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23 **UNITED STATES DISTRICT COURT**
24 **DISTRICT OF NEVADA**

25 FEDERAL TRADE COMMISSION,

26 Plaintiff,

27 v.

28 NATIONAL PRIZE INFORMATION
GROUP CORP. dba Las Vegas Actionable
Awards Program; Prize Search Express;
Department of Unclaimed Awards; United
States Sweepstakes Advisory; United States
of America Patriotism Awards; National
Bureau of Prize Information; Lapham
Vargas and Cornell; and Directors Office;

and

JOHN RINCON, individually and as an
officer of NATIONAL PRIZE
INFORMATION GROUP CORP.,

Defendants.

**COMPLAINT FOR INJUNCTION
AND OTHER EQUITABLE RELIEF**

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

3 1. The FTC brings this action under Section 13(b) of the Federal Trade
4 Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to secure permanent injunctive relief,
5 rescission of contracts and restitution, disgorgement of ill-gotten gains, and other
6 equitable relief for defendants’ deceptive acts or practices in violation of Section 5(a) of
7 the FTC Act, 15 U.S.C. § 45(a).

8 **JURISDICTION AND VENUE**

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

11 3. Venue in the United States District Court for the District of Nevada is
12 proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b), (c), and (d).

13 **PLAINTIFF**

14 4. Plaintiff FTC is an independent agency of the United States Government
15 created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission is charged with,
16 *inter alia*, enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which
17 prohibits unfair or deceptive acts or practices in or affecting commerce. The
18 Commission is authorized to initiate federal district court proceedings, by its own
19 attorneys, to enjoin violations of the FTC Act, and to secure such equitable relief,
20 including restitution for injured consumers, as may be appropriate in each case. 15
21 U.S.C. § 53(b).

22 **DEFENDANTS**

23 5. Defendant National Prize Information Group Corp. (“NPIGC”) is a Nevada
24 corporation. At times material to this Complaint, NPIGC’s business offices have been
25 located in Las Vegas, Nevada. NPIGC transacts or has transacted business in the District
26 of Nevada.

27 6. Defendant John Rincon is or at times material to this Complaint has been
28 an owner, officer or director of NPIGC. At times material to this Complaint, he has

1 resided in Las Vegas, Nevada. At times material to this Complaint, acting alone or in
2 concert with others, John Rincon has formulated, directed, controlled or participated in
3 the acts and practices of NPIGC, including the acts and practices set forth in this
4 Complaint. John Rincon transacts or has transacted business in the District of Nevada.

5 COMMERCE

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

9 DEFENDANTS’ BUSINESS PRACTICES

10 8. Since at least 2004, and continuing thereafter, defendants have conducted
11 mass mailing campaigns directed to hundreds of thousands of consumers throughout the
12 United States. Defendants send personalized printed mailers to consumers. These
13 mailers represent that the consumer to whom the mailing is addressed has won a
14 substantial cash prize, often represented to be worth over \$3 million. Some of
15 defendants’ mailers represent that there is an as-yet “uncollected” but “confirmed prize”
16 in the consumer’s name (*see, e.g.*, Attachment A). Some of the mailers represent that
17 “unawarded money” has been “located and documented” in the consumer’s name (*see,*
18 *e.g.*, Attachment B). Some of the mailers are entitled “Authorization to Disburse,” and
19 refer to a “guaranteed cash/prize amount” in the seven-figure range (*see, e.g.*,
20 Attachment C). Many of defendants’ mailers urge the consumer to respond immediately.

21 Defendants’ mailers sometimes contain language in small print that refers in
22 vague terms to a “newsletter” produced by defendants. This language does not expressly
23 inform the mailer recipient that he or she has not won a prize.

24 9. Defendants’ mailers represent that consumers must send \$20.00 or some
25 other specified fee to defendants in order to receive their prize. Consumers who pay the
26 fee to defendants do not receive the promised prize. Instead, some consumers receive
27 written information about how to enter sweepstakes. In addition, many consumers
28 receive additional mailers from the defendants that solicit further money and that suggest

1 that the consumer has won other prizes.

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

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

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

7 **COUNT I**

8 12. In numerous instances, defendants have represented, expressly or by
9 implication, that consumers who pay defendants a specified fee will receive a substantial
10 cash prize, often represented as totaling over \$3 million.

11 13. In truth and in fact, consumers who pay defendants a specified fee do not
12 receive a substantial cash prize.

13 14. Therefore, defendants' representation set forth in Paragraph 13 is false and
14 misleading, and constitutes a deceptive act or practice in violation of Section 5(a) of the
15 FTC Act, 15 U.S.C. § 45(a).

16 **CONSUMER INJURY**

17 15. Consumers throughout the United States have suffered and continue to
18 suffer substantial monetary loss as a result of defendants' unlawful acts or practices. In
19 addition, defendants have been unjustly enriched as a result of their unlawful practices.
20 Absent injunctive relief from this Court, defendants are likely to continue to injure
21 consumers and harm the public interest.

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

23 16. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to
24 issue a permanent injunction to prevent future violations of the FTC Act by Defendants
25 and, in the exercise of its equitable jurisdiction, to order ancillary relief such as
26 temporary and preliminary injunctions, rescission, restitution, disgorgement of profits
27 resulting from Defendants' unlawful acts or practices, and other remedial measures.

28 17. This Court, in the exercise of its equitable jurisdiction, may award other

1 ancillary relief to remedy injury caused by Defendants' law violations.

2 **PRAYER FOR RELIEF**

3 WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of
4 the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the
5 Court:

6 1. Award Plaintiff such preliminary injunctive and ancillary relief as may be
7 necessary to avert the likelihood of consumer injury during the pendency of this action
8 and to preserve the possibility of effective final relief, including, but not limited to,
9 temporary and preliminary injunctions and an order freezing assets;

10 2. Enter a permanent injunction to prevent future violations of the FTC Act by
11 Defendants;

12 3. Award such relief as the Court finds necessary to redress injury to
13 consumers resulting from Defendants' violations of the FTC Act, including but not
14 limited to, rescission or reformation of contracts, restitution, the refund of monies paid,
15 and the disgorgement of ill-gotten monies; and

16 4. Award Plaintiff the costs of bringing this action, as well as such other and
17 additional relief as the Court may determine to be just and proper.

18 Dated: October 18, 2006

Respectfully Submitted,

19 WILLIAM BLUMENTHAL
20 General Counsel

21 JEFFREY KLURFELD
Regional Director

22 /s/ Laura Fremont
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