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1 DEBRA A. VALENTINE
General Counsel
2
3 GUY G. WARD
WILLIAM J. HODOR
Federal Trade Commission
4 55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
5 (312) 960-5634 [Ph.]
(312) 960-5600 [Fax]

6
7 AMY BROTHERS (CA Bar #206283)
Federal Trade Commission
10877 Wilshire Boulevard, Suite 700
8 Los Angeles, California 90024
(310) 824-4343 [Ph.]
9 (310) 824-4380 [Fax]

10 Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

11
12 IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
13 WESTERN DIVISION

14
15 FEDERAL TRADE COMMISSION,
16 Plaintiff,
17 v.

18 US INFORMATION CENTER, INC.,
a California corporation doing
19 business as U.S. INFORMATION
CENTER,

20 UNITED LABOR SERVICES, INC.,
21 a California corporation
doing business as U.S. LABOR
22 SERVICES, and

23 ALFRED DANIEL CHANDLER,
individually, and as an officer
24 of the corporations, also doing
business as NATIONAL INFORMATION
25 SERVICE,

26 Defendants.
27

Case No. 01-1786 R (CIT)
COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF

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

3 1. The Commission brings this action under Section 13(b)
4 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.
5 § 53(b), to secure preliminary and permanent injunctive relief,
6 rescission of contracts, restitution, disgorgement, and other
7 equitable relief for Defendants' deceptive acts or practices in
8 connection with the selling of employment goods and services in
9 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

10 JURISDICTION AND VENUE

11 2. This Court has jurisdiction over this matter pursuant
12 to 28 U.S.C. §§ 1331(a), 1337(a), and 1345, as well as 15 U.S.C.
13 §§ 45(a) and 53(b).

14 3. Venue in the United States District Court for the
15 Central District of California is proper under 28 U.S.C.
16 § 1391(b) and (c), as well as under 15 U.S.C. § 53(b).

17 THE PARTIES

18 4. Plaintiff, the Federal Trade Commission, is an
19 independent agency of the United States Government created by
20 statute. 15 U.S.C. §§ 41 et seq. The Commission is charged,
21 inter alia, with enforcement of Section 5(a) of the FTC Act, 15
22 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
23 practices in or affecting commerce. The Commission is authorized
24 to initiate federal district court proceedings, by its own
25 attorneys, to enjoin violations of the FTC Act and to secure such
26 equitable relief as may be appropriate in each case, including
27 restitution for injured consumers. 15 U.S.C. § 53(b).

28 //

1 5. Defendant US Information Center, Inc. is a California
2 corporation with its principal place of business at 3727 West
3 Magnolia Boulevard, #818, Burbank, California 91510. Defendant
4 US Information Center, Inc. also does business as U.S.
5 Information Center. Defendant US Information Center, Inc.
6 transacts or has transacted business in this district.

7 6. Defendant United Labor Services, Inc. is a California
8 corporation with its principal place of business at 11411
9 Cumpston Street, North Hollywood, California 91601. Defendant
10 United Labor Services, Inc. also does business as U.S. Labor
11 Services. Defendant United Labor Services, Inc. transacts or has
12 transacted business in this district.

13 7. Defendant Alfred Daniel Chandler is an officer,
14 principal and manager of Defendants US Information Center, Inc.
15 and United Labor Services, Inc. Defendant Alfred Daniel Chandler
16 also does business as National Information Service, which has its
17 principal place of business at 11326 Magnolia Boulevard, Suite 1,
18 North Hollywood, California 91601. At all times material to this
19 complaint, acting alone or in concert with others, Defendant
20 Alfred Daniel Chandler has formulated, directed, controlled, or
21 participated in the acts and practices set forth in this
22 complaint. He resides, transacts, or has transacted business in
23 this district.

24 COMMERCE

25 8. At all times material to this complaint, Defendants
26 have maintained a substantial course of trade in or affecting
27 commerce, as "commerce" is defined in Section 4 of the FTC Act,
28 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

1
2 9. Since at least 1994, Defendants have conducted a
3 nationwide advertising and telemarketing scheme to sell purported
4 employment goods and services to consumers residing throughout
5 the United States.

6 10. Although Defendants operate using different business
7 names, the business practices described below are substantially
8 similar for all Defendants.

9 11. Defendants place classified advertisements in the
10 employment sections of local newspapers or community gazettes
11 located throughout the United States. The advertisements
12 announce the availability of government and postal jobs at hourly
13 salaries typically within a specified range, e.g., \$14.10 to
14 \$21.80 per hour. The advertisements invite readers to call for
15 job information and an application. The advertisements include a
16 telephone number and extension number. The extension number is
17 keyed to the newspaper advertisement, thereby identifying the
18 geographic area from which the consumer is calling. The
19 following are examples of the advertisements placed by
20 Defendants:

21 GOVERNMENT & Postal Jobs Now hiring in MI.
22 \$14.10 to \$21.80/hour. Benefits & paid training.
For job info. & application 1-818-942-0200 ext. 8698.

23 govt & postal Jobs Now Hiring in NV \$14.10 to \$21.80/hr
24 Benefits & Pd. Training For Info & Application
1-818-942-0200 x 5282

25 GOV'T & POSTAL JOBS Start \$18.62/Hour. For Info &
26 Application 1-818-942-0200 ext. 9138

27 GOVERNMENT AND POSTAL JOBS Now Hiring in Maryland.
28 \$14.10 to \$21.80/hour. Benefits and paid training.
For job information and application
1-818-942-0200 ext. 8684.

1 GOV'T - POSTAL JOBS Start \$14.10-\$21.80/Hr Hiring
2 for 2001. Paid training, benefits. For Info:
3 1-818-942-0245 Ext: 2029

3 GOVERNMENT POSTAL JOBS Start \$14.10-\$21.80 hr.
4 Hiring for 2001. Paid training, benefits. For info:
5 1-818-942-0245 ext. 2088

6 12. Defendants answer calls to the telephone numbers listed
7 in their classified advertisements by identifying themselves as
8 "U.S. Information Center" or "National Information Service."
9 Defendants then typically ask consumers for the extension number
10 provided in the advertisements.

11 13. Defendants commonly solicit answers from consumers
12 through a series of "qualifying questions" on topics such as age,
13 education, citizenship, and prior felony convictions. Defendants
14 confirm that consumers are calling from the geographic areas
15 where the advertisements appeared.

16 14. Defendants tell consumers that the advertised positions
17 with the United States Postal Service are full-time, permanent
18 positions that pay between \$14.10 and \$21.80 per hour and include
19 benefits, overtime, and paid training.

20 15. Defendants tell consumers that in order to be hired for
21 a permanent position with the United States Postal Service,
22 consumers are required to take a three-part postal battery exam.
23 Defendants tell consumers that hiring decisions are based on exam
24 scores.

25 16. Defendants tell consumers that they will receive a
26 postal employment training manual with practice exams and
27 answers, and an employment application for a one-time refundable
28 "processing fee," e.g., \$58.97.

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1 17. Defendants represent that if consumers do not pass the
2 postal battery exam, or pass the exam but do not obtain positions
3 with the United States Postal Service within 180 days, their
4 money will be refunded.

5 18. After receiving payment from consumers, Defendants mail
6 a booklet regarding United States Postal Service examinations and
7 employment, a one-page written guarantee, and a United States
8 Postal Service Examination Application Card.

9 19. The materials Defendants send to consumers do not
10 contain any information about positions with the United States
11 Postal Service that are currently available in the consumers'
12 geographic areas.

13 DEFENDANTS' VIOLATIONS OF THE FTC ACT

14 COUNT I

15 20. Defendants represent, expressly or by implication, that
16 they are affiliated with or endorsed by the United States Postal
17 Service.

18 21. In truth and in fact, Defendants are not affiliated
19 with or endorsed by the United States Postal Service.

20 22. Therefore, the representations set forth in paragraph
21 20 are false and misleading and constitute deceptive acts or
22 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
23 § 45(a).

24 COUNT II

25 23. Defendants represent, expressly or by implication, that
26 postal positions are currently available in the geographic areas
27 where Defendants' advertisements appear.

28 //

1 24. In truth and in fact, in numerous instances, postal
2 positions are not currently available in the geographic areas
3 where Defendants' advertisements appear.

4 25. Therefore, the representations set forth in paragraph
5 23 are false and misleading and constitute deceptive acts or
6 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
7 § 45(a).

8 COUNT III

9 26. Defendants represent, expressly or by implication, that
10 consumers who purchase Defendants' materials are likely to obtain
11 postal positions.

12 27. In truth and in fact, in numerous instances, consumers
13 who purchase Defendants' materials are not likely to obtain
14 postal positions.

15 28. Therefore, the representations set forth in paragraph
16 26 are false and misleading and constitute deceptive acts or
17 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
18 § 45(a).

19 COMMON ENTERPRISE

20 29. Defendants have operated as a common business:
21 enterprise while engaging in the deceptive acts and practices
22 alleged above and are therefore jointly and severally liable for
23 said acts and practices.

24 CONSUMER INJURY

25 30. Consumers throughout the United States have been
26 injured and will continue to be injured by Defendants' violations
27 of the FTC Act as set forth above. In addition, Defendants have
28 been unjustly enriched as a result of their unlawful acts and

1 practices. Absent injunctive relief by this Court, Defendants
2 are likely to continue to injure consumers, reap unjust
3 enrichment, and harm the public interest.

4 THIS COURT'S POWER TO GRANT RELIEF

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

10 32. This Court, in the exercise of its equitable
11 jurisdiction, may award other ancillary relief to remedy injury
12 caused by Defendants' law violations.

13 PRAYER FOR RELIEF

14 WHEREFORE, Plaintiff requests that this Court, as authorized
15 by Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and pursuant
16 to its own equitable powers:

17 1. Award the Commission all temporary and preliminary
18 injunctive and ancillary relief that may be necessary to avert
19 the likelihood of consumer injury during the pendency of this
20 action, and to preserve the possibility of effective final
21 relief, including, but not limited to, temporary and preliminary
22 injunctions, an order freezing each Defendant's assets, and the
23 appointment of an equity receiver;

24 2. Enjoin Defendants permanently from violating Section
25 5(a) of the FTC Act, including committing such violations in
26 connection with the advertising, offering for sale, or other
27 promotion of employment goods and services;

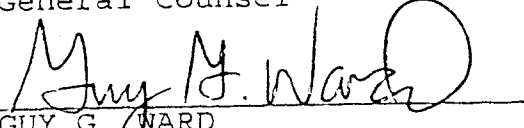
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1 3. Award such relief as the Court finds necessary to
2 redress injury to consumers resulting from Defendants' violations
3 of Section 5(a) of the FTC Act, including, but not limited to,
4 restitution, the rescission of contracts or refund of monies
5 paid, and the disgorgement of unlawfully obtained monies; and

6 4. Award Plaintiff the costs of bringing this action as
7 well as such additional equitable relief as the Court may
8 determine to be just and proper.

9 Respectfully Submitted,

10 DEBRA A. VALENTINE
11 General Counsel



12 DATED: 2/25/01

13 GUY G. WARD
14 WILLIAM J. HODOR
15 Federal Trade Commission
16 55 East Monroe Street, Suite 1860
17 Chicago, Illinois 60603
18 (312) 960-5634 [Ph.]
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