

**FILED**

SEP 22 2005

**MICHAEL W. DOBBINS  
CLERK, U.S. DISTRICT COURT**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

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FEDERAL TRADE COMMISSION, )  
 )  
 )  
 Plaintiff, )  
 )  
 )  
 v. )  
 )  
 120194 CANADA, LTD., d/b/a VERITECH )  
 COMMUNICATIONS, VERITECH COMMUNICATION )  
 SERVICES, VERITECH, PRIME ONE BENEFITS, PRIME )  
 ONE FINANCIAL, PRIME ONE, FIRST NATIONAL )  
 CREDIT SERVICE, and U.S. NATIONAL CREDIT, )  
 )  
 PRIME ONE FINANCIAL GROUP, INC., d/b/a PRIME )  
 ONE BENEFITS, PRIME ONE FINANCIAL, PRIME )  
 ONE, FIRST NATIONAL CREDIT SERVICE, and )  
 U.S. NATIONAL CREDIT, )  
 )  
 MARKETING DIRECTIVES, INC., d/b/a AMERILINE )  
 and AMERILINE CORP., )  
 )  
 1284383 ONTARIO INC., d/b/a FIRST NATIONAL CREDIT )  
 SERVICE and DIRECT SERVICE MANAGEMENT, )  
 )  
 1309529 ONTARIO INC., d/b/a U.S. NATIONAL CREDIT, )  
 )  
 SIMAX CORP., d/b/a AMERICA'S GIFT HOUSE, GOLD )  
 UNIVERSAL, AMERILINE, and AMERILINE CORP., )  
 )  
 PAUL PRICE, )  
 )  
 ELISSA R. PRICE, a/k/a LISA PRICE and )  
 LISA WELLS, and )  
 )  
 MISHELE WELLS, )  
 )  
 Defendants. )

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Civil Action No. 04C 7204  
Judge Gottschall  
Magistrate Mason

**AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC” or “the Commission”), for its complaint alleges as follows:

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, *et seq.*, to secure temporary, preliminary, and permanent injunctive relief, restitution, rescission or reformation of contracts, disgorgement, and other equitable relief for defendants’ deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC’s Trade Regulation Rule entitled “Telemarketing Sales Rule,” 16 C.F.R. Part 310.

#### **JURISDICTION AND VENUE**

1. This Court has subject matter jurisdiction pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.
2. Venue in the United States District Court for the Northern District of Illinois is proper under 15 U.S.C. §§ 53(b) and 6105(b) and 28 U.S.C. § 1391(b), (c), and (d).

#### **PLAINTIFF**

3. Plaintiff, the FTC, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission 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. The Commission also enforces the Telemarketing Sales Rule, 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing acts or practices. The Commission is authorized to initiate federal district court

proceedings, by its own attorneys, to enjoin violations of the FTC Act and the Telemarketing Sales Rule, and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 6105(b).

**DEFENDANTS**

4. Defendant 120194 Canada, Ltd., d/b/a Veritech Communications, Veritech Communication Services, Veritech, Prime One Benefits, Prime One Financial, Prime One, First National Credit Service, and U.S. National Credit (collectively referred to as “Veritech”) is a Canadian corporation with its principal place of business located at 60 St. Claire Ave. E., Suite 303, Toronto, Ontario M4T 1N5. Veritech transacts or has transacted business in the Northern District of Illinois and throughout the United States.

5. Prime One Financial Group, Inc., d/b/a/ Prime One Benefits, Prime One Financial, Prime One, First National Credit Service, and U.S. National Credit (“collectively referred to as “Prime One”), is an Ontario corporation with its principal place of business located at 60 St. Claire Ave. E., Suite 303, Toronto, Ontario M4T 1N5. Its registered office address is listed as 550 Eglinton Ave. W., Suite 3818, Toronto, Ontario M5N 3A8. Prime One transacts or has transacted business in the Northern District of Illinois and throughout the United States.

6. Marketing Directives, Inc., d/b/a Ameriline and Ameriline Corp. (collectively referred to as “Marketing Directives”), is a Delaware corporation with its principal place of business at 60 St. Claire Ave. E., Suite 303, Toronto, Ontario M4T 1N5. Defendant Marketing Directives receives mail at 220 West 19<sup>th</sup> Street, Suite 2a, New York, New York 10011. Marketing Directives transacts or has transacted business in the Northern District of Illinois and throughout the United States.

7. 1284383 Ontario Inc., d/b/a First National Credit Service and Direct Service Management (collectively referred to as "First National Credit"), is an Ontario corporation with its principal place of business located at 344 Bloor West, Suite 508, Toronto, Ontario M5S 3A7. First National Credit has received mail at 550 Eglinton Avenue West, Suite 38180, Toronto, Ontario M5N 3A8. First National Credit transacts or has transacted business in the Northern District of Illinois and throughout the United States.

8. 1309529 Ontario Inc., d/b/a U.S. National Credit (collectively referred to as "U.S. National Credit"), is an Ontario corporation with its principal place of business located at 344 Bloor West, Suite 508, Toronto, Ontario M5S 3A7. U.S. National Credit has received mail at 550 Eglinton Avenue West, Suite 38180, Toronto, Ontario M5N 3A8. U.S. National Credit transacts or has transacted business in the Northern District of Illinois and throughout the United States.

9. Simax Corp., d/b/a America's Gift House, Gold Universal, Ameriline, and Ameriline Corp. (collectively referred to as "Simax Corp."), is a New York corporation with its principal place of business located at 567 Third Avenue, 5<sup>th</sup> Floor, New York, New York 10016. Simax Corp. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

10. Defendant Paul Price is an owner and principal of Veritech, Prime One, Marketing Directives, First National Credit, and U.S. National Credit, and a principal of Simax Corp. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of Veritech, Prime One, Marketing Directives, First National Credit, U.S. National Credit, and Simax Corp., including the

acts and practices set forth in this Complaint. Paul Price transacts or has transacted business in the Northern District of Illinois and throughout the United States.

11. Defendant Elissa R. Price, a/k/a Lisa Price and Lisa Wells (“Elissa Price”), is a principal of Veritech, Prime One, Marketing Directives, First National Credit, U.S. National Credit, and an owner and principal of Simax Corp. She is the wife of Paul Price. At all times relevant to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of Veritech, Prime One, Marketing Directives, First National Credit, U.S. National Credit, and Simax Corp., including the acts and practices set forth in this Complaint. Elissa Price transacts or has transacted business in the Northern District of Illinois and throughout the United States.

12. Defendant Mishele Wells is a principal of Marketing Directives, and an owner and principal of Simax Corp. She is the sister of Elissa Price. At all times relevant to this Complaint, acting alone or in concert with others, she has formulated, directed, controlled, or participated in the acts and practices of Marketing Directives and Simax Corp., including the acts and practices set forth in this Complaint. Mishele Wells transacts or has transacted business in the Northern District of Illinois and throughout the United States.

13. The corporate defendants have operated as a common enterprise to sell advance fee credit cards to consumers throughout the United States. They have shared officers, employees, office locations, have commingled funds, are commonly controlled, and have engaged in a common scheme.

**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’ COURSE OF CONDUCT**

15. Since at least August 1999, and continuing thereafter, defendants have made unsolicited outbound telephone calls to consumers throughout the United States and falsely offered to provide pre-approved credit cards to those consumers who agreed to permit defendants to debit their bank accounts for a “one-time” advance fee ranging from \$159.00 to \$236.00. Defendants’ telemarketers tell consumers that the defendants are offering pre-approved MasterCard or Visa credit cards with low interest rates, guaranteed credit limits ranging between \$1,000 and \$5,000, and no annual fees. Defendants have targeted consumers with no credit or bad credit for their credit card offer.

16. During the telephone calls to consumers, defendants request bank account information, including bank routing information.

17. Defendants routinely debit the bank accounts of consumers, who have provided bank account information and agreed to pay fees with bank account debits, in advance of providing those consumers with the MasterCard or Visa credit cards promised during the telephone calls.

18. After debiting the advance fee from consumers’ bank accounts, defendants do not provide consumers with the promised MasterCard or Visa credit cards. Instead of providing consumers with major credit cards, defendants provide consumers with packets of materials

containing coupons and discounts for travel, recreation, auto, medical plans, satellite service, and cellular telephones. The packets also sometimes include a booklet titled "The National Credit Guide to the USA," as well as a blank application form authorizing defendants to apply for credit cards on behalf of consumers.

19. Many consumers do not complete the defendants' blank application form because they realize that they have been scammed by the defendants when they do not receive the promised MasterCard or Visa credit cards in the package they receive from the defendants.

20. Those consumers who do fill out the blank application and mail it to the defendants do not receive the promised credit card. Instead, consumers sometimes receive from defendants an internet print out of an Orchard Bank secured credit card application containing consumers' personal information. According to the application, in order to receive a secured credit card from Orchard Bank, consumers are required to make an initial minimum deposit of \$200.00 as security for the line of credit, and consumers must maintain a savings account with Orchard Bank to secure the credit card. Many consumers who receive the Orchard Bank application do not apply for the Orchard Bank credit card because they were expecting to receive an unsecured MasterCard or Visa credit card, not a secured credit card requiring significant deposits of money to secure a line of credit.

21. Defendants do not provide consumers with, or arrange for consumers to receive, the promised credit cards. Furthermore, Defendants are not authorized by MasterCard, Visa, or Household Bank (SB), N.A., owner of the Orchard Bank brand name, to issue or market MasterCard or Visa credit cards to the public, or to use MasterCard or Visa trademarks, or Household Bank's credit card applications, in their promotions.

22. Thousands of consumers have paid defendants a fee ranging from \$159.00 to \$236.00 and have not received the credit cards promised by defendants.

**VIOLATIONS OF THE FEDERAL TRADE COMMISSION 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. Misrepresentations or omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

**COUNT I**

24. In numerous instances, in connection with the marketing of advance fee credit cards, defendants or their employees or agents have represented, directly or by implication, that after paying defendants a fee, consumers will, or are highly likely to, receive an unsecured major credit card, such as a MasterCard or Visa credit card.

25. In truth and in fact, in numerous instances, after paying defendants a fee, consumers do not receive an unsecured major credit card, such as a MasterCard or Visa credit card.

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

**THE TELEMARKETING SALES RULE**

27. The Commission promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310, pursuant to Section 3(a) of the Telemarketing Act, 15 U.S.C. § 6102(a). The Rule became effective on December 31, 1995. On January 29, 2003, the FTC adopted an amended Telemarketing Sales Rule with the amendments becoming effective on March 31, 2003.



28. The Telemarketing Sales Rule prohibits telemarketers and sellers from misrepresenting any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

29. The Telemarketing Sales Rule also prohibits telemarketers and sellers from, among other things, requesting or receiving payment of any fee or consideration in advance of obtaining a loan or other extension of credit when the seller or telemarketer has guaranteed or represented a high likelihood of success in obtaining or arranging a loan or other extension of credit. 16 C.F.R. § 310.4(a)(4).

30. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the Telemarketing Sales 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).

31. Defendants are “sellers” or “telemarketers” engaged in “telemarketing,” as those terms are defined in the Telemarketing Sales Rule. 16 C.F.R. §§ 310.2(z), (bb) & (cc).

### **VIOLATIONS OF THE TELEMARKETING SALES RULE**

#### **COUNT II**

32. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have misrepresented, directly or by implication, that after paying defendants a fee, consumers will, or are highly likely to, receive an unsecured major credit card, such as a MasterCard or Visa credit card.

33. Defendants have thereby violated Section 310.3(a)(2)(iii) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iii).

### **COUNT III**

34. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have requested and received payment of a fee in advance of consumers obtaining a credit card when defendants have guaranteed or represented a high likelihood of success in obtaining or arranging for the acquisition of an unsecured credit card, such as a MasterCard or Visa credit card, for such consumers.

35. Defendants have thereby violated Section 310.4(a)(4) of the Telemarketing Sales Rule, 16 C.F.R. § 310.4(a)(4).

### **CONSUMER INJURY**

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

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

37. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), empower this Court to issue a permanent injunction against defendants' violations of the FTC Act and the Telemarketing Sales Rule, and, in the exercise of its equitable jurisdiction, to order such ancillary relief as a preliminary

injunction, rescission, restitution, disgorgement of profits resulting from defendants' unlawful acts or practices, and other remedial measures.

**PRAYER FOR RELIEF**

WHEREFORE, plaintiff, the Federal Trade Commission, 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 Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and pursuant to the Court's own equitable powers:

1. 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;
2. Permanently enjoin defendants from violating the FTC Act and the Telemarketing Sales 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 Telemarketing Sales Rule, including, but not limited to, rescission or reformation of contracts, restitution, refund of monies paid, and disgorgement of ill-gotten monies; 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: September 7, 2005

Respectfully Submitted,

WILLIAM BLUMENTHAL  
General Counsel

s/ Karen D. Dodge  
KAREN D. DODGE  
Attorney for Plaintiff  
Federal Trade Commission  
55 East Monroe Street, Suite 1860  
Chicago, Illinois 60603  
(312) 960-5634 (telephone)  
(312) 960-5600 (facsimile)