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AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JOHN RAYMOND SALVATOR BEZEREDI,
individually and doing business as DOMINION
INVESTMENTS, EUROBOND FIDELITY LTD.,
and IMPERIAL INVESTMENTS,

Defendant.

CV5 1739

Civil No.

**COMPLAINT FOR
INJUNCTIVE AND OTHER
EQUITABLE RELIEF**

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

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108, to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, disgorgement, and other equitable relief for defendant's acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310.

1 **COMMERCE**

2 6. At all times relevant to this complaint, defendant has maintained a substantial
3 course of business in connection with the promotion, offering for sale, or sale, through
4 telemarketing of foreign bonds with a lottery feature to U.S. consumers, in or affecting
5 commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
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7 **DEFENDANT'S BUSINESS PRACTICES**

8 7. Defendant Bezeredi induces United States residents, many of whom are elderly, to
9 purchase or pay fees associated with purported European bonds. During telephone solicitations,
10 Bezeredi's telemarketers have made varied representations to consumers to induce their purchase
11 of the purported bonds or to induce their payment of various fees. For example, Bezeredi's
12 telemarketers represent that by purchasing the purported bonds, consumers will be entered into
13 monthly drawings to win cash prizes. The telemarketers also tell consumers that they are highly
14 likely to receive substantial cash winnings or that they will receive regular cash payments.

15 8. Relying on the statements and representations of Bezeredi's telemarketers,
16 consumers have paid Bezeredi thousands of dollars with the expectation of receiving substantial
17 cash prizes, regular cash payments, or bond investments with the chance to participate in monthly
18 drawings for cash prizes. In fact, consumers who pay Bezeredi receive little or nothing of value.
19 The purported bonds are bogus. Moreover, even if the bonds were genuine, because they have a
20 lottery feature, they cannot be sold legally in the United States, pursuant to 18 U.S.C. §§ 1301
21 and 1302. The Bezeredi telemarketers have not advised consumers that the sale and trafficking
22 in foreign lottery materials is a crime in the U.S.
23

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

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

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

1
2 **COUNT ONE**

3 11. In numerous instances, in connection with telemarketing purported foreign bonds
4 with lottery features to U.S. consumers, defendant Bezeredi, d.b.a. Dominion Investments
5 (“Dominion”), Eurobond Fidelity, Ltd. (“Eurobond”), and Imperial Investments (“Imperial”), has
6 represented, expressly or by implication, directly or through telemarketers he employs, that
7 consumers who purchase from, or pay fees to, Dominion, Eurobond, or Imperial will receive
8 regular cash payments, will be entered in monthly drawings to win cash prizes, or will have a
9 high likelihood of receiving substantial cash winnings.

10 12. In truth and in fact, consumers who purchase from, or pay fees to, Dominion,
11 Eurobond, or Imperial do not receive regular cash payments, are not entered in monthly drawings
12 to win cash prizes, and do not have a high likelihood of receiving substantial cash winnings.

13 13. Therefore, the representations set forth in Paragraph 11 are false and misleading
14 and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,
15 15 U.S.C. § 45(a).

16 **COUNT TWO**

17 14. The sale and trafficking in foreign lotteries or similar schemes is a violation of
18 federal criminal law, including laws prohibiting the importing and transmitting of lottery
19 materials or information in interstate or foreign commerce, 18 U.S.C. §§ 1301 and 1302.

20 15. In numerous instances, in connection with telemarketing purported foreign bonds
21 with lottery features to U.S. consumers, defendant Bezeredi, d.b.a. Dominion, Eurobond, and
22 Imperial, has failed to disclose that the sale and trafficking in foreign lotteries or similar schemes
23 is a crime in the United States.

24 16. Defendant’s failure to disclose this material fact is deceptive and violates Section
25 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE

1
2 17. Congress directed the Federal Trade Commission to prescribe rules prohibiting
3 abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15
4 U.S.C. §§ 6101-6108. On August 16, 1995, the FTC adopted the Telemarketing Sales Rule
5 (“Original TSR”), 16 C.F.R. Part 310, which became effective on December 31, 1995. On
6 January 29, 2003, the FTC amended the Original TSR by issuing a Statement of Basis and
7 Purpose and the final amended TSR (“Amended TSR”). 68 Fed. Reg. 4580, 4669. Most
8 provisions of the Amended TSR became effective on March 31, 2003. 68 Fed. Reg. 4580, 4669.

9 18. Both the Original TSR and the Amended TSR require sellers and telemarketers to
10 disclose, prior to the customer paying, all material restrictions, limitations or conditions to
11 purchase, receive, or use the goods or services that are the subject of the sales offer, 16 C.F.R.
12 § 310.3(a)(1)(ii), and prohibit sellers and telemarketers from making a false or misleading
13 statement to induce any person to pay for goods or services. 16 C.F.R. § 310.3(a)(4).

14 19. The Amended TSR also established a “Do Not Call” registry (the “National Do
15 Not Call Registry” or “Registry”), maintained by the FTC, of consumers who do not wish to
16 receive certain types of telemarketing calls. Consumers can register their telephone numbers on
17 the Registry without charge either through a toll-free telephone call or over the Internet at
18 donotcall.gov.

19 20. Consumers who receive telemarketing calls to their registered numbers can
20 complain of Registry violations the same way they registered, through a toll-free telephone call
21 or over the Internet at donotcall.gov.

22 21. On or after September 2, 2003, the FTC allowed sellers, telemarketers, and other
23 permitted organizations to access the Registry over the Internet at telemarketing.donotcall.gov,
24 pay the required fees, and download the registered numbers by area code.

25 22. Since October 17, 2003, sellers and telemarketers subject to the FTC’s jurisdiction
26 have been prohibited from calling numbers on the Registry in violation of the Amended TSR. 16
27 C.F.R. § 310.4(b)(1)(iii)(B).

1 23. Since October 17, 2003, sellers and telemarketers have been generally prohibited
2 from calling any telephone number within a given area code unless the seller first has paid the
3 annual fee for access to the telephone numbers within that area code that are included in the
4 National Do Not Call Registry. 16 C.F.R. § 310.8(a) and (b).

5 24. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and
6 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an
7 unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the
8 FTC Act, 15 U.S.C. § 45(a).

9 25. The defendant is a “seller” or “telemarketer” engaged in “telemarketing” as those
10 terms are defined in the Original TSR, 16 C.F.R. § 310.2(r), (t), and (u), and the Amended TSR,
11 16 C.F.R. §§ 310.2(z), (bb), and (cc).

12 26. Since October 17, 2003, defendant Bezeredi, in numerous instances, in connection
13 with telemarketing purported bonds, has initiated, or has caused others to initiate, numerous
14 telemarketing calls to consumers whose telephone numbers are on the National Do Not Call
15 Registry. In addition, defendant Bezeredi, in numerous instances, in connection with
16 telemarketing purported bonds, has initiated, or caused others to initiate, outbound telephone
17 calls to telephone numbers within given area codes without first paying the required annual fee
18 for access to the telephone numbers within those area codes that are included in the National Do
19 Not Call Registry.

20 **COUNT THREE**

21 27. In numerous instances, in connection with telemarketing purported bonds to U.S.
22 consumers, defendant Bezeredi has represented, expressly or by implication, directly or through
23 telemarketers he employs, that consumers who purchase from, or pay fees to, Dominion,
24 Eurobond, or Imperial will receive regular cash payments, will be entered into monthly drawings
25 to win cash prizes, or have a high likelihood of receiving substantial cash winnings.

26 28. In truth and in fact, consumers who purchase from, or pay fees to, Dominion,
27 Eurobond, or Imperial do not receive regular cash payments, are not entered into monthly
28

1 drawings to win cash prizes, and do not have a high likelihood of receiving substantial cash
2 winnings.

3 29. Therefore, defendant Bezeredi has violated Section 310.3(a)(4) of the TSR,
4 16 C.F.R. § 310.3(a)(4).

5 **COUNT FOUR**

6 30. In numerous instances, in connection with telemarketing purported bonds to U.S.
7 consumers, defendant Bezeredi or the telemarketers that he employs have failed to disclose that
8 the importation of and trafficking in foreign lottery materials in the United States is a crime.
9 Defendant Bezeredi has thereby violated Section 310.3(a)(1)(ii) of the TSR, 16 C.F.R.
10 § 310.3(a)(1)(ii).

11 **COUNT FIVE**

12 31. In numerous instances, in connection with telemarketing purported bonds,
13 defendant Bezeredi has initiated, or has caused others to initiate, an outbound telephone call to
14 persons' telephone numbers on the National Do Not Call Registry. Defendant Bezeredi has
15 thereby violated Section 310.4(b)(1)(iii)(B) of the Amended TSR, 16 C.F.R.
16 § 310.4(b)(1)(iii)(B).

17 **COUNT SIX**

18 32. In numerous instances, in connection with telemarketing purported bonds,
19 defendant Bezeredi has initiated, or caused others to initiate, an outbound telephone call to a
20 telephone number within a given area code without first paying the required annual fee for access
21 to the telephone numbers within those area codes that are included in the National Do Not Call
22 Registry. Defendant Bezeredi has thereby violated Section 310.8 of the Amended TSR,
23 16 C.F.R. § 310.8.

24 **CONSUMER INJURY**

25 33. Consumers throughout the United States have suffered and continue to suffer
26 substantial monetary loss as a result of defendant Bezeredi's unlawful acts or practices. In
27 addition, defendant has been unjustly enriched as a result of his unlawful practices. Absent
28

1 injunctive relief by this Court, defendant Bezeredi is likely to continue to injure consumers, reap
2 unjust enrichment, and harm the public interest.

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

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

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

12 36. This Court, in the exercise of its equitable jurisdiction, may award other ancillary
13 relief to remedy injury caused by the defendant's law violations.

14
15 **PRAYER FOR RELIEF**

16 WHEREFORE, plaintiff the Federal Trade Commission, pursuant to Sections 13(b) and
17 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15
18 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

- 19 a. Award plaintiff such preliminary injunctive and ancillary relief, including
20 a temporary restraining order, as may be necessary to avert the likelihood of
21 consumer injury during the pendency of this action and to preserve the possibility
22 of effective final relief;
- 23 b. Permanently enjoin defendant from violating the FTC Act and the TSR, as
24 alleged herein;
- 25 c. Award such relief as the Court finds necessary to redress injury to
26 consumers resulting from defendant's violations of the TSR and the FTC Act,
27 including but not limited to, rescission of contracts, the refund of monies paid,
28 and the disgorgement of ill-gotten monies; and


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: October 17, 2005.

6
7 Respectfully Submitted,

8 WILLIAM BLUMENTHAL
9 General Counsel

10 CHARLES A. HARWOOD
11 Regional Director

12 
13 Mary Benfield, WSBA #18835
14 Attorney for Plaintiff
15 Federal Trade Commission
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