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FEDERAL TRADE COMMISSION

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
San Francisco Division

BZ

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

NATIONAL AWARDS SERVICE ADVISORY, LLC, a limited liability company, also d/b/a Prize Information Bureau and Award Notification Bureau,

CENTRAL PROCESSING OF NEVADA, LLC, a limited liability company, also d/b/a Publishers Information Bureau and Consumer Reporting Services,

INTERNATIONAL AWARD ADVISORS, INC., a corporation,

SPECTRUM CAGING SERVICE, INC., a corporation,

PRIZE REGISTRY BUREAU, INC., a corporation,

CONSOLIDATED DATA BUREAU, INC., a corporation, also d/b/a Data Distribution Bureau, Inc.,

Case No.

CV 10 5418

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

REGISTERED DATA ANALYTICS, INC., a corporation,

LLOYD BRANNIGAN EXCHANGE, INC., a corporation,

GEOVANNI SORINO, individually and as an officer of NATIONAL AWARDS SERVICE ADVISORY, LLC,

JORGE A. CASTRO, individually and as an officer of CENTRAL PROCESSING OF NEVADA, LLC,

TULLY A. LOVISA, individually and as an officer of INTERNATIONAL AWARD ADVISORS, INC., SPECTRUM CAGING SERVICE, INC., CONSOLIDATED DATA BUREAU, INC., PRIZE REGISTRY BUREAU, INC., and REGISTERED DATA ANALYTICS, INC., and

STEVEN MCCLENAHAN, individually and as an officer of PRIZE REGISTRY BUREAU, INC., CONSOLIDATED DATA BUREAU, INC., REGISTERED DATA ANALYTICS, INC., and LLOYD BRANNIGAN EXCHANGE, INC.,

Defendants.

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

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in connection with the offer of prize promotions.

JURISDICTION AND VENUE

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

3. Venue is proper in this district under 28 U.S.C. § 1391 (b) and (c), and 15 U.S.C. § 53(b).

INTRADISTRICT ASSIGNMENT

4. Defendants have transacted business with consumers who reside throughout the San Francisco Bay Area.

PLAINTIFF

5. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. 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.

6. 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 equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).

DEFENDANTS

7. Defendant National Awards Service Advisory, LLC, also doing business as Prize Information Bureau and Award Notification Bureau, is a Nevada limited liability company with mailing addresses at P.O. Box 98699 and P.O. Box 98776, in Las Vegas, Nevada 89193. National Awards Service Advisory, LLC, transacts or has transacted business in this district and throughout the United States.

8. Defendant Central Processing of Nevada, LLC, also doing business as Publishers Information Bureau and Consumer Reporting Services, is a Nevada limited liability company with a mailing address at P.O. Box 98988 in Las Vegas,

Nevada 89193. Central Processing of Nevada, LLC, transacts or has transacted business in this district and throughout the United States.

9. Defendant International Award Advisors, Inc., is a Delaware corporation with a mailing address at P.O. Box 8050, Huntington Station, New York 11746. International Award Advisors, Inc., transacts or has transacted business in this district and throughout the United States.

10. Defendant Spectrum Caging Service, Inc., is a New York corporation with its principal place of business at 18 Unqua Road, Massapequa, New York 11758. Spectrum Caging Service, Inc., transacts or has transacted business in this district and throughout the United States.

11. Defendant Prize Registry Bureau, Inc., is a Nevada corporation with a mailing address at P.O. Box 98989 in Las Vegas, Nevada 89193. Prize Registry Bureau, Inc., transacts or has transacted business in this district and throughout the United States.

12. Defendant Consolidated Data Bureau, Inc., also doing business as Data Distribution Bureau, Inc., is a Nevada corporation with a mailing address at P.O. Box 98985 in Las Vegas, Nevada 89193. Consolidated Data Bureau, Inc., transacts or has transacted business in this district and throughout the United States.

13. Defendant Registered Data Analytics, Inc., is a Nevada corporation with its principal place of business at 3401 Sirius Avenue, Suite 5, Las Vegas, Nevada 89102. Registered Data Analytics, Inc., transacts or has transacted business in this district and throughout the United States.

14. Defendant Lloyd Brannigan Exchange, Inc., is a Nevada corporation with its principal place of business at 3401 Sirius Avenue, Suite 5, Las Vegas, Nevada 89102. Lloyd Brannigan Exchange, Inc., transacts or has transacted business in this district and throughout the United States.

15. Defendant Geovanni Sorino is the president of National Awards

Service Advisory, LLC. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of National Awards Service Advisory, LLC, including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant Sorino transacts or has transacted business in this district and throughout the United States.

16. Defendant Jorge A. Castro is the president of Central Processing of Nevada, LLC. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Central Processing of Nevada, LLC, including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant Castro transacts or has transacted business in this district and throughout the United States.

17. Defendant Tully A. Lovisa is the president of International Award Advisors, Inc., and Spectrum Caging Service, Inc., and an officer of Consolidated Data Bureau, Inc., Prize Registry Bureau, Inc., and Registered Data Analytics, Inc. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of International Award Advisors, Inc., Spectrum Caging Service, Inc., Consolidated Data Bureau, Inc., Prize Registry Bureau, Inc., and Registered Data Analytics, Inc., including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant Lovisa transacts or has transacted business in this district and throughout the United States.

18. Defendant Steven McClenahan is the president of Prize Registry Bureau, Inc., Consolidated Data Bureau, Inc., Registered Data Analytics, Inc., and Lloyd Brannigan Exchange, Inc. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Prize Registry Bureau, Inc.,

Consolidated Data Bureau, Inc., Registered Data Analytics, Inc., and Lloyd Brannigan Exchange, Inc., including the acts and practices set forth in this Complaint. In connection with the matters alleged herein, Defendant McClenahan transacts or has transacted business in this district and throughout the United States.

COMMERCE

19. 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

20. At various times during the past two years, and continuing today, Defendants have sent personalized mailers to hundreds of thousands of consumers throughout the United States. These mailers represent that the consumer to whom the mailing is addressed has won a multi-million dollar cash prize.

21. Defendants conduct business through an interrelated network of companies that have neighboring post office boxes, nearly identical marketing material, and shared vendors. They operate under multiple business names and have distributed dozens of versions of their mailers.

22. Defendants' mailers represent that the recipient must send a $20.00 "processing fee" to Defendants in order to receive his or her cash prize.

23. To create the impression that consumers will receive a substantial cash prize, Defendants' personalized mailers contain, among other things, the following or similar statements:

a. "It is Hereby Confirmed that [Jane Doe] has been Declared Fully Eligible to receive full accounting directives of a cash and awards distribution: total amount in aggregate scheduled for payout $2,975,488.00." (Exhibit F);

b. NOTICE OF INTENT TO DELIVER . . . Current Aggregate

Total Pending Payment: $3,275,063.00" (Exhibit K);

c. [John Doe], all documentation has been compiled and completed for you to reference for release of the over $3,275,064.00." (Exhibit M);

d. "Upon resolution adopted by the Verification Office Advisory Board, notice is hereby given to the individual named and set forth above that $3,175,536.00 is now due to be paid upon selection and your identity, [John Doe], has been positively identified." (Exhibit O);

e. "This Declaration, prepared exclusively for [Jane Doe] by P.I.B. North America, describes your guaranteed entitlements to an aggregate CASH/PRIZE pool totaling over $3,235,046.00 to be distributed by corporate sponsors." (Exhibit W); and

f. "NOTICE OF PAYMENTS PENDING . . . You are hereby informed that $3,175,536.00 is now due to be paid, [John Doe], upon selection and that your identity has been positively confirmed." (Exhibit Z).

24. To bolster the impression that the consumer has won a prize, some of Defendants' mailers congratulate the recipient on his or her winnings and include the following or similar statements:

a. "Congratulations [Jane Doe]" (Exhibit F);

b. "Congratulations on this incredible good fortune." (Exhibit M);

c. "It gives me great pleasure to notify you of this Exclusive Entitlement which has been granted to you by my organization." (Exhibit V);

d. "Our most sincere salutations are in order for you. Your identification as recipient for reported cash award entitlements totalling over $2,500,000.00 has been confirmed! We are so

pleased at having the honor of informing you of this wonderful news." (Exhibit Y); and

e. "[John], again I am delighted to be able to bring this good news to you!" (Exhibit Y).

25. Defendants' mailers further reinforce that the consumer has won a prize by stating that the recipient has been specially selected to receive the mailer, and include the following or similar language:

a. "[John Doe], due to your name being identified out of more that 267,843 candidates, we have safeguarded your delivery by assigning the Prize Information Number 20105167310 to you and you alone." (Exhibit M);

b. "Congratulations [John Doe], you have been positively identified for this $3,275,226.00 enumeration report and prize information release." (Exhibit N);

c. "Transaction File No. 50360993365 has been established in your name in connection with this matter, and must be referred to in all correspondence with this office." (Exhibit O);

d. Selection of your name has been carried out in strict conformity with rules and methods stipulated as applicable to all potential winners of a major sweepstakes cash amount." (Exhibit U);

e. [John], this information is real and actual; based on results from your recent participation in a National Promotion in which your subsequent identification is now affirmed and announced." (Exhibit Y); and

f. At 4:00 pm, on February 26, 2010 our records indicated that [John Doe], known holder of identification No. 50228663092, as filed in our main office, is 100% positively appointed to receive immediate delivery of prize information data providing

access to monies in excess of $2,500,000.00." (Exhibit Y).

26. Defendants bolster the impression that consumers have won a prize by stating that consumers have a limited amount of time within which to claim the cash prize, using the following or similar statements:

a. "[John or Jane], all documentation has been compiled and completed for you to reference for release of the over $3,276,450.00! We cannot hold this for more than 10 (ten) days. You must sign and return the Prize Report Claim Form below at once." (Exhibits A-E);

b. "Act immediately. Sign your Prize Report Claim Form below and return it in the envelope provided, with the $20.00 transfer fee by cash, check, or money order (made payable to [PIB or CRS]). ENVELOPE MUST BE POSTMARKED BY MIDNIGHT OF DEADLINE DATE OR YOUR CLAIM WILL BE VOIDED FOR PROCESSING." (Exhibits A-E);

c. "Return the entire form to our offices, along with the requisite processing fee of $20 in the enclosed priority envelope. IMPORTANT: responses received after November 23, 2009 will forfeit your status." (Exhibit F);

d. "Please note that sponsors have established strict rules and procedures, including deadline dates that cannot be extended for any reason. Therefore, your reply must be postmarked by Midnight, October 26, 2009. Should you fail to respond by that date, this entitlement shall be withdrawn and considered entirely null and void." (Exhibit G);

e. "I must stress the importance of the stated deadline. Sponsor stipulations prohibit deadline extensions, and your Voucher expires at midnight of the date shown. ALL VALID CLAIMS

MUST BE POSTMARKED BEFORE THE DEADLINE." (Exhibit S);

f. "However, time is of the essence, [John], and I urge you to act upon this matter promptly. Stringent payment deadlines are currently in place, and must be met. You should therefore return the completed Response Form to this office no later than October 27, 2009. Failure to take action will result in all payment opportunities to be forfeited. If this should occur, an alternative payee will be identified and entitled to the described win opportunities contingent upon full compliance, per directives on reverse, upon selection." (Exhibit V); and

g. "This is a Time-Sensitive Transaction – STIPULATED DEADLINES MUST BE MET. Transaction File No. 50341503758 can only be held open in your name [John Doe], until May 18, 2010." (Exhibit Z).

27. Defendants' mailers assure consumers that the prize is legitimate, using the following or similar statements and depictions:

a. "THIS IS NEITHER A SWEEPSTAKES ENTRY OR CONTEST SOLICITATION." (Exhibit Z);

b. "THE FOLLOWING INFORMATION IS REAL AND ACTUAL. You have been definitely qualified to immediately receive $2,931,470.00 in win opportunity Data Documents scheduled for dispatch to you, upon receipt of the signed Registration Form below." (Exhibit X);

c. Bar codes for "internal tracking" (Exhibits A-E, L, CC); and

d. Stamps, often in red ink, with the following official-sounding terms:

i. "FILED" (Exhibits A-E, AA);

ii. "APPROVED" (Exhibits F, O, P, T, V, X, BB);

iii. "DEADLINES ENFORCED" (Exhibit H);

iv. "GUARANTEED" (Exhibit I);

v. "CERTIFIED" (Exhibit J);

vi. "REGISTERED" (Exhibits K, Q);

vii. "VERIFIED" (Exhibit M);

viii. "CONFIDENTIAL" (Exhibit N);

ix. "CONFIRMED" (Exhibit O);

x. "AUTHORIZED RUSH PROCESSING" (Exhibit P);

xi. "SIGN & RETURN" (Exhibit S);

xii. "URGENT" (Exhibit U);

xiii. "ADVANCED" (Exhibit V);

xiv. "COPY" (Exhibit CC); and

xv. "PRIORITY" (Exhibit II).

28. Defendants' mailers often include a return envelope addressed to one of Defendants' post office boxes (Exhibit PP).

29. Many of Defendants' mailers prominently tout that Defendants are affiliated with a government agency, including, but not limited to, using the following or a similar heading:

a. "State of California Commissioners of Registration" (Exhibit A);

b. "State of Illinois Commissioners of Registration" (Exhibit B);

c. "State of Florida Commissioners of Registration" (Exhibit C);

d. "Commissioners of Registration" (Exhibits D-E);

e. "FOR THE STATE OF: Illinois" (Exhibit F); and

f. "GEORGIA TRANSFER NOTICE DOCUMENT" (Exhibit G).

30. To further the impression that Defendants are affiliated with a government agency, Defendants' mailers contain language, symbols, artwork and

other features similar to those used by government agencies, including, but not limited to:

a. Statements that the notice is "official," by use of the following or similar statements:

i. "OFFICIAL AGENCY RELEASE" (Exhibit A-E);

ii. "Official Issuing Agency" (Exhibit F);

iii. "OFFICIAL USE ONLY" (Exhibit G);

iv. "OFFICIAL DOCUMENT" (Exhibit H);

v. "OFFICIAL NOTICE OF TRANSFER DOCUMENT" (Exhibit I);

vi. "OFFICIAL PRIZE OFFICE" (Exhibit J);

vii. "THIS IS AN OFFICIAL NOTICE" (Exhibit K);

viii. "Official Record" (Exhibit L);

ix. "[T]his is your official notification" (Exhibit M);

x. "Official Declaration and Authorization Form" (Exhibit N);

xi. "Official &Approved Notification" (Exhibit O);

xii. "OFFICIAL CONFIRMATION" (Exhibit Q);

xiii. "OFFICE OF THE PRESIDENT OFFICIAL NOTIFICATION" (Exhibit R);

xiv. "OFFICIAL AUTHORIZATION" (Exhibit S);

xv. "OFFICIAL NOTICE" (Exhibit DD);

xvi. "OFFICIAL RIGHTS AND PRIVILEGES" (Exhibit GG); and

xvii. "OFFICIAL FUNDS ADVISORY" (Exhibit HH);

b. Watermarks containing a circle of stars, the inscription "In God We Trust," a bald eagle, or other official-looking design (Exhibits F, H, I, K, M, T, BB, GG);

c. Certificates (Exhibits H, T, X, AA, GG);

d. Vouchers and checks (Exhibits F, S, CC);

e. Forms titled "Official Acceptance Form," "Official Declaration and Authorization Form," "Acquisition Response Form," "Report Claim Registration Form," "Administrative Request Processing Form," "Confirmation Form," "Eligibility Claim Form" or "REPORT CLAIM FORM EZ-626" (Exhibits J, N, V, X, CC, FF, II, JJ);

f. Docket numbers (Exhibit G);

g. Official-looking seals depicting eagles, stars, cities, or majestic figures (Exhibits A-G, I, K-M, X, Z, AA-BB, DD, FF, LL); and

h. Official-looking envelopes (Exhibits KK-NN).

31. Defendants' mailers often contain language in small print stating in vague terms that they are a reporting service that provides information on various sweepstakes (Exhibit OO). This language does not adequately inform the consumer that he or she has not won a prize.

32. Many consumers who receive Defendants' mailers believe they have won a substantial prize and mail $20 to the Defendants.

33. Consumers who pay the $20 fee to Defendants do not receive the promised prize. Instead, consumers receive nothing or merely written information about how to enter sweepstakes (Exhibit QQ).

34. Many consumers receive additional mailers from Defendants that solicit further money. Some mailers suggest that the consumer is in the final stages of claiming his or her prize money and contain the following or similar statements:

a. "□ Stage 1: PASSED, [John Doe] selected for $3,333,256 Disbursement Entitlement. Allocated Priority Claim Number 20110402646.

□ Stage 2: PASSED, Official Claim Documents were issued

for [John Doe]. These are non-transferable and are for the use of [John Doe] alone to place claim on the over $3,333,256.00 Disbursement Entitlement.

□ Stage 3: PENDING, [John Doe] Final Stage Access READY for over $3,333,256.00. Disbursement Entitlement. Response requested before April 28, 2010." (Exhibit Q);

b. "[John], Act now. You have successfully passed two stages, with only the third - and final - stage standing between you and access to the $3,333,256.00 Disbursement Entitlement." (Exhibit R); and

c. "At the Third and Final Stage, the over $2,175,536.00 will be dispatched. You need to respond now." (Exhibit EE).

35. Defendants have collected millions of dollars from consumers.

VIOLATIONS OF THE FTC ACT

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

37. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I

38. Through the means described in Paragraphs 20 through 35, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who pay Defendants a specified fee will receive a substantial cash prize.

39. In truth and in fact, consumers who pay Defendants the specified fee do not receive a substantial cash prize.

40. Therefore, the making of the representation as set forth in Paragraph 38 of this Complaint constitutes a deceptive act or practice, in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

41. Through the means described in Paragraphs 20 through 35, Defendants have represented, directly or indirectly, expressly or by implication, that they are affiliated with an official government agency.

42. In truth and in fact, Defendants are not affiliated with an official government agency.

43. Therefore, the making of the representation as set forth in Paragraph 41 of this Complaint constitutes a deceptive act or practice, in or affecting commerce in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

44. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

45. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such preliminary injunctive and ancillary relief 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, including but not limited to temporary and preliminary injunctions and an order freezing assets;

B. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies;

D. 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: _____, 2010

Respectfully Submitted,

WILLARD K. TOM
General Counsel

_____
SARAH SCHROEDER
MATTHEW GOLD
Attorneys for Plaintiff
Federal Trade Commission