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

10 FEDERAL TRADE COMMISSION,

11 Plaintiff,

12 v.

13 D&C NATIONAL HOLDINGS LTD., FIRST  
14 BRITISH NATIONAL HOLDINGS LTD., OMID  
15 TAHVILI, DERRICK SQUIRES, AND REGINALD  
16 PAL,

17 Defendants.

Civil No.

**COMPLAINT FOR  
INJUNCTIVE AND OTHER  
EQUITABLE RELIEF**

18 Plaintiff Federal Trade Commission (AFTC@ or ACommission@) for its Complaint alleges:

19 1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade  
20 Commission Act ("FTC Act"), 15 U.S.C. ' ' 53(b) and 57b, and the Telemarketing and Consumer Fraud  
21 and Abuse Prevention Act (ATELmarketing Act@), 15 U.S.C. ' 6101 *et seq.*, to obtain permanent  
22 injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for defendants'  
23 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a), and the FTC's  
24 Trade Regulation Rule entitled "Telemarketing Sales Rule" (ATSR@ or ARule@), 16 C.F.R. Part 310.

**JURISDICTION AND VENUE**

25 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. ' ' 45(a), 53(b),  
26 57b, 6102(c), and 6105(b) and 28 U.S.C. ' ' 1331, 1337(a), and 1345.

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

FEDERAL TRADE COMMISSION  
915 Second Ave., Ste. 2896  
Seattle, Washington 98174  
(206) 220-6350

**PLAINTIFF**

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

**DEFENDANTS**

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10           5.       D&C National Holdings Ltd. ("D&C"), is incorporated in British Columbia, (A.B.C.@)  
11 Canada. Its office and principal place of business is at 532 Broadway, Suite 201, Vancouver, B.C. D&C  
12 maintains or has maintained mailing addresses at 21 - 1917 West 4<sup>th</sup> Avenue, Vancouver, B.C.; #150,  
13 101 - 1001 West Broadway, Vancouver, B.C.; 164 - 2416 Main Street, Vancouver, B.C.; 493 - 1755  
14 Robson Street, Vancouver, B.C.; 313 - 1917 West 4<sup>th</sup> Avenue, Vancouver, B.C.; PO Box 34069,  
15 Seattle, WA; 232 and 234 - 3351 Kingsway, Vancouver, B.C.; and 207 - 1072 Davie Street, Vancouver,  
16 B.C. D&C has transacted business throughout the United States.

17           6.       First British National Holdings Ltd. (A.FBNH@), is incorporated in British Columbia,  
18 Canada. Its office and principal place of business is at 21 Water Street, Suite 302, Vancouver, B.C.  
19 FBNH maintains or has maintained mailing addresses at 137 - 6414 Fraser Street, Vancouver, B.C.; 232  
20 - 3351 Kingsway, Vancouver, B.C.; and 223 - 2416 Main Street, Vancouver, B.C. FBNH has  
21 transacted business throughout the United States.

22           7.       Omid Tahvili is one of two Directors of D&C, and is the sole director of FBNH. At all  
23 times relevant to this Complaint, acting alone or in concert with others, he has participated directly in, or  
24 has had authority to control, the acts and practices of D&C and FBNH, including the acts and practices  
25 set forth in this Complaint. Omid Tahvili has transacted business throughout the United States.

26           8.       Derrick Squires is one of two Directors of D&C. At all times relevant to this Complaint,  
27 acting alone or in concert with others, he has participated directly in, or has had authority to control, the  
28 acts and practices of D&C, including the acts and practices set forth in this Complaint. Derrick Squires



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

4           15.     The defendants have received substantial financial remuneration from this enterprise.

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

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

8                           **COUNT I**

9           17.     In numerous instances, in connection with telemarketing to consumers, defendants have  
10 represented, expressly or by implication, that consumers are likely to receive a large return on their  
11 investment if they purchase bonds from defendants.

12           18.     In truth and in fact, consumers are not likely to receive any, let alone a large return, on their  
13 investment if they purchase bonds from defendants.

14           19.     Therefore, the representation set forth in Paragraph 17 is false and misleading and  
15 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
16 ' 45(a).

**COUNT II**

1           20.     In numerous instances, in connection with telemarketing to consumers, defendants have  
2 represented, expressly or by implication, that consumers are likely to win large cash awards if the  
3 consumers purchase lottery tickets from, or otherwise pay money to, defendants.

4           21.     In truth and in fact, consumers are not likely to win a large cash award if the consumers  
5 purchase lottery tickets from, or otherwise pay money to, defendants.

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

**COUNT III**

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9           23.     In numerous instances, in connection with telemarketing to consumers, defendants have  
10 represented, expressly or by implication, that consumers have won a large cash award, but must pay  
11 defendants a fee or fees to receive it.

12           24.     In truth and in fact, consumers who pay defendants a fee or fees do not receive the  
13 promised large cash awards.

14           25.     Therefore, the representation set forth in Paragraph 23 is false and misleading and  
15 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

**COUNT IV**

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

20           27.     In numerous instances, in connection with telemarketing foreign lottery tickets or foreign  
21 lottery opportunities, defendants have failed to disclose that the sale and trafficking in foreign lotteries is  
22 a crime in the United States.

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

**VIOLATIONS OF THE TELEMARKETING SALES RULE**

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

4 29. Defendants are "telemarketers" or "sellers" engaged in "telemarketing" as those terms are  
5 defined in the TSR, 16 C.F.R. ' ' 310.2(r), (t), and (u).

6 30. The TSR requires sellers and telemarketers to disclose all material restrictions, limitations,  
7 or conditions to purchase, receive, or use the goods or services that are the subject of the sales offer.  
8 16 C.F.R. ' 310.3(a)(1)(ii).

9 31. The TSR prohibits sellers and telemarketers from Amaking a false or misleading statement  
10 to induce any person to pay for goods or services.@ 16 C.F.R. ' 310.3(a)(4).

11 32. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. ' 6102 (c), and Section  
12 18(d)(3) of the FTC Act, 15 U.S.C. ' 57a(d)(3), violations of the TSR constitute deceptive acts or  
13 practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

### 14 COUNT V

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

- 18 a. consumers are likely to receive a large return on their investment if they purchase  
19 bonds from defendants;
- 20 b. consumers are likely to win large cash awards if the consumers purchase lottery  
21 tickets or otherwise make payments to defendants; and
- 22 c. consumers have won and will receive a large cash award if the consumers pay  
23 defendants a fee or fees.

24 34. Therefore, defendants have violated Section 310.3(a)(4) of the Rule, 16 C.F.R.  
25 ' 310.3(a)(4).

**COUNT VI**

1           **35.**     In numerous instances, in connection with telemarketing foreign lottery tickets or foreign  
2 lottery opportunities, defendants have failed to disclose that the sale and trafficking in foreign lotteries is  
3 a crime in the United States. Defendants have thereby violated Section 310.3(a)(1)(ii) of the Rule, 16  
4 C.F.R. ' 310.3(a)(1)(ii).

**CONSUMER INJURY**

6           **36.**     Consumers throughout the United States have suffered and continue to suffer substantial  
7 monetary loss as a result of defendants' unlawful acts or practices. In addition, defendants have been  
8 unjustly enriched as a result of their unlawful practices. Absent injunctive relief by this Court, the  
9 defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

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

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

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

18           **39.**     This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to  
19 remedy injury caused by the defendants= law violations.

**PRAYER FOR RELIEF**

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

- 24           a.       Award plaintiff such preliminary injunctive and ancillary relief as may be necessary  
25           to avert the likelihood of consumer injury during the pendency of this action and to  
26           preserve the possibility of effective final relief;
- 27           b.       Permanently enjoin the defendants from violating the FTC Act and the TSR, as  
28           alleged herein;

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c. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the Telemarketing Sales Rule and the FTC Act, including but not limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten monies and interest thereon by defendants; and

d. Award plaintiff the costs of bringing this action and reasonable attorneys' fees, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: \_\_\_\_\_, 2002

Respectfully Submitted,  
WILLIAM E. KOVACIC  
General Counsel

CHARLES A. HARWOOD  
Regional Director

\_\_\_\_\_  
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Federal Trade Commission