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8 **UNITED STATES DISTRICT COURT**
9 **WESTERN DISTRICT OF WASHINGTON**
10 **AT SEATTLE**

11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 564196 B.C. LTD., D.B.A., INTERNATIONAL
15 BROKERS LTD.; DARREN JAMES DANBROOK,
16 individually and as an officer of 564196 B.C. Ltd.;
17 CLIFFORD ERIC EDWARDS, individually; and
18 IYHAB I. S. EL-JABSHEH, individually,

19 Defendants.

Civil No.

**COMPLAINT FOR
INJUNCTIVE AND OTHER
EQUITABLE RELIEF**

20 Plaintiff Federal Trade Commission (AFTC@ or ACommission@) for its Complaint alleges:

21 1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade
22 Commission Act ("FTC Act"), 15 U.S.C. ' ' 53(b) and 57b, and the Telemarketing and Consumer Fraud
23 and Abuse Prevention Act (ATeletelemarketing Act@), 15 U.S.C. ' 6101 *et seq.*, to obtain permanent
24 injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for defendants'
25 deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a), and the FTC's
26 Trade Regulation Rule entitled "Telemarketing Sales Rule" (ATSR@ or ARule@), 16 C.F.R. Part 310.

27 **JURISDICTION AND VENUE**

28 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. ' ' 45(a), 53(b),
57b, 6102(c), and 6105(b) and 28 U.S.C. ' ' 1331, 1337(a), and 1345.

3. Venue in the Western District of Washington is proper under 15 U.S.C. ' 53(b) and

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28 U.S.C. ' 1391(b), (c), and (d).

PLAINTIFF

4. Plaintiff Federal Trade Commission is an independent agency of the United States Government created by statute. 15 U.S.C. ' 41 *et seq.* The Commission 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 Commission also enforces the Telemarketing Sales Rule ("TSR" or **Athe Rule@**), 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing practices. The Commission may initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act and the TSR and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. ' ' 53(b), 57b and 6105(b).

DEFENDANTS

5. Defendant 564196 B.C. Ltd., d.b.a. International Brokers Limited (**AIBL@**) is incorporated in British Columbia, Canada. Its office and principal place of business have been at 212 B 10706 King George Highway, Surrey, British Columbia, Canada. Its registered office is at 607 B 808 Nelson Street, Vancouver, British Columbia, Canada. IBL has used mailing addresses at 314 B13711 72nd Avenue, 151 B 10090 152nd Street, Suite 232, and 311 B 6832 King George Highway, all in Surrey, British Columbia, Canada. IBL has transacted business throughout the United States.

6. Defendant Darren James Danbrook (**ADanbrook@**) is an officer and director of 564196 B.C. Ltd., d.b.a. IBL. At all times relevant to this Complaint, acting alone or in concert with others, he has participated directly in, or has had authority to control, the acts and practices of IBL, including the acts and practices set forth in this Complaint. Danbrook has transacted business throughout the United States.

7. Defendant Clifford Eric Edwards (**AEdwards@**), at all times relevant to this Complaint, acting alone or in concert with others, has participated directly in, or has had authority to control, the acts and practices of IBL. Edwards has transacted business throughout the United States.

8. Defendant Iyhab I S El-Jabsheh (**AEl-Jabsheh@**), at all times relevant to this Complaint, acting alone or in concert with others, has participated directly in, or has had authority to control, the acts and practices of IBL. El-Jabsheh has transacted business throughout the United States.

COMMERCE

9. At all times relevant to this complaint, defendants' course of business, including the acts

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and practices alleged herein, has been and is in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. ' 44.

DEFENDANTS' BUSINESS PRACTICES

10. From at least 1999 through April 2000, defendants engaged in a deceptive telemarketing scheme involving foreign lotteries, primarily the Australian lottery. Operating mainly from Surrey, British Columbia, Canada, defendants called U.S. consumers and convinced them to pay defendants substantial amounts of money. Sometimes defendants offered consumers a chance to participate in the New South Wales lottery in exchange for a substantial fee, claiming that consumers who purchase are likely or guaranteed to win large amounts of money. Other times, defendants told consumers that they had won a large amount of money in a foreign lottery but that, in order to claim their winnings, consumers must pay certain fees. Some consumers received a combination of the sales pitches.

11. In general, consumers were instructed to pay by cashier=s or personal check, made payable to International Brokers Ltd. or AIBL.@ Defendants instructed consumers to send the checks to one of defendants=rented mail drops. Defendants=victims, all of whom appear to be elderly, believed they were purchasing lottery tickets, or had won the lottery, and paid defendants the requested amounts. They received nothing of value in return.

12. Some consumers who agreed to make an initial payment either to participate in a lottery or to receive their purported winnings were targeted by defendants for additional calls and claims of even greater winnings. The amounts of money that defendants have demanded from these consumers have also increased.

13. The sale and trafficking in foreign lotteries is a crime in the United States. Defendants have failed to disclose to consumers that, by participating in the foreign lotteries, consumers are violating federal criminal law.

14. The defendants have received substantial financial remuneration from this enterprise.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

COUNT I

16. In numerous instances, in connection with telemarketing to consumers, defendants have

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1 represented, expressly or by implication, that consumers are likely to win a large cash award if the
2 consumers purchase lottery tickets from, or otherwise pay money to, defendants.

3 17. In truth and in fact, consumers are not likely to win a large cash award if the consumers
4 purchase lottery tickets from, or otherwise pay money to, defendants.

5 18. Therefore, the representation set forth in Paragraph 16 is false and misleading and
6 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

7 **COUNT II**

8 19. In numerous instances, in connection with telemarketing to consumers, defendants have
9 represented, expressly or by implication, that consumers have won a large cash award, but must pay
10 defendants a fee or fees to receive it.

11 20. In truth and in fact, consumers who pay defendants a fee or fees do not receive the
12 promised large cash awards.

13 21. Therefore, the representation set forth in Paragraph 19 is false and misleading and
14 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

15 **COUNT III**

16 22. The sale and trafficking in foreign lotteries is a violation of federal criminal law, including
17 laws prohibiting the importing and transmitting of lottery materials or information in interstate or foreign
18 commerce, 18 U.S.C. ' ' 1301 and 1302.

19 23. In numerous instances, in connection with telemarketing foreign lottery tickets or foreign
20 lottery opportunities, defendants have failed to disclose that the sale and trafficking in foreign lotteries is
21 a crime in the United States.

22 24. Defendants= failure to disclose this material fact is deceptive and violates Section 5(a) of
23 the FTC Act, 15 U.S.C. ' 45(a).

24 **VIOLATIONS OF THE TELEMARKETING SALES RULE**

25 In the Telemarketing Act, 15 U.S.C. ' 6101 *et seq.*, Congress directed the FTC to prescribe
26 rules prohibiting deceptive telemarketing acts or practices. On August 16, 1995, the Commission
27 promulgated the TSR, 16 C.F.R. Part 310. The TSR became effective on December 31, 1995.

28 25. Defendants are "telemarketers" or "sellers" engaged in "telemarketing" as those terms are
defined in the TSR, 16 C.F.R. ' ' 310.2(r), (t), and (u).

THIS COURT'S POWER TO GRANT RELIEF

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

4 34. Section 19 of the FTC Act, 15 U.S.C. ' 57b, and Section 6(b) of the Telemarketing Act,
5 15 U.S.C. ' 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress injury
6 to consumers or other persons resulting from defendants= violations of the TSR, including rescission and
7 reformation of contracts and refund of monies.

8 35. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to
9 remedy injury caused by the defendants= law violations.

PRAYER FOR RELIEF

10 WHEREFORE, plaintiff Federal Trade Commission, pursuant to Sections 13(b) and 19 of the
11 FTC Act, 15 U.S.C. ' ' 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C. ' 6105(b), and
12 the Court=s own equitable powers, requests that the Court:
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14 a. Permanently enjoin the defendants from violating the FTC Act and the TSR, as
15 alleged herein;

16 b. Award such relief as the Court finds necessary to redress injury to consumers
17 resulting from the defendants' violations of the Telemarketing Sales Rule and the FTC Act,
18 including but not limited to, rescission of contracts, the refund of monies paid, and the
19 disgorgement of ill-gotten monies and interest thereon by defendants; and
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c. Award plaintiff the costs of bringing this action and reasonable attorneys= fees, as well as such other and additional relief as the Court may determine to be just and proper.

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Dated: _____, 2002

Respectfully Submitted,
WILLIAM E. KOVACIC
General Counsel

CHARLES A. HARWOOD
Regional Director

Mary T. Benfield, WSBA #18835
Attorney for Plaintiff
Federal Trade Commission