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U.S. DISTRICT COURT

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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

FEDERAL TRADE COMMISSION, )  
)  
Plaintiff, )  
v. )  
)  
MILLENNIUM TELECARD, INC., )  
)  
MILLENIUM TELE CARD, LLC, )  
)  
COLECCION LATINA, INC., also d/b/a )  
Conexion Latina, LLC and Go Mobile, Inc., )  
)  
TELECARD CENTER USA, INC., and )  
)  
FADI SALIM, individually and as an officer )  
of MILLENNIUM TELECARD, INC., )

Civil Action No. 11-2479(JLL)

MILLENIUM TELE CARD, LLC, )  
COLECCION LATINA, INC., )  
and TELECARD CENTER USA, INC., )  
Defendants. )

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**COMPLAINT FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint against defendants Millennium Telecard, Inc., Millenium Tele Card, LLC, Coleccion Latina, Inc., Telecard Center USA, Inc., and Fadi Salim (collectively “Defendants”) alleges:

**SUMMARY OF THE CASE**

1. This case concerns Defendants’ deceptive marketing of prepaid telephone calling cards in violation of the Federal Trade Commission Act, 15 U.S.C. § 41, *et seq.* (“FTC Act”). As explained below, Defendants have deceived and continue to deceive consumers, many of whom are recent immigrants, by: (1) misrepresenting the number of calling minutes consumers will obtain using Defendants’ prepaid calling cards; and (2) failing to disclose or disclose adequately fees that have the effect of reducing the number of calling minutes available to consumers using Defendants’ prepaid calling cards.

2. 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).

### **JURISDICTION AND VENUE**

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

4. Venue in the United States District Court for the District of New Jersey is proper pursuant to 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

### **PLAINTIFF**

5. Plaintiff, 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. 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 other 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**

6. Defendant Millennium Telecard, Inc. is a New Jersey corporation with its principal place of business at 535 Lexington Avenue, Clifton, New Jersey. Its registered address is 8 Marconi Avenue, Iselin, New Jersey. Millennium Telecard, Inc. transacts or has transacted business in this district. At all times material to this Complaint, Millennium Telecard, Inc. has created, advertised, marketed, distributed, or sold prepaid calling cards.

7. Defendant Millenium Tele Card, LLC is a New Jersey limited liability company with its registered address and principal place of business at 535 Lexington Avenue, Clifton, New Jersey. Millenium Tele Card, LLC transacts or has transacted business in this district. At times material to this Complaint, Millenium Tele Card, LLC has created, advertised, marketed, distributed, or sold prepaid calling cards.

8. Defendant Coleccion Latina, Inc. is a New Jersey corporation with its registered address and principal place of business at 692 Main Avenue, Passaic, New Jersey. Coleccion Latina, Inc. transacts or has transacted business in this district. Coleccion Latina, Inc. also does business as Conexion Latina, LLC and Go Mobile, Inc. At times material to this Complaint, Defendant Coleccion Latina, Inc. has created, advertised, marketed, distributed, or sold prepaid calling cards.

9. Defendant Telecard Center USA, Inc. is a New Jersey corporation with its principal place of business at 535 Lexington Avenue, Clifton, New Jersey. Its registered address is 178 Lakeview Avenue, Clifton, New Jersey. Telecard Center USA, Inc. transacts or has transacted business in this district. At times material to this Complaint, Telecard Center USA, Inc. has created, advertised, marketed, distributed, or sold prepaid calling cards.

10. Defendant Fadi Salim (“Salim”) is the founder of Millennium Telecard, Inc., Millenium Tele Card, LLC, Coleccion Latina, Inc., and Telecard Center USA, Inc. (collectively “Corporate Defendants”). He is the president of Millennium Telecard, Inc., Millenium Tele Card, LLC, and Telecard Center USA, Inc., and the Chief Executive Officer (“CEO”) of Coleccion Latina, Inc. At all 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 the Corporate Defendants, including the acts and practices set forth in this Complaint. Salim resides in this District at 48 Continental Circle, Totowa, New Jersey.

11. As the founder and president or CEO of each of the Corporate Defendants, Salim has the authority to control Corporate Defendants’ marketing of prepaid calling cards. Salim also handled Corporate Defendants’ financial affairs

and personally profited from the deception alleged herein. At times, Salim commingled Corporate Defendants' funds with his own.

12. Corporate Defendants have operated as a common enterprise while engaging in the deceptive acts and practices alleged in this Complaint. Defendants have conducted the business practices described below through interrelated companies that have common ownership, leadership, office locations, and business functions. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendant Fadi Salim has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

### **COMMERCE**

13. At all times material 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**

14. A prepaid calling card is a retail product for which the purchaser prepays a specified dollar amount and which enables the purchaser to make domestic or international telephone calls.

15. A wide variety of consumers purchase prepaid calling cards. They are especially popular with members of immigrant communities, many of whom depend on prepaid calling cards to stay in touch with family and friends outside the United States.

16. Defendants create and promote prepaid calling cards, which they distribute to Internet retailers and to sub-distributors and retailers nationwide.

17. Defendants own stores located in New Jersey where they sell prepaid calling cards on a retail and wholesale basis. Additionally, their cards are often sold in newsstands, grocery and convenience stores, and at kiosks.

18. Defendants also sell prepaid calling cards directly to consumers over the Internet using their own websites, including *www.mtccard.com* and *www.mtccard.net*.

19. Defendants' prepaid calling cards are typically sold in denominations of between \$2 and \$10.

20. Since at least 2002, Defendants have sold and distributed tens of millions of dollars' worth of prepaid calling cards.

21. None of the Corporate Defendants is registered as a telecommunications carrier with the Federal Communications Commission.

22. Defendants purchase telecommunications service for their prepaid calling cards from service providers including but not limited to Dollar Phone Enterprise Inc., Mox Telecom A.G., MTI Ltd., Nobel Inc., and STI Prepaid, LLC.

### **Defendants' Marketing**

23. Defendants market their calling cards under a variety of brand names, including, but not limited to: "Absolute," "Africa Magic," "Asia Express," "Asia Magic," "Baby Boy," "Big Boy," "Biiadi," "Bonjour Africa," "Buena," "Comcel," "Digital," "Doctor," "Easy Phone Card," "Gigante," "Golden Africa," "Golden Caribbean," "Hello World," "Hola Amigo," "Hola Corazon," "Joker," "La Generosa," "Limón," "Mama Talk," "My Choice," "Pan Caliente," "Play," "Quick Phone Card," "Realtalk," "Sky Calling Card," "Supreme," "TCN Africa," "TCN Gold," "TCN Mojito," "TCN Platinum," "XL," "Viva Ecuador," "Wave," and "Yaad Yaad Phone Card."

24. Defendants frequently market prepaid calling cards for use in making calls to destinations throughout the world, including but not limited to Argentina, Brazil, Colombia, Dominican Republic, El Salvador, Guatemala, Mexico, Pakistan, Poland, Vietnam, Ghana, and Nigeria.

25. In many cases, Defendants use mass-media advertising, in the form of radio, television, Internet, or newspaper advertisements, to market their cards.



26. Defendants' mass-media advertising typically offers no, or only vague, disclosures about the fees and charges associated with their cards that have the effect of reducing the value of the prepaid calling cards and the number of calling minutes a consumer is likely to receive.

27. In addition to mass-media advertising, Defendants market their cards through point-of-sale posters they display in their own stores and distribute to sub-distributors and to retail stores.

28. As a general matter, if not always, Defendants are responsible for designing and printing the posters they use to market their cards.

29. A typical poster for one of Defendants' calling cards includes the name of the prepaid calling card (e.g., "Limón") and Defendants' corporate name and logo. A photograph of an 11 x 17 inch poster for the "Limón" card is attached hereto as **Attachment A**.

30. Defendants' posters typically tout the number of calling minutes the advertised prepaid calling cards offer to specified destinations through the display of large and colorful text "bubbles," each of which contains the name of a particular calling destination (e.g., "El Salvador") and a representation as to the number of calling minutes a consumer will receive to that destination using the advertised prepaid calling card of a specified dollar value (e.g., "per \$5").

31. In many instances, in addition to such text bubbles, Defendants' posters contain a table listing numerous calling destinations along with representations as to the number of calling minutes a consumer will receive when calling that destination using the advertised calling card of a specified dollar value.

32. In numerous instances, the text bubbles touting the calling minutes to particular destinations are in relatively large font and are emphasized through the use of color and placement on the posters. By contrast, the posters typically contain vague disclosures about fees in tiny font on the bottom of the poster. For example, disclosures on the "Limón" and "Pan Caliente" posters, enlarged below, state in relevant part:

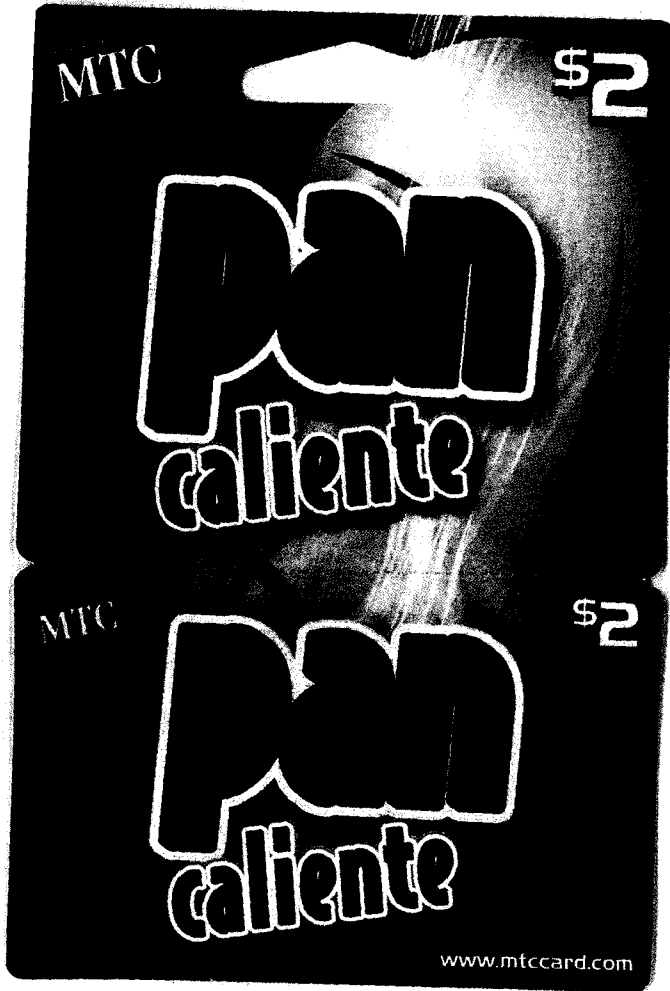
**PROMPTED MINUTES ARE AVAILABLE WHEN USED ON A SINGLE CALL PLACED ONLY FROM A LOCAL ACCESS NUMBER.** At the end of each connected call, all of the following fees **CAN REDUCE** the number of available minutes remaining as well as the value of the card: (1) a post call duration charge of up to \$0.49; (2) a maximum service fee of \$0.05 per minute (in addition to the base rate per minute). In addition, the following fees will **ALSO REDUCE** the number of available minutes, as well as the value of the card: (1) a \$0.79 fee applied on the first day of use and every 7 days thereafter; (2) a \$0.02 additional fee per minute applied to calls made via toll free access numbers and/or \$0.99 additional fee when using the toll free access from a payphone. Minutes and/or seconds are billed in three minute increments. Please call our customer service number at **1-800-479-9352** for updates on our current rates. Cards have no cash value and are not returnable or exchangeable. Card expires three (3) months after first use. The prepaid calling service

provider is SCT and their twenty four (24) hour customer service number is **1-800-479-9352**. **NOTE THAT different per minute rates, charges or fees may apply to calls to and from international telephone numbers, international cellular and international wireless telephone numbers.**

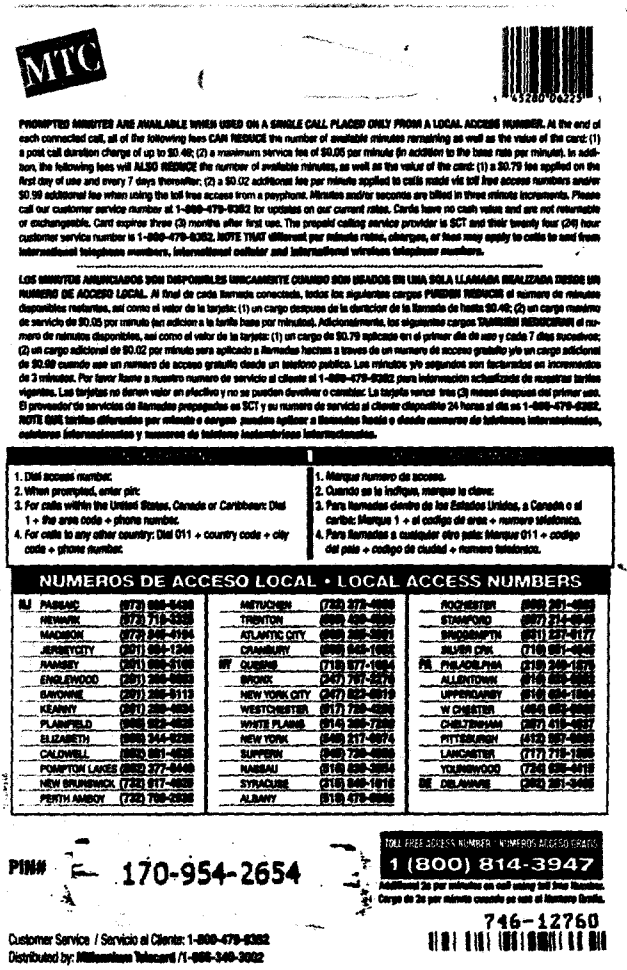
### **Defendants' Calling Cards**

33. Defendants' calling cards are printed on laminated paper and generally come in two detachable portions: a top portion, or "tear-away," and a bottom portion, which is the calling card.

34. Graphic A is a scanned image of Defendants' \$2 "Pan Caliente" card:



Front (Actual Size)



Back (Actual Size)

35. In numerous instances, the back of the tear-away of Defendants' calling cards contains vague disclosures regarding fees and charges. These disclosures are nearly illegible because they are written in tiny font sizes. For

example, the disclosures on the “Pan Caliente” card, as enlarged, state in relevant part:

**PROMPTED MINUTES ARE AVAILABLE WHEN USED ON A SINGLE CALL PLACED ONLY FROM A LOCAL ACCESS NUMBER.** At the end of each connected call, all of the following fees **CAN REDUCE** the number of available minutes remaining as well as the value of the card: (1) a post call duration charge of up to \$0.49; (2) a maximum service fee of \$0.05 per minute (in addition to the base rate per minute). In addition, the following fees will **ALSO REDUCE** the number of available minutes, as well as the value of the card: (1) a \$0.79 fee applied on the first day of use and every 7 days thereafter; (2) a \$0.02 additional fee per minute applied to calls made via toll free access numbers and/or \$0.99 additional fee when using the toll free access from a payphone. Minutes and/or seconds are billed in three minute increments. Please call our customer service number at **1-800-479-9352** for updates on our current rates. Cards have no cash value and are not returnable or exchangeable. Card expires three (3) months after first use. The prepaid calling service provider is SCT and their twenty four (24) hour customer service number is **1-800-479-9352**. **NOTE THAT different per minute rates, charges or fees may apply to calls to and from international telephone numbers, international cellular and international wireless telephone numbers.**

36. The bottom portion of Defendants’ calling cards often is the size of a credit card and it separates from the top portion by a perforation.

37. The back of Defendants’ calling cards typically includes a scratch off area which hides a personal identification number (“PIN”), local access numbers, a

toll-free access number, a customer service number, and the telecommunications provider's name.

### **Using Defendants' Cards**

38. To make a phone call using one of Defendants' prepaid calling cards, a consumer first dials one of the access phone numbers printed on the card, enters a PIN unique to each card, and when prompted, the phone number of the party the consumer is trying to reach. After the consumer enters the PIN and destination phone number, an automated voice (known in the industry as a "voice prompt") typically announces how much calling time is left on the card.

39. In numerous instances since at least 2007, the calling minutes actually delivered to consumers by Defendants' prepaid calling cards are substantially fewer than what is promised by Defendants in marketing, advertising, and promoting their cards.

40. The FTC purchased Defendants' cards and tested them to determine if they would deliver the number of minutes advertised on posters at the point of sale. ***In 141 tests of Defendants' cards conducted between August 24, 2010 and March 30, 2011, Defendants' cards delivered an average of only 45% of the advertised minutes.*** Of the 141 tested cards, 139—more than 98%—failed to deliver the number of minutes advertised on the point-of-sale posters. Thirty of the tested

cards delivered less than 25% of the advertised minutes, and 9 cards delivered less than 10% of the advertised minutes. The worst card delivered no minutes at all.

41. As one specific example, a poster advertising Defendants' "Limón" cards promised that with a \$2 card, consumers would obtain 44 minutes of call time to a landline in Guatemala. Yet in a test of Defendants' \$2 "Limón" card, the FTC found that a single call to a landline in Guatemala City cut off after 18 minutes and 27 seconds.

42. In another example, a poster advertising Millennium's "Absolute" cards promised that with a \$2 card, consumers would obtain 30 minutes of call time to a cell phone in Nigeria. But in a test of a \$2 "Absolute" card, the FTC found that a consumer would receive only 13 minutes and 51 seconds on two calls to a cell phone in Nigeria.

### **VIOLATIONS OF THE FTC ACT**

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

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

45. As set forth below, Defendants, individually or in concert with others, have violated Section 5 of the FTC Act in connection with the advertising, offering for sale, or selling of goods or services.

### **Count I**

#### **Deception—Misrepresentations Regarding Number of Calling Minutes**

46. Through the means described in Paragraphs 23-42, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants' prepaid calling cards will receive a specified number of calling minutes.

47. In truth and in fact, at the time the material representation in Paragraph 46 was made, it was false, misleading, was not substantiated, or any combination of the foregoing. Consumers who purchase Defendants' prepaid calling cards generally do not receive the promised number of calling minutes.

48. Therefore, the making of the representation as set forth in Paragraph 46 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**

#### **Deception—Failure to Disclose Fees**

49. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of prepaid calling cards, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who purchase Defendants' prepaid calling cards will receive a specified number of calling minutes to specific countries.



50. In numerous instances in which Defendants have made the representation set forth in Paragraph 49 of this Complaint, Defendants have failed to disclose or disclose adequately to consumers that fees will reduce the value of the prepaid calling cards, which in turn will reduce the number of calling minutes to specific countries provided to consumers.

51. This additional information, described in Paragraph 50, would be material to consumers in deciding to purchase Defendants' prepaid calling cards.

52. Defendants' failure to disclose or disclose adequately the material information described in Paragraph 50, above, in light of the representation described in Paragraph 49, above, constitutes a deceptive act or practice in or affecting commerce in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a).

### **CONSUMER INJURY**

53. 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**

54. 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, the 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:

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, a temporary restraining order, a preliminary injunction, an order freezing assets, immediate access to Defendants' business premises, and appointment of a receiver;
2. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;
3. 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; 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: May 2, 2011

Respectfully submitted,

WILLARD K. TOM  
GENERAL COUNSEL



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