

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Civil Action No. **06-81101**

HOPKINS

CIV-HURLEY

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

FIDELITY ATM, INC., a Florida corporation,  
also d/b/a FIDELITY BANK CARD;

STEINBERG GROUP, INC., a Florida corporation;

ADAM STEINBERG, individually and as  
an officer or director of Fidelity ATM, Inc.;

ANDREW STEINBERG, individually and as  
an officer or director of Fidelity ATM,  
Inc., and Steinberg Group, Inc.;

*and*

STEPHEN DUFFIE, individually and as an officer  
or director of Fidelity ATM, Inc.;

Defendants.

COMPLAINT FOR INJUNCTIVE  
AND OTHER EQUITABLE RELIEF

RECEIVED  
U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
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**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF**

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

1. Plaintiff FTC brings this action under Sections 5(a), 13(b), and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b), and 57b, to obtain temporary, preliminary, and permanent injunctive relief, rescission of contracts, restitution, disgorgement,

appointment of a receiver, and other equitable relief for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" ("Franchise Rule" or "Rule"), 16 C.F.R. Part 436.

### **JURISDICTION AND VENUE**

2. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1337(a) and 1345, and 15 U.S.C. §§ 53(b) and 57b. This action arises under 15 U.S.C. § 45(a)(1).

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

### **PLAINTIFF**

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States government created by statute. 15 U.S.C. §§ 41– 58. The Commission is charged with enforcement of, among other things, 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, as well as enforcement of the Franchise Rule, 16 C.F.R. Part 436. The Commission is authorized to initiate federal district court proceedings, in its own name by its designated attorneys, to enjoin violations of any provision of law it enforces, to secure such other equitable relief as may be appropriate in each case, and to obtain consumer redress. 15 U.S.C. §§ 53(b) and 57b.

### **DEFENDANTS**

5. Defendant FIDELITY ATM, INC., ("Fidelity") is a Florida corporation with its principal place of business located at 701 S.E. 6th Ave., Suite 201, Delray Beach, Florida, 33483. At all times material to this Complaint, Defendant Fidelity has promoted and sold Automated

Teller Machine (“ATM”) and bank card processing business ventures. Defendant Fidelity transacts business in the Southern District of Florida.

6. Defendant STEINBERG GROUP, INC., (“Steinberg Group”) is a Florida corporation with its principal place of business located at 8744 Wellington View Drive, West Palm Beach, Florida, 33411. Corporate defendants Steinberg Group and Fidelity are commonly controlled and their assets are commingled. Defendant Steinberg Group transacts business in the Southern District of Florida.

7. Defendant ADAM STEINBERG is the President, Secretary, and Treasurer of Defendant Fidelity. At all times material to this Complaint, acting alone or in concert with others, Defendant Adam Steinberg has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. He resides or has transacted business in the Southern District of Florida.

8. Defendant ANDREW STEINBERG is the Chief Executive Officer and Senior Business Manager of Defendant Fidelity and the sole officer and director of Defendant Steinberg Group. At all times material to this Complaint, acting alone or in concert with others, Defendant Andrew Steinberg has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. He resides or has transacted business in the Southern District of Florida.

9. Defendant STEPHEN DUFFIE is an Officer and Business Manager of Defendant Fidelity. At all times material to this Complaint, acting alone or in concert with others, Defendant Stephen Duffie has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. He resides or has transacted business in the Southern District of Florida.

**COMMON ENTERPRISE**

10. Corporate defendants Fidelity and Steinberg Group have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. Individual defendants Adam Steinberg, Andrew Steinberg, and Stephen Duffie have formulated, directed, controlled or had authority to control, or participated in the acts of the corporate defendants that comprise the common enterprise.

**COMMERCE**

11. At all times relevant to this Complaint, Defendants have maintained a substantial course of business in the offering for sale and sale of ATM and credit card processing business ventures, in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

**DEFENDANTS’ BUSINESS PRACTICES**

*Defendants’ ATM Distributorships*

12. Since at least 2004 and continuing thereafter, Defendants have marketed and sold ATM distributorship business opportunities to consumers across the nation.

13. Defendants market their business opportunity via franchise and business opportunity Internet Web sites, through advertisements generated on Internet search engines such as Google, and on Defendants’ own Web sites. According to Defendants’ marketing materials, consumers who purchase one of Defendants’ ATM distributorships will obtain ownership of three or more ATMs that Defendants will install and maintain in “high-traffic” locations such as convenience stores, gas stations, night clubs, etc. The consumer will then earn income from the service fee (known as a “surcharge”) that is added onto each cash withdrawal made at the consumer’s ATMs.

14. Defendants' Web site touts Defendants' ATM business opportunity as having "high-profit potential" and providing consumers the opportunity to "rapidly build a lucrative operation." Defendants assert that "in 2003, the estimated size of the Automated Teller Machine Industry was over \$14 billion dollars," and Defendants claim that they have "created a proven system that can enable [the consumer] to get in on this virtual profiting monster." Defendants promise consumers a significant amount of business, avowing that, "by working together [with Defendants], those high-volume ATMs with the long lines will be yours!" Defendants proclaim to consumers that, "by simply setting up just 3 ATMs, you will begin making IMMEDIATE profits PLUS continuous residual income . . . . Even while you are sleeping! It is that easy!"

15. Defendants' Web site and advertisements list a toll-free telephone number and an e-mail address for consumers to contact for more information. Consumers who call or e-mail are put in touch with Defendants or their sales representatives, who, in subsequent telephone, e-mail, or face-to-face sales presentations, explain Defendants' business opportunity in greater detail. Defendants and their sales representatives also provide potential purchasers with additional written materials, either by e-mail, fax, U.S. Mail, or overnight courier. Included in these materials is a document entitled "FTC Disclosure Statement" that purportedly makes certain disclosures to the consumer that are required by the Franchise Rule.

16. In the course of their sales presentations and communications, Defendants and their representatives explain to potential purchasers that the price of Defendants' ATM business opportunity ranges from a minimum investment of \$29,995.00 for three ATMs, to \$96,980.00 for ten ATMs.

17. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, promise consumers that Defendants have

already secured, or will secure within 45 days of purchase, retail locations in which to place the consumer's ATMs.

18. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, also promise consumers that all of the consumer's ATMs will be installed and operational at those locations within 45 days of purchase.

19. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, also promise consumers that each of the consumer's ATMs will generate a minimum of 12 to 15 withdrawals each day, that a typical surcharge is set at or about \$2.00, and that consumers can therefore expect a daily gross income of \$24 to \$30 per ATM, which translates to a monthly gross income of \$720 to \$900 per ATM.

20. In the course of their sales presentations and communications, Defendants and their representatives also promise consumers, either expressly or by implication, that Defendants will provide substantial assistance and product support to the consumer, by, among other things, (a) relocating free of charge, at least once, any ATM that does not generate at least 12 withdrawals each day; (b) providing on-site maintenance and support for the consumer's ATMs; (c) providing the consumer with in-depth and on-site technical training; and (d) providing the consumer with telephone and Internet support whenever the consumer needs it.

21. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, also represent to prospective purchasers that all of Defendants' existing distributorships are profitable and that none of Defendants' distributors has sold his or her distributorships.

22. Consumers around the country have purchased Defendants' ATM distributorship business opportunities.

23. In numerous instances, however, consumers, after spending tens of thousands of dollars each to purchase ATM distributorships from Defendants, have learned that Defendants' prior representations and assurances concerning Defendants' business opportunity were altogether false or misleading.

24. For example, at the time of Defendants' sales presentations, Defendants have not already secured retail locations for the placement of consumers' ATMs, nor do Defendants typically secure locations for consumers' ATMs within 45 days of purchase. In numerous instances, consumers have waited over a year for Defendants to secure locations for their ATMs. Some consumers have never had locations secured for their ATMs. In other instances, ATMs for which locations have been purportedly secured are not operational within 45 days.

25. In addition, Defendants' earnings claims are false. ATMs placed at locations secured by Defendants typically generate far fewer than 12 to 15 withdrawals each day, and few, if any, of the ATMs placed by Defendants generate \$900 per month in revenue for the consumer. When the cost of maintaining consumers' ATMs is factored in, most, if not all, of the ATMs placed by Defendants operate at a net loss each month.

26. Contrary to Defendants' promises, Defendants do not provide substantial assistance and product support to consumers who have purchased ATM distributorships. Defendants: (a) fail to relocate under-performing ATMs on demand; (b) do not provide on-site maintenance and support for consumers' ATMs; (c) do not provide consumers with in-depth and on-site technical training; and (d) do not provide consumers with telephone and Internet support whenever consumers need it.

27. Contrary to Defendants' representations, several of Defendants' distributors have sold distributorships back to Defendants, some at a significant loss.

28. The “FTC Disclosure Statement” that Defendants provide to potential ATM distributorship purchasers is dated August 1, 2004, and has not been updated quarterly, as required by the Franchise Rule.

29. The disclosure statement described in Paragraph 28 contains several misrepresentations and omissions, in violation of the Franchise Rule.

30. For example, the disclosure statement described in Paragraph 28 fails to disclose that Defendants Andrew Steinberg and Stephen Duffie are officers of Defendant Fidelity, in violation of the Franchise Rule.

31. The disclosure statement described in Paragraph 28 also fails to disclose that Defendant Fidelity has been sued at least three times by current or former distributors over the franchise relationship, in violation of the Franchise Rule.

32. The disclosure statement described in Paragraph 28 also fails to disclose that Defendant Fidelity has been sued for fraud, conversion and unjust enrichment, in violation of the Franchise Rule.

33. The disclosure statement described in Paragraph 28 also fails to disclose the names, addresses, and telephone numbers of any franchisees, in violation of the Franchise Rule.

34. The disclosure statement described in Paragraph 28 also fails to disclose that Defendants reacquired one or more ATM distributorships from franchisees during the preceding fiscal year, in violation of the Franchise Rule.

35. In many instances, Defendants have failed to include in the disclosure statement described in Paragraph 28 a current balance sheet and income statement, in violation of the Franchise Rule.



36. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, make earnings claims with regard to Defendants' ATM distributorships without (a) disclosing in immediate conjunction with those earnings claims whether any materials are available which demonstrate a reasonable basis for the earnings claims; (b) having any reasonable basis for the earnings claims at the time that they are made; and (c) providing a separate earnings claim document; in violation of the Franchise Rule.

***Defendants' Bank Card Processing Distributorship***

37. Since at least September 2006 and continuing thereafter, Defendants have advertised a bank card processing and terminal distribution business opportunity on franchise and business opportunity Internet Web sites, as well as on Defendants' own Web site.

38. Defendants' Web site touts Defendants' bank card processing business opportunity as one that "allows [the consumer] to make an unlimited income," describes the electronic payments industry as a "2 TRILLION dollar industry," and states that consumers who purchase Defendants' business opportunity "could be earning executive-level income in no time."

39. According to Defendants' marketing materials, consumers who purchase Defendants' bank card processing distributorships earn income by selling or leasing credit/debit card point-of-sale terminals to merchant clients, and from "residuals," i.e., a small percentage of each sale processed through the terminals. Defendants' Web sites and advertisements list a toll-free telephone number and an e-mail address for consumers to contact for more information.

40. Consumers who call or e-mail for more information are put in touch with Defendants or their sales representatives, who, in subsequent sales presentations, explain Defendants' bank card processing business opportunity in greater detail. Defendants and their

sales representatives also provide potential purchasers with additional written materials, including a document entitled "FTC Disclosure Statement" that purportedly makes certain disclosures to the consumer that are required by the Franchise Rule.

41. In the course of their sales presentations and communications, Defendants and their representatives explain to potential purchasers that the price of Defendants' bank card processing distributorships begins at \$11,995.00.

42. For this amount, Defendants claim that they will, among other things, provide (a) personal training on how to offer electronic financial services to merchants; (b) marketing, training, and procedure manuals on credit/debit card transactions, NSF (non-sufficient funds) check recovery, check guarantee and verification, and miscellaneous electronic transactions; (c) a customized Web site with unlimited individual e-mail; (d) weekly new business listing leads; (e) phone support for closing deals; and (f) review of merchant applications.

43. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, represent to consumers that as bank card distributors, the consumers can expect to earn a minimum of \$4,000 per month by leasing credit/debit card terminals to merchants, and that the consumers will earn an additional \$5,000 per month from residuals.

44. In the course of their sales presentations and communications, Defendants and their representatives, either expressly or by implication, make earnings claims with regard to Defendants' bank card processing distributorships without (a) disclosing in immediate conjunction with those earnings claims whether any materials are available which demonstrate a reasonable basis for the earning claims; and (b) without providing a separate earnings claim document; in violation of the Franchise Rule.

45. The disclosure statement described in Paragraph 40 fails to disclose that Defendant Fidelity has been sued at least three times by current or former distributors over the franchise relationship, in violation of the Franchise Rule.

46. The disclosure statement described in Paragraph 40 fails to disclose that the Defendant Fidelity has been sued for fraud, conversion and unjust enrichment, in violation of the Franchise Rule.

47. The disclosure statement described in Paragraph 40 states that Defendants have operated and offered for sale their bank card processing distributorship program since May 2004, when, in fact, Defendants did not begin operating or offering for sale their bank card distributorships until mid-2006, in violation of the Franchise Rule.

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

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

#### **COUNT I**

#### **[Misrepresentations Regarding Income from ATM Distributorships]**

49. In numerous instances in the course of offering for sale and selling ATM distributorship business ventures, Defendants, directly or indirectly, represent, expressly or by implication, that consumers who purchase Defendants’ business ventures are likely to earn substantial income.

50. In truth and in fact, consumers who purchase Defendants’ business ventures are not likely to earn substantial income.

51. Therefore, Defendants' representations as set forth in Paragraph 49 of this Complaint are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT II**  
**[Misrepresentations Regarding Placement of ATMs]**

52. In numerous instances in the course of offering for sale and selling ATM distributorship business ventures, Defendants, directly or indirectly, represent, expressly or by implication, that Defendants have already secured, or will secure within 45 days of purchase, retail locations where consumers' ATMs will be placed.

53. In truth and in fact, at the time of offering for sale and selling ATM distributorship business ventures, Defendants have not already secured, nor do they secure within 45 days of purchase, retail locations for consumers' ATMs.

54. Therefore, Defendants' representations as set forth in Paragraph 52 of this Complaint are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

**COUNT III**  
**[Misrepresentations Regarding Operation of ATMs]**

55. In numerous instances in the course of offering for sale and selling ATM distributorship business ventures, Defendants, directly or indirectly, represent, expressly or by implication, that all of a distributor's ATMs will be installed and operational within 45 days of purchase.

56. In truth and in fact, all of a distributor's ATMs are not all installed and operational within 45 days of purchase.

57. Therefore, Defendants' representations as set forth in Paragraph 55 of this Complaint are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT IV**

##### **[Misrepresentations Regarding Substantial Assistance with ATM Distributorships]**

58. In numerous instances in the course of offering for sale and selling ATM distributorship business ventures, Defendants, directly or indirectly, represent, expressly or by implication, that they will provide substantial assistance and product support to purchasers of the business ventures, by, among other things, (a) relocating free of charge, at least once, any ATM that does not generate at least 12 withdrawals each day; (b) providing on-site maintenance and support for consumers' ATMs; (c) providing consumers with in-depth and on-site technical training; and (d) providing consumers with dedicated telephone and Internet support whenever the consumer needs it.

59. In truth and in fact, Defendants fail to provide substantial assistance and product support to distributors. Defendants: (a) fail to relocate free of charge, at least once, any ATM that does not generate at least 12 withdrawals each day; (b) fail to provide on-site maintenance and support for consumers' ATMs; (c) do not provide consumers with in-depth and on-site technical training; or (d) do not provide consumers with dedicated telephone and Internet support whenever needed.

60. Therefore, Defendants' representations as set forth in Paragraph 58 of this Complaint are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

## THE FRANCHISE RULE

61. The business ventures sold by Defendants are franchises, as “franchise” is defined in Section 436.2(a)(1)(ii), (a)(2), and (a)(5) of the Franchise Rule, 16 C.F.R. § 436.2(a)(1)(ii), (a)(2), and (a)(5).

62. Among other things, the Franchise Rule requires a franchisor to provide prospective franchisees with a complete, accurate, and current basic disclosure document containing twenty categories of information, including information about the business experiences of the franchisor’s executive officers, information regarding litigation between the franchisor and current or former franchisees, information regarding franchises that the franchisor has reacquired from franchisees, information identifying existing franchisees, information regarding the length of time it takes the franchisor to select sites for franchisees, and an income statement and balance sheet of the franchisor. 16 C.F.R. § 436.1(a)(1) – (a)(20). The pre-sale disclosure of this information required by the Rule enables a prospective franchisee to contact prior purchasers and take other steps to assess the potential risks involved in the purchase of the franchise. Furthermore, this information must be disclosed at least ten (10) days prior to payment by the prospective franchisee, or by the date of the first face-to-face meeting between the franchisor and the prospective franchisee, whichever comes first. 16 C.F.R. § 436.1(a).

63. The Franchise Rule additionally requires that a franchisor:

- A. have a reasonable basis for any oral, written, or visual earnings claim it makes. 16 C.F.R. § 436.1(b)(2), (c)(2) and (e)(1);
- B. clearly and conspicuously disclose, in immediate conjunction with any earnings claim it makes, that material which constitutes a reasonable basis

for the earnings claim is available to prospective franchisees. 16 C.F.R.

§ 436.1(b)(2) and (c)(2); and

- C. provide, as prescribed by the Rule, an earnings claim document containing information that constitutes a reasonable basis for any earnings claim it makes. 16 C.F.R. § 436.1(b) and (c).

64. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), and 16 C.F.R. § 436.1, violations of the Franchise 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).

## **VIOLATIONS OF THE FRANCHISE RULE**

### **COUNT V**

#### **[Basic Disclosure Violations with Regard to Defendants' ATM and Bank Card Processing Distributorships]**

65. In connection with the offering of franchises, as “franchise” is defined the Section 436.2(a) of the Rule, Defendants violate Section 436.1(a) of the Rule and Section 5(a) of the FTC Act by failing to provide prospective franchisees with accurate, complete, and up-to-date disclosure documents within the time period prescribed by the Rule.

### **COUNT VI**

#### **[Earnings Disclosure Violations with Regard to Defendants' ATM and Bank Card Processing Distributorships]**

66. In connection with the offering of franchises, as “franchise” is defined in Section 436.2(a) of the Franchise Rule, Defendants violate Sections 436.1(b) – (c) of the Rule and Section 5(a) of the FTC Act by making earnings claims to prospective franchisees while, among other things: (1) lacking a reasonable basis for each claim at the time it is made; (2) failing to disclose in a clear and conspicuous manner, in immediate conjunction with each earnings claim, that material which constitutes a reasonable basis for the claim is available to prospective

franchisees; and/or (3) failing to provide prospective franchisees with an earnings claim document, as prescribed by the Rule.

### **CONSUMER INJURY**

67. Consumers throughout the United States have suffered or will suffer substantial monetary loss as a result of Defendants' violations of Section 5(a) of the FTC Act and the Franchise Rule. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

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

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

69. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers or other persons resulting from Defendants' violations of the Franchise Rule, including the rescission and reformation of contracts and the refund of money.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff 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 pursuant to its own equitable powers:

1. Award Plaintiff such temporary and 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 and preliminary injunction enjoining



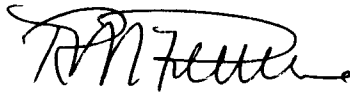
Defendants' unlawful activities, appointing a receiver, freezing Defendants' assets, and granting Plaintiff immediate access to Defendants' business premises for the purpose of inspecting and copying business records;

2. Enter a permanent injunction to prevent future violations of the FTC Act and the Franchise Rule by Defendants;
3. Award such relief as this Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the Franchise 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 this Court may determine to be just and proper.

Dated: 11/29/06

Respectfully submitted,

WILLIAM BLUMENTHAL  
General Counsel



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ATTORNEYS FOR PLAINTIFF  
FEDERAL TRADE COMMISSION

JS 44 (Rev. 11/05)

**CIVIL COVER SHEET**

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.) **NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.**

**I. (a) PLAINTIFFS**

FEDERAL TRADE COMMISSION

**DEFENDANTS**

FIDELITY ATM, INC.; STEINBERG GROUP, INC.; ADAM STEINBERG; ANDREW STEINBERG; STEPHEN DUFFIE

County of Residence of First Listed Defendant Palm Beach  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT LAND INVOLVED.

(b) County of Residence of First Listed Plaintiff  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

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Attorneys (If Known)

**06-81101**

(d) Check County Where Action Arose:  MIAMI-DADE  MONROE  BROWARD  PALM BEACH  MARTIN  ST. LUCIE  INDIAN RIVER  OKEECHOBEE  FLORIDA

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff  
 2 U.S. Government Defendant  
 3 Federal Question (U.S. Government Not a Party)  
 4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence <b>Habeas Corpus:</b> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	

**V. ORIGIN** (Place an "X" in One Box Only)

- 1 Original Proceeding  2 Removed from State Court  3 Re-filed- (see VI below)  4 Reinstated or Reopened  5 Transferred from another district (specify)  6 Multidistrict Litigation  7 Appeal to District Judge from Magistrate Judgment

**VI. RELATED/RE-FILED CASE(S).**

a) Re-filed Case  YES  NO b) Related Cases  YES  NO  
(See instructions second page): JUDGE DOCKET NUMBER

**VII. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):  
15 U.S.C. § 45 -- Deceptive trade practices in violation of 15 U.S.C § 45(a) and 16 C.F.R. Part 436.  
LENGTH OF TRIAL via 5 days estimated (for both sides to try entire case)

**VIII. REQUESTED IN COMPLAINT:**

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND:  Yes  No

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

SIGNATURE OF ATTORNEY OF RECORD

*[Signature]*

DATE 4/29/04

FOR OFFICE USE ONLY

AMOUNT Govt. RECEIPT # IFP