutes! Radio Ad described in paragraphs 24 and 25 represents that there are "no connection fees," but fails to disclose other surcharges and fees, including weekly maintenance fees, hang-up fees, and destination surcharges, that will have the effect of reducing the number of minutes provided by Dangerous Minutes! cards.

27. In addition to mass-media advertising, Defendants market their cards through point-of-sale posters they distribute to sub-distributors and to retail stores.

28. As a general matter, Defendants are responsible for designing and printing the posters they use to market their cards.

29. In numerous instances, Defendants' posters state that the advertised calling cards offer the best rates, provide the most calling minutes, and do not have connection fees.

30. A typical poster for one of Defendants' calling cards includes the name of the prepaid calling card (e.g., "Tree Monkey"), one of the Defendants' corporate names and logos (e.g., "Alternatel"), and the Defendant's relevant website address (e.g., "www.alternatel.net"). A photograph of an 11 x 17 inch poster for the Alternatel "Tree Monkey" card is attached hereto as **Attachment A**.

31. In many instances, Defendants' posters prominently display the phrase "No Connection Fee" in both Spanish and English.

32. Defendants' posters typically tout the number of calling minutes the advertised prepaid calling cards offer to specified destinations through the display of large and colorful text

