

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA

Case No. \_\_\_\_\_-CIV

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

NETFRAN DEVELOPMENT CORP., dba  
Netspace, a Florida corporation;  
NETVERTISE, INC., dba Netspace, a Florida  
corporation; and  
ELLIOT KRASNOW, individually and as an  
officer of Netfran Development Corp. and  
Netvertise, Inc.,

Defendants.

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CLERK U.S. DIST. CT.  
S.D. FLORIDA - MIA

CIV - UNGARO - BENAGES

MAGISTRATE JUDGE  
O'SULLIVAN

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

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

1. The FTC brings this action under Sections 5(a), 13(b), and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b), and 57b, to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" ("Franchise Rule" or "Rule"), 16 C.F.R. Part 436.

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**JURISDICTION AND VENUE**

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 53(b) and 57b. This action arises under 15 U.S.C. § 45(a)(1).

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

**PLAINTIFF**

4. Plaintiff, the FTC, is an independent agency of the United States Government, created by statute. 15 U.S.C. §§ 41 *et seq.* The FTC is charged, *inter alia*, with enforcement of 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, as well as enforcement of the Franchise Rule, 16 C.F.R. Part 436. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Franchise Rule in order to secure such equitable relief as may be appropriate in each case, and to obtain consumer redress. 15 U.S.C. §§ 53(b) and 57b.

**DEFENDANTS**

5. Defendant NETFRAN DEVELOPMENT CORP. (“Netfran”), dba Netspace, is a Florida corporation with its principal place of business at 2801 N.E. 208th Terrace, 2<sup>nd</sup> Floor, Miami, FL 33180. At all times material to this Complaint, Netfran marketed and sold to consumers website promotion software and services franchises under the trademark Netspace. Netfran transacts or has transacted business in the Southern District of Florida.

6. Defendant NETVERTISE, INC. (“Netvertise”), dba Netspace, is a Florida corporation with its principal place of business at 2801 N.E. 208th Terrace, 2<sup>nd</sup> Floor, Miami, FL 33180. At all times material to this Complaint, Netvertise provided Netspace brand name website promotion software and services to purchasers of Netspace franchises. Netvertise transacts or has transacted business in the Southern District of Florida.

7. Defendant ELLIOT KRASNOW (“Krasnow”) was, at all times material to this Complaint, the president of corporate defendants Netfran and Netvertise. At all times material to this Complaint, acting alone or in concert with others, defendant Krasnow formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Krasnow transacts or has transacted business in the Southern District of Florida.

8. Defendant Krasnow is subject to a final injunctive order that permanently restrains and enjoins him from, *inter alia*, falsely representing in any manner, directly or indirectly, expressly or implicitly, any material fact likely to affect a consumer’s decision to purchase any investment-related asset or service from him. This Consent Order was entered on August 23, 1990, in the United States District Court, Southern District of Florida, in the case Federal Trade Commission v. Certified Rare Coin Galleries, Inc. et al., Civ. No. 89-1307 Civ-Ryskamp. The FTC alleged that Krasnow and his former company, Certified Rare Coin Galleries (“CRCG”), misrepresented the value and investment potential of coins that they sold. In addition to the permanent injunction, the settlement required Krasnow to pay \$400,000 in redress to injured consumers. Krasnow paid part of the amount and then discharged through

bankruptcy a judgment of \$180,000 which resulted from his non-payment of the rest of the settlement.

### COMMON ENTERPRISE

9. Corporate defendants Netfran and Netvertise have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Individual defendant Krasnow formulated, directed, controlled or had authority to control, or participated in the acts and practices of the corporate defendants that comprise the common enterprise.

### COMMERCE

10. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in the offering for sale and sale of website promotion software and services franchises, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### DEFENDANTS’ BUSINESS PRACTICES

11. Since at least May 2000, Defendants have offered for sale and sold to consumers franchises to market website promotion software and services to small and medium-size businesses under the Netspace trademark. Defendants have charged consumers between \$30,000 to \$100,000 for a Netspace franchise.

12. Defendants promote their franchises through franchise consulting firms that alert Defendants to prospective franchisees, and through Defendants’ website at *www.netspace.com* and its linked web pages. Defendants’ website suggests that a prospective franchisee will earn substantial amounts of money. For example, under the heading, “**Building a 24/7 Money**

**Machine,”** Defendants’ website states, “By becoming a NETSPACE franchisee you will learn how to build immediate cash flow and unlock the doors to continuous, monthly residual income.”

13. Consumers who express an interest in purchasing a Netspace franchise, either by contacting a franchise consulting firm or by requesting more information through Defendants’ website, subsequently receive a telephone call from one of Defendants’ sales agents.

Defendants’ agents thereby initiate an orchestrated sales campaign that, in many cases, lasts several weeks. Defendants’ sales campaign often includes numerous telephone contacts between Defendants’ sales agents and the consumer, written promotional materials, and email and other correspondence. The campaign typically culminates in two days of face-to-face meetings between the consumer and various of Defendants’ sales agents and executives at Defendants’ headquarters in Miami. Defendants call these two days of meetings “Discovery Days.”

14. Defendants send a packet of materials to prospective franchisees shortly after their sales agents make their initial telephone sales pitch. The packet contains promotional materials stating or implying that the Netspace franchises are profitable. For example, Defendants’ promotional materials state:

**Here's Your Chance to Make Some Real Money Month After Month!**

and

A Netspace franchise for less than \$40 thousand today could be worth a million to your grandchildren tomorrow. Your area is a gold mine waiting to be tapped.

and

Netspace has thought of everything. It provides a proven turn-key system that keeps working for you like a money machine, 24 hours a day, seven days a week.

On holidays, weekends, even while you are on vacation. And you'll make money at every turn.

15. The packet of materials also includes a Uniform Franchise Offering Circular that has a disclaimer stating that Defendants “do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a franchise. Actual results vary from franchise to franchise and we cannot estimate the results of any particular franchise.” In reality, Defendants and their sales agents do make representations to prospective franchisees concerning the purported actual or potential sales, costs, income, or profits of their Netspace franchises. In addition, the Uniform Franchise Offering Circular does not include any information about the currently effective Federal court injunctive order Krasnow is subject to involving unfair or deceptive acts or practices and fraud.

16. In the course of their sales campaign, Defendants represent that their Netspace franchises are highly profitable because Defendants have developed propriety software and provide design, consulting, and other services that will be easy for Netspace franchisees to sell to their future small-to-mid-size business clients. Defendants represent that Netspace products and services are easy to sell because they create high-quality, frequently visited websites for the business clients. For example, Defendants’ website states that Netspace products allow the client’s websites “to be among the most popular and frequently visited sites on the [I]nternet.”

17. Defendants represent that their proprietary software includes unique, technologically unparalleled search engine optimizing (“SEO”) software – variously marketed as Netspace “Ngenware” and “Amazon Traffic” – that reliably catapults client websites to top positions on search result lists generated by Google and other major Internet search engines in response to keyword searches. For example, Defendants’ website states that results of tests of its

SEO software were “astounding, with some companies finding themselves in the #1 position on major search engines, and all placing within the top 20 for many of their related keywords, often resulting in increased online business of 10-20 times for the client.”

18. In the course of their sales campaign, Defendants represent that Netspace’s SEO software packages alone will be sold by Netspace franchisees to business clients for \$700 to \$2,500 per month, depending on the software package the client purchases.

19. In numerous instances, in telephone contacts and follow-up communications with prospective franchisees, Defendants’ sales agents urge prospective franchisees to develop a sales projection spreadsheet that Defendants’ agents state will help the prospective franchisees determine their potential profits from a Netspace franchise. Defendants’ agents then provide prospective franchisees with a pre-formatted spreadsheet and a price list, and urge the prospective franchisees to enter projected sales which demonstrate purportedly high profits. In numerous instances, Defendants’ agents state that the sample spreadsheet is based on optimistic sales assumptions and advise prospective franchisees to use conservative assumptions when they project their own monthly sales of Netspace products. In many instances, however, when prospective franchisees produce spreadsheets projecting modest sales for Defendants to review, Defendants’ agents require them to re-do the spreadsheets by making such assertions as the numbers are wrong, or if the spreadsheet represents the best the prospective franchisee thinks he or she can do, then the person does not belong in the business and will not be offered a Netspace franchise. In many instances, Defendants’ agents then offer prospective franchisees the opportunity to revise their sales projection spreadsheets to reflect higher sales and higher profits.

20. Through the use of the sales projection spreadsheets that they have caused the prospective franchisees to create, Defendants' sales agents represent, directly or indirectly, that a Netspace franchise will allow the consumer to achieve a substantial financial gain.

21. In numerous instances, in furtherance of their sales campaign, Defendants' sales agents suggest that the prospective franchisee visit Defendants' Miami headquarters to take part in Defendants' Discovery Days. Prospective franchisees are told that at Discovery Days, they will meet with Netspace officers who will evaluate them for their fitness to be awarded a Netspace franchise. Prospective franchisees are urged to create a business plan for review by Netspace officers at Discovery Days, a presentation which typically includes the prospective franchisee's sales projection spreadsheet along with statements about why the prospective franchisee thinks he or she will be a successful franchisee.

22. When prospective franchisees travel to Miami for Defendants' Discovery Days, Defendants' agents often introduce them to defendant Krasnow and other of Defendants' executives. Prospects are subjected to a final high-pressure sales push, which culminates in the disclosure that the prospective franchisee has been "awarded" a Netspace franchise at a cost ranging from \$30,000 to \$100,000 for a master franchise.

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

23. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."



**COUNT I**

**Misrepresentations Regarding Income**

24. In numerous instances in the offering for sale and sale of their website promotion software and services franchises, Defendants represent, directly or indirectly, expressly or by implication, that a consumer who purchases Defendants' franchise is likely to earn substantial income.

25. In truth and in fact, a consumer who purchases Defendants' franchise is not likely to earn substantial income.

26. Therefore, Defendants' representation as set forth in Paragraph 24 is false and misleading and constitutes deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT II**

**Misrepresentations Regarding SEO Software**

27. In numerous instances in the offering for sale and sale of their website promotion software and services franchises, Defendants represent, directly or indirectly, expressly or by implication, that their SEO software reliably propels client websites to top positions on search result lists generated by Google and other major Internet search engines in response to keyword searches.

28. In truth and in fact, Defendants' SEO software does not reliably propel client websites to top positions on search result lists by Google and other major Internet search engines in response to keyword searches.

29. Therefore, Defendants' representation as set forth in Paragraph 27 is false and misleading and constitutes deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **THE FRANCHISE RULE**

30. The opportunity sold by Defendants is a franchise, as "franchise" is defined in Sections 436.2(a)(1)(i) and (a)(2) of the Franchise Rule, 16 C.F.R. §§ 436.2(a)(1)(i) and (a)(2).

31. The Franchise Rule requires a franchisor to provide prospective franchisees with a complete and accurate basic disclosure document containing twenty categories of information, including information about owners and officers of the franchisor, the litigation and bankruptcy history of the franchisor and its principals, the terms and conditions under which the franchise operates, and information identifying existing franchisees. 16 C.F.R. §§ 436.1(a)(1)-(20). The pre-sale disclosure of this information required by the Rule enables a prospective franchisee to contact prior franchisees and take other steps to assess the potential risks involved in the purchase of the franchise.

32. As a matter of policy, the FTC has authorized franchisors to comply with the Rule by furnishing prospective franchisees with disclosures in a format known as the Uniform Franchise Offering Circular ("UFOC"). Authorization to use the UFOC format to comply with the Rule's disclosure requirements was first granted by the Commission in the Final Interpretive Guides to the Rule, 44 Fed. Reg. 49966, 49970-71 (Aug. 29, 1979), and expressly requires adherence to the UFOC disclosure requirements in their "entirety." This conditional authorization has been ratified by the Commission following subsequent amendments to the UFOC requirements by the North American Securities Administrators Association, most recently

on December 30, 1993. 58 Fed. Reg. 69224. Defendants have elected to use the UFOC disclosure format.

33. Among other required disclosures, the Franchise Rule requires a franchisor to disclose whether it is subject to any currently effective State or Federal agency or court injunctive or restrictive order relating to any of the franchisor's principals involving fraud, including the violation of any franchise law, or unfair or deceptive practices law. 16 C.F.R. § 436.1(a)(4)(iii). The same disclosures are required by Item 3 of the UFOC Guidelines.

34. Item 19 of the UFOC Guidelines requires the franchisor to disclose whether or not an earnings claim is made. Item 19 further requires that "[a]n earnings claim made in connection with an offer of a franchise must be included in full in the offering circular and must have a reasonable basis at the time it was made" and that "[a]n earnings claim shall include a description of its factual basis and the material assumptions underlying its preparation and presentation." Item 19 recognizes an income multiplication table to be an earnings claim.

35. The Franchise Rule specifically prohibits franchisors from making any claim or representation that contradicts information required to be disclosed pursuant to Part 436.1 of the Rule. 16 C.F.R. § 436.1(f).

36. The Franchise Rule additionally requires that a franchisor:

- (a) have a reasonable basis for any oral, written, or visual earnings claim it makes, 16 C.F.R. §§ 436.1(b)(2), (c)(2) and (e)(1);
- (b) disclose, in immediate conjunction with any earnings claim it makes, and in a clear and conspicuous manner, that material which constitutes a

reasonable basis for the earnings claim is available to prospective franchisees, 16 C.F.R. §§ 436.1(b)(2) and (c)(2); and

- (c) provide, as prescribed by the Rule, an earnings claim document containing information that constitutes a reasonable basis for any earnings claim it makes, 16 C.F.R. §§ 436.1(b) and (c).

37. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), and 16 C.F.R. § 436.1, violations of the Franchise Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **VIOLATIONS OF THE FRANCHISE RULE**

#### **COUNT III**

##### **Basic Disclosure Violations**

38. In connection with the offering of franchises, as “franchise” is defined in Section 436.2(a) of the Rule, Defendants violate Section 436.1(a) of the Rule and Section 5(a) of the FTC Act by failing to provide prospective franchisees with complete and accurate disclosure documents within the time period prescribed by the Rule. Specifically Defendants violate Section 436.1(a)(4)(iii) of the Rule by failing to disclose that defendant Krasnow is subject to a currently effective court injunctive order involving fraud and/or unfair or deceptive practices.

#### **COUNT IV**

##### **Earnings Disclosure Violations**

39. In connection with the offering of franchises, as “franchise” is defined in Section 436.2(a) of the Franchise Rule, Defendants violate Sections 436.1(b) and (c) of the Rule and Section 5(a) of the FTC Act by making earnings claims to prospective franchisees while,

*inter alia*: (1) lacking a reasonable basis for each claim at the time it is made; (2) failing to disclose, in immediate conjunction with each earnings claim, and in a clear and conspicuous manner, that material which constitutes a reasonable basis for the claim is available to prospective franchisees; and/or (3) failing to provide prospective franchisees with an earnings claim document, as prescribed by the Rule and/or earnings disclosures prescribed by Item 19 of the UFOC Guidelines.

### **COUNT V**

#### **Claim or Representation That Contradicts a Required Disclosure**

40. In connection with the offering of franchises, as “franchise” is defined in Section 436.2(a) of the Rule, Defendants violate Section 436.1(f) of the Rule and Section 5(a) of the FTC Act by making claims or representations to prospective franchisees that are not in compliance with, or are contradictory to, the information required to be disclosed by Section 436.1 of the Rule. Specifically, Defendants make earnings representations, which contradict Defendants’ statements in their UFOC that they do not make earnings representations.

### **CONSUMER INJURY**

41. Consumers nationwide have suffered or will suffer substantial monetary loss as a result of Defendants’ violations of Section 5(a) of the FTC Act and the Franchise Rule. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

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

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

43. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers or other persons resulting from Defendants' violations of the Franchise Rule, including the rescission and reformation of contracts, and the refund of money.

44. This Court, in the exercise of its equitable jurisdiction, may award ancillary relief to remedy injury caused by Defendants' law violations.

**PRAYER FOR RELIEF**

WHEREFORE, plaintiff requests that this Court, as authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and pursuant to its own equitable powers:

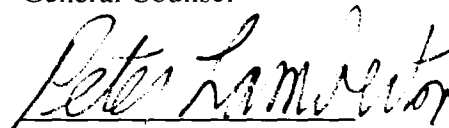
1. Award Plaintiff such preliminary injunctive and ancillary relief, including an asset freeze, as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief;
2. Permanently enjoin Defendants from violating the FTC Act and the Franchise Rule, as alleged herein;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the Franchise Rule, including but not limited to rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten gains by Defendants; and

4. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: Aug. 11, 2005

Respectfully submitted,

WILLIAM BLUMENTHAL  
General Counsel



PETER W. LAMBERTON

DAVID FIX

Special Bar Nos. DC 436313; \_\_\_\_\_

Attorneys for Plaintiff

Federal Trade Commission

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Washington, DC 20580

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Facsimile: (202) 326-3395

E-Mail: plamberton@ftc.gov; dfix@ftc.gov

<b>I.(a) PLAINTIFFS</b> Federal Trade Commission	<b>DEFENDANTS</b> Netfran Development Corp., dba Netspace, Netvertise, Inc., dba Netspace, and Elliot Krasnow
<b>(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF</b> _____ (EXCEPT IN U.S. PLAINTIFF CASES)	<div style="text-align: center; font-size: 2em; font-weight: bold;">05-22223</div> COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT <u>Dade</u>
<b>(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)</b> Peter Lamberton David Fix Federal Trade Commission, 600 Pennsylvania Ave., NW Washington, DC 20580 202-326-3274	ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER) <div style="font-size: 1.5em; font-weight: bold;">CIVIL UNGARO - BENAGES</div> <p style="font-size: 1.2em; margin-top: 10px;"><i>Dade 05-22223 CW WUB O'Sullivan</i></p>

<b>II. BASIS OF JURISDICTION</b> (PLACE AN X IN ONE BOX ONLY)	<b>III. CITIZENSHIP OF PRINCIPAL PARTIES</b> (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) FOR DIVERSITY CASES ONLY!										
<table style="width:100%;"> <tr> <td><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff</td> <td><input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)</td> </tr> <tr> <td><input type="checkbox"/> 2 U.S. Government Defendant</td> <td><input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)</td> </tr> </table> <p style="font-size: 1.2em; margin-top: 10px;"><i>Action arose in Dade County</i></p>	<input checked="" type="checkbox"/> 1 U.S. Government Plaintiff	<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)	<input type="checkbox"/> 2 U.S. Government Defendant	<input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	<table style="width:100%;"> <tr> <td style="width:33%;">Citizen of this State</td> <td style="width:33%;">Citizen of Another State</td> <td style="width:33%;">Citizen or Subject of a Foreign Country</td> </tr> <tr> <td><input type="checkbox"/> 1</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 3</td> </tr> </table>	Citizen of this State	Citizen of Another State	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3
<input checked="" type="checkbox"/> 1 U.S. Government Plaintiff	<input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)										
<input type="checkbox"/> 2 U.S. Government Defendant	<input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)										
Citizen of this State	Citizen of Another State	Citizen or Subject of a Foreign Country									
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3									

**IV. CASE ASSIGNMENT AND NATURE OF SUIT**  
 (Place an X in one category, A-N, that best represents your cause of action and one in a corresponding nature of suit.)

<input type="checkbox"/> <b>A. Antitrust</b> <input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> <b>B. Personal Injury/Malpractice</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel and Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Medical Malpractice <input type="checkbox"/> 365 Product Liability <input type="checkbox"/> 368 Asbestos Product Liability	<input type="checkbox"/> <b>C. Administrative Agency Review</b> <input type="checkbox"/> 151 Medicare Act  <u>Social Security</u> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))  <u>Other Statutes</u> <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input checked="" type="checkbox"/> 890 Other Statutory Actions (if Administrative Agency is involved)	<input checked="" type="checkbox"/> <b>D. Temporary Restraining Order/Preliminary Injunction</b>  Any nature of suit from any category may be selected for this category of case assignment.  *(If Antitrust, then A governs)*
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**E. General Civil (Other) OR**  **F. Pro Se General Civil**

<u>Real Property</u> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent, Lease and Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property  <u>Personal Property</u> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<u>Bankruptcy</u> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdraw 28 USC 157  <u>Prisoner Petitions</u> <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus and Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition  <u>Property Rights</u> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	<u>Forfeiture/Penalty</u> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food and Drugs <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. and Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety Health <input type="checkbox"/> 690 Other  <u>Federal Tax Suits</u> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS- Third Party 26 USC 7609	<u>Other Statutes</u> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions (if not administrative agency review or Privacy Act)
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<input type="checkbox"/> <b>G. Habeas Corpus/ 2255</b> <input type="checkbox"/> 530 Habeas Corpus -- General <input type="checkbox"/> 510 Motion/Vacate Sentence	<input type="checkbox"/> <b>H. Employment Discrimination</b> <input type="checkbox"/> 442 Civil Rights -- Employment (criteria: race, gender/sex, national origin, discrimination, disability, age, religion, retaliation) *(If pro se, select this deck)*	<input type="checkbox"/> <b>I. FOIA/PRIVACY ACT</b> <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 890 Other Statutory Actions (if Privacy Act) *(If pro se, select this deck)*	<input type="checkbox"/> <b>J. Student Loan</b> <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (excluding veterans)
<input type="checkbox"/> <b>K. Labor/ERISA (non-employment)</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting and Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> <b>L. Other Civil Rights (non-employment)</b> <input type="checkbox"/> 441 Voting (if not Voting Rights Act) <input type="checkbox"/> 443 Housing/ Accomodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> <b>M. Contract</b> <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment and Enforcement of Judgment <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholder's Suits <input type="checkbox"/> 190 Other Contracts <input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> <b>N. Three-Judge Court</b> <input type="checkbox"/> 441 Civil Rights -- Voting (if Voting Rights Act)

**V. ORIGIN**

- 1 Original Proceeding  
  2 Removed from State Court  
  3 Remanded from Appellate  
  4 Reinstated or Reopened  
  5 Transferred from another district (specify)  
  6 Multidistrict Litigation  
  7 Appeal to District Judge from Mag. Judge

**VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE.)**

Action under sections 13(b) and 19(a) of the FTC Act, 15 U.S.C. Section 41 et seq., to secure injunctive and other equitable relief against defendants for violating section 5(a) of the FTC Act, 15 U.S.C. Section 45(a) and the Franchise Rule, 16 C.F.R. Part 436.

**VII. REQUESTED IN COMPLAINT**     
 CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23      
 DEMAND \$ \_\_\_\_\_     
 Check YES only if demanded in complaint JURY DEMAND:  YES  NO

**VIII. RELATED CASE(S) IF ANY** (See instruction)     
  YES  NO     
 If yes, please complete related case form.

DATE 8/11/05     
 SIGNATURE OF ATTORNEY OF RECORD Peter Lambertson

**INSTRUCTIONS FOR COMPLETING CIVIL COVER SHEETJS-44**  
 Authority for Civil Cover Sheet

The JS-44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. Listed below are tips for completing the civil cover sheet. These tips coincide with the Roman Numerals on the Cover Sheet.

- I. COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF/DEFENDANT (b) County of Residence: Use 11001 to indicate plaintiff is resident of Washington, D.C.; 8888 if plaintiff is resident of the United States but not of Washington, D.C., and 9999 if plaintiff is outside the United States.
- III. CITIZENSHIP OF PRINCIPAL PARTIES: This section is completed only if diversity of citizenship was selected as the Basis of Jurisdiction under Section II.
- IV. CASE ASSIGNMENT AND NATURE OF SUIT: The assignment of a judge to your case will depend on the category you select that best represents the primary cause of action found in your complaint. You may select only one category. You must also select one corresponding nature of suit found under the category of case.
- VI. CAUSE OF ACTION: Cite the US Civil Statute under which you are filing and write a brief statement of the primary cause.
- VIII. RELATED CASES, IF ANY: If you indicated that there is a related case, you must complete a related case form, which may be obtained from the Clerk's Office.

Because of the need for accurate and complete information, you should ensure the accuracy of the information provided prior to signing the form.