

1 WILLIAM E. KOVACIC
General Counsel
2 GREGORY A. ASHE
AMY M. LLOYD
3 Federal Trade Commission
600 Pennsylvania Ave., N.W., NJ-2122
4 Washington, D.C. 20580
(202) 326-3719 (voice)
5 (202) 326-2558 (facsimile)

6 RAYMOND MCKOWN (Cal. Bar No. 150975)
7 Federal Trade Commission
Western Regional Office - Los Angeles
8 10877 Wilshire Blvd, Suite 700
Los Angeles, CA 90024
9 (310) 824-4325

10 Attorneys for Plaintiff

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 **FEDERAL TRADE COMMISSION,**)

14 Plaintiff,)

15 v.)

16 **FGH INTERNATIONAL CORPORATION,**)
17 **INTI CALIFORNIA, INC.,**)
18 **JAIME JHONNY ROJAS VILLANUEVA,**)
19 **WILSON EDGAR ROJAS VILLANUEVA,**)
20 **FRANCO QUINTERO MORALES,**)

Defendants.)

No. CV

CV04-8013

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

AHM
MM

COPY

BY _____
2004 SEP 27 AM 11:26
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

FILED

21 Plaintiff, Federal Trade Commission ("FTC"), by its
22 undersigned attorneys, for its complaint alleges:

23 1. The FTC brings this action under Sections 13(b) and 19
24 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.
25 §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and
26 Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 et
27 seq., to secure preliminary and permanent injunctive relief,
28

1 rescission of contracts, restitution, disgorgement of ill-gotten
2 gains, and other equitable relief against Defendants for engaging
3 in deceptive acts or practices in violation of Section 5(a) of
4 the FTC Act, 15 U.S.C. § 45(a), and for engaging in deceptive and
5 abusive telemarketing acts or practices in violation of the FTC's
6 Trade Regulation Rule entitled "Telemarketing Sales Rule"
7 ("TSR"), 16 C.F.R. Part 310, as amended, in connection with the
8 advertising, marketing and sale of instructional programs.

9
10 **JURISDICTION AND VENUE**

11 2. This Court has subject matter jurisdiction over
12 Plaintiff's claims pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b,
13 6102(c) and 6105(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

14 3. Venue in the Central District of California is proper
15 under 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1391(b) and (c).

16 **THE PARTIES**

17 4. Plaintiff **Federal Trade Commission** is an independent
18 agency of the United States Government created by the FTC Act, 15
19 U.S.C. §§ 41 et seq. The FTC enforces the FTC Act, which
20 prohibits unfair or deceptive acts or practices in or affecting
21 commerce. The FTC also enforces the TSR, which prohibits
22 deceptive or abusive telemarketing acts or practices. The FTC
23 may initiate federal district court proceedings, through its
24 attorneys, to enjoin violations of the FTC Act and the TSR, and
25 to secure such other equitable relief, including rescission of
26 contracts and restitution, and disgorgement of ill-gotten gains,
27 as may be appropriate in each case. 15 U.S.C. §§ 53(b), 57b, and
28 6105(b).

1 5. Defendant **FGH International Corporation** ("FGH") is a
2 California company with its principal place of business in Van
3 Nuys, California. FGH has or had a mailing address at P.O. Box
4 4392, Panorama City, California. FGH transacts or has transacted
5 business in this district.

6 6. Defendant **Inti California, Inc.** ("Inti") is a
7 California company with its principal place of business in Van
8 Nuys, California. Inti transacts or has transacted business in
9 this district.

10 7. Defendant **Jaime Jhonny Rojas Villanueva**, a/k/a **Jhonny**
11 **Rojas**, is a principal of FGH. At all times material to this
12 complaint, acting alone or in concert with others, he has
13 formulated, directed, controlled or participated in the acts and
14 practices set forth in this complaint. He resides in and
15 transacts or has transacted business in this district.

16 8. Defendant **Wilson Edgar Rojas Villanueva**, a/k/a Wilson
17 Rojas, is a principal of FGH. At all times material to this
18 complaint, acting alone or in concert with others, he has
19 formulated, directed, controlled or participated in the acts and
20 practices set forth in this complaint. He resides in and
21 transacts or has transacted business in this district.

22 9. Defendant **Franco Quintero Morales**, a/k/a Franco
23 Quintero, is a principal of FGH. At all times material to this
24 complaint, acting alone or in concert with others, he has
25 formulated, directed, controlled or participated in the acts and
26 practices set forth in this complaint. He resides in and
27 transacts or has transacted business in this district.

1 10. At all times relevant to this complaint, Defendants
2 have operated as a common enterprise to advertise, market, and
3 sell instructional programs.

4 **COMMERCE**

5 11. At all times relevant to this complaint, Defendants
6 have maintained a substantial course of trade in or affecting
7 commerce, as "commerce" is defined in Section 4 of the FTC Act,
8 15 U.S.C. § 44.

9 **COURSE OF CONDUCT**

10 12. Since at least September 2001, and continuing
11 thereafter, Defendants have promoted and sold, via telemarketing,
12 instructional programs, purportedly to teach consumers how to
13 speak English or become an auto mechanic, to consumers throughout
14 the United States, specifically targeting consumers whose first
15 language is Spanish.

16 13. Defendants engage in outbound telemarketing (*i.e.*,
17 Defendants' telemarketers initiate calls to consumers).
18 Defendants' telemarketers typically introduce themselves to a
19 consumer as being affiliated with a federal or state government
20 program. The telemarketers state that the consumer has been
21 selected by the government as one of several Hispanics in his or
22 her state to receive subsidized training (consisting of a series
23 of videotapes, computer disks, and workbooks) to learn English or
24 become an auto mechanic. The telemarketers explain that the
25 consumer has been selected to receive the program at a discounted
26 price, typically around \$500, with the government paying the
27 remainder of the cost of the program. In many instances, the
28

1 telemarketers explain that the consumer can pay in installments,
2 with the first installment (between \$150 and \$300) being paid as
3 a Cash on Delivery ("COD") payment to Federal Express (who
4 delivers the materials).

5 14. In most instances, regardless of whether the consumer
6 agrees to purchase Defendants' program, a few days after the
7 initial telephone call, Defendants send the consumer a letter
8 stating that the materials will arrive via Federal Express COD on
9 a specified date and the consumer is expected to remit the COD
10 payment at the time of delivery. The materials consist of a
11 series of videotapes, computer disks, and workbooks.

12 15. If a consumer refuses the Federal Express package or,
13 prior to the material's arrival, calls Defendants to explain that
14 he or she did not order the materials, Defendants attempt to
15 intimidate the consumer into paying. Typically, shortly after
16 the consumer calls or refuses the Federal Express package,
17 Defendants' representatives, often purporting to be Defendants'
18 attorney, call the consumer and threaten legal action if the
19 requested amount is not paid. In some instances, Defendants'
20 representatives threaten to report the consumer to immigration
21 authorities for deportation if her or she does not pay the
22 requested amount. In some instances, Defendants demand that the
23 consumer pay the full amount of the program or, in some cases, a
24 "discounted" price of around \$300. In other instances, they
25 demand that the consumer pay a "cancellation fee" of around \$100.
26 In many instances, consumers, fearing the threatened legal
27
28

1 action, submit to Defendants' demands and wire transfer the
2 requested amount to Defendants.

3 **THE FEDERAL TRADE COMMISSION ACT**

4 16. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a),
5 prohibits unfair or deceptive acts or practices in or affecting
6 commerce. Misrepresentations or omissions of material fact
7 constitute deceptive acts or practices prohibited by Section 5(a)
8 of the FTC Act.

9 **VIOLATIONS OF SECTION 5(a) OF THE FTC ACT**

10 **COUNT ONE**

11 17. In numerous instances, in connection with the sale,
12 offering for sale, or distribution of instructional programs,
13 Defendants represent, expressly or by implication, that (a) they
14 are an agency of, or affiliated with, the Federal government or a
15 state government and (b) consumers have been selected by the
16 government to receive subsidized training to learn English or
17 become an auto mechanic.

18 18. In truth and fact, (a) Defendants are not an agency of,
19 or affiliated with, the Federal government or any state
20 government and (b) consumers have not been selected by the
21 government to receive subsidized training to learn English or
22 become an auto mechanic.

23 19. Therefore, the representations set forth in paragraph
24 17 are false and misleading and constitute deceptive acts and
25 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C.
26 § 45(a).

1 government or third-party organization. 16 C.F.R. § 310.3(a)(2)(vii).

2 25. On or after December 31, 1995, the TSR prohibits
3 telemarketers and sellers from making any false or misleading
4 statements to induce any person to pay for goods or services. 16
5 C.F.R. § 310.3(a)(4).

6 26. On or after December 31, 1995, the TSR prohibits
7 telemarketers and sellers from using threats or intimidation. 16
8 C.F.R. § 310.4(a)(1).

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

14 28. Defendants are "sellers" or "telemarketers" engaged in
15 "telemarketing," as those terms are defined in the TSR, 16 C.F.R.
16 §§ 310.2(z), (t) & (u).

17 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

18 **COUNT THREE**

19 29. In numerous instances, in the course of offering for
20 sale and selling at-home instructional programs through
21 telemarketing, Defendants have misrepresented, directly or by
22 implication, their affiliation with, or endorsement by, a
23 government entity.

24 30. Defendants have thereby violated Section
25 310.3(a)(2)(vii) of the Telemarketing Sales Rule,
26 16 C.F.R. § 310.
27 3(a)(2)(vii).

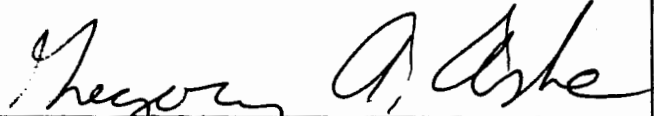
1 Defendants' violations of the FTC Act and the Telemarketing Sales
2 Rule including, but not limited to, rescission of contracts and
3 restitution, and disgorgement of ill-gotten gains by Defendants;
4 and

5 (d) Award plaintiff the costs of bringing this action and
6 such other equitable relief as the Court may determine to be just
7 and proper.

8 Dated: September 27, 2004

Respectfully submitted,

9 WILLIAM E. KOVACIC
10 General Counsel

11 

12 GREGORY A. ASHE
13 AMY M. LEYD
14 Federal Trade Commission
15 600 Pennsylvania Ave., N.W., NJ2122
16 Washington, D.C. 20580
17 (202) 326-3719 (voice)
18 (202) 326-2558 (facsimile)

19 

20 RAYMOND MCKOWN
21 (Cal. Bar No. 150975)
22 Federal Trade Commission
23 Western Regional Office
24 10877 Wilshire Blvd, Suite 700
25 Los Angeles, CA 90024
26 (310) 824-4325

27 Attorneys for Plaintiff
28