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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.

No.

14 ROYAL FLUSH SYSTEM NETWORK, INC.;  
15 ECAPS CREDIT SOLUTIONS NETWORK,  
16 INC.;  
17 GLOBALLOT SERVICES, INC.;  
18 FLASH PRODUCTIONS, INC.;  
19 WILSON OKIKE;  
20 BASIL STEEVES;  
21 NATTY OSEMWENGIE,

Defendants,

and

21 OBIAGELI OKIKE;  
22 LEXANDINE PROPERTY MANAGEMENT,  
23 INC.;  
24 UCHENNA OKIKE,

Relief Defendants.

PLAINTIFF'S COMPLAINT FOR  
PERMANENT INJUNCTION

25  
26 Plaintiff, the Federal Trade Commission (AFTC@ or Athe Commission@), for its complaint alleges as  
27 follows:

1 The Commission brings this action under Sections 13(b) and 19 of the Federal Trade  
2 Commission Act (FTC Act), 15 U.S.C. ' 53(b) and 57b, and the Telemarketing and Consumer Fraud and  
3 Abuse Prevention Act (Telemarketing Act), 15 U.S.C. ' 6101 *et seq.*, to secure permanent injunctive relief,  
4 rescission of contracts, restitution, disgorgement, and other equitable relief for defendants= deceptive acts or  
5 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a), and the FTC's Trade Regulation Rule  
6 entitled Telemarketing Sales Rule (Rule), 16 C.F.R. Part 310. The Commission also seeks disgorgement,  
7 plus prejudgment interest, from each relief defendant of all funds derived, directly or indirectly, from the  
8 defendants= deceptive conduct.

### 9 JURISDICTION AND VENUE

10 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. ' 45(a), 53(b), 57b,  
11 6102(c), and 6105(b) and 28 U.S.C. ' 1331, 1337(a), and 1345.

12 3. Venue in the United States District Court for the Western District of Washington is proper under  
13 15 U.S.C. ' 53(b) and 28 U.S.C. ' 1391(b), (c) and (d).

### 14 PLAINTIFF

15 4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States  
16 Government created by statute. 15 U.S.C. ' 41 *et seq.* The Commission enforces Section 5(a) of the FTC  
17 Act, 15 U.S.C. ' 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce, and the  
18 Telemarketing Sales Rule, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or  
19 practices. The Commission may initiate federal district court proceedings to enjoin violations of the FTC Act and  
20 the Telemarketing Sales Rule and to secure such equitable relief as is appropriate in each case, including  
21 restitution for injured consumers. 15 U.S.C.

22 ' 53(b), 57b, and 6105(b).

### 23 DEFENDANTS

24 5. Defendant Royal Flush System Network, Inc. (Royal Flush) was incorporated on October 9,  
25 1996. Royal Flush changed its name from Royal Flush Consulting, Ltd. on August 9, 2000. Its registered  
26 office address is 415 South Tower, 5811 Cooney Road, Richmond, B.C. V6X 3T8. It has transacted business  
27 throughout the United States.

28 6. Defendant ECAPS Credit Solutions Network, Inc. (ECAPS) was incorporated on February  
11, 1998. ECAPS changed its name from Fullhouse Management, Inc. on August 9, 2000. Its registered

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1 office address is 415 South Tower, 5811 Cooney Road, Richmond, B.C. V6X 3M1. It has transacted business  
2 throughout the United States.

3 7. Defendant Globalot Services, Inc. (AGlobalot@) was incorporated on July 28, 1998. Its  
4 registered office address is 3081 Third Avenue, Whitehorse, Yukon Y1A 4Z7. It has transacted business  
5 throughout the United States.

6 8. Defendant Flash Productions, Inc. (AFlash Productions@) was incorporated on November 17,  
7 1997. Its registered office address is 415 South Tower, 5811 Cooney Road, Richmond, B.C. V6X 3M1. It  
8 has transacted business throughout the United States.

9 9. Defendant Wilson Okike is Apresident/secretary@of defendants Royal Flush and Flash  
10 Productions, a Adirector/officer@of ECAPS, and authorized agent and sole shareholder of Globalot. At all times  
11 relevant to this complaint, acting alone or in concert with others, he has participated in, formulated, directed, or  
12 controlled, or has had the authority to control, the acts and practices of Royal Flush, ECAPS, Globalot, and  
13 Flash Productions, including the acts and practices set forth in this complaint. He is domiciled in British Columbia.  
14 Wilson Okike has transacted business throughout the United States.

15 10. Defendant Basil Steeves is a Adirector/officer@of defendant ECAPS. At all times relevant to this  
16 complaint, acting alone or in concert with others, he has participated in, formulated, directed, or controlled, or  
17 has had the authority to control, the acts and practices of Royal Flush, ECAPS, Globalot, and Flash Productions,  
18 including the acts and practices set forth in this complaint. He is domiciled in British Columbia. Steeves has  
19 transacted business throughout the United States.

20 11. Defendant Natty Osemwengie has worked as a manager for defendant Royal Flush, and held  
21 power of attorney for defendant Globalot. From March 1996 through December 1999, acting alone or in  
22 concert with others, he participated in, formulated, directed, or controlled, or had the authority to control, the  
23 acts and practices of Royal Flush, ECAPS, Globalot, and Flash Productions, including the acts and practices  
24 set forth in this complaint. He resides in British Columbia. Osemwengie has transacted business throughout the  
25 United States.

26 12. Defendants have operated under a variety of names, including: ARoyal Flush Consulting, Ltd.,@  
27 ANorth Klassen Services,@ANordeutsche & Sordeutsche Klassenlotterie Affiliates,@AGerman Lotto Network  
28 Services,@ALotto Compensation Board,@AFullhouse Management, Inc.,@APremier Promotions,@AIntersweeps  
Management Services, LLC,@AIM.S. Billings,@ and AIM.S. Billing Services@.

## RELIEF DEFENDANTS

1           13.     Relief defendant Obiageli Okike is Wilson Okike's brother. In 1999, defendant Natty  
2 Osemwengie transferred to Obiageli, for no apparent consideration, title to valuable property in British Columbia.  
3 Obiageli has worked as a telemarketer for defendant Globalot and is a director/officer of relief defendant  
4 Lexandine Property Management, Inc.

5           14.     Relief defendant Lexandine Property Management, Inc. (ALexandine@) was incorporated on July  
6 23, 1999. Its registered office address is 415 South Tower, 5811 Cooney Road, Richmond, B.C. V6X 3M1.  
7 Defendant Natty Osemwengie has transferred to Lexandine, for no apparent consideration, title to valuable  
8 property located in British Columbia.

9           15.     Relief defendant Uchenna Okike is Wilson Okike's sister. Uchenna resides in British Columbia.  
10 Wilson Okike has transferred to an account in Uchenna's name, for no apparent consideration, valuable assets  
11 in stock, cash or some other form.

## COMMERCE

12           16.     At all times relevant to this complaint, the defendants' course of business, including the acts and  
13 practices alleged herein, has been and is in or affecting commerce, as Acommerce@ is defined in Section 4 of the  
14 FTC Act, 15 U.S.C. ' 44.

## DEFENDANTS' BUSINESS PRACTICES

15           17.     Defendants have deceptively marketed several services to U.S. consumers. Defendants have  
16 offered these services by telephone from their offices in Canada. Many consumers contacted by defendants are  
17 elderly.

18           18.     Defendants have marketed an opportunity to participate in foreign lotteries, including German,  
19 Spanish and Australian lotteries. A consumer contacted by defendants has generally understood that defendants  
20 function as lottery agents or brokers who purchase foreign lottery tickets on the consumer's behalf. Defendants  
21 have offered this opportunity through corporate defendant Royal Flush, and under other names, including ANorth  
22 Klassen Services,@ANKS,@ and ANordeutsche & Sordeutsche Klassenlotterie Affiliates.@  
23

24           19.     Defendants have mailed lottery-related materials to U.S. consumers from Canada, and have  
25 received by mail from the U.S. consumers checks for the purchase of chances in the lotteries.

26           20.     Defendants have made false and misleading representations to induce consumers to purchase  
27 lottery tickets or to pay money for defendants' services. For example, defendants have represented that:  
28

- 1 a. the consumer is likely to win a large cash award if he or she pays defendants to help the  
2 consumer participate in foreign lotteries; and  
3 b. the consumer has won and will receive a large cash award if the consumer pays  
4 defendants a fee or fees.

5 21. Contrary to defendants' representations, consumers are not likely to win a large cash award if  
6 they pay defendants to help them participate in foreign lotteries, and consumers do not receive a large cash award  
7 if they pay defendants a fee or fees.

8 22. In numerous instances, consumers have been induced by defendants' false statements and  
9 misrepresentations about the lottery opportunity to pay defendants hundreds or thousands of dollars.

10 23. The sale and trafficking in foreign lotteries is a crime in the United States. Defendants have failed  
11 to disclose to consumers that by participating in the foreign lotteries, consumers are participating in violations of  
12 federal criminal law, including laws prohibiting the importing and transmitting of lottery materials or information in  
13 interstate or foreign commerce, 18 U.S.C. ' ' 1301 and 1302.

14 24. Under a variety of names, including A Lottery Compensation Board, @ A German Lotto Network, @  
15 and APremier Promotions, @ defendants have offered to recover for consumers money lost by the consumers to  
16 A fraudulent lottery and sweepstakes companies. @ Defendants have marketed this service for a fee, often to the  
17 same consumers to whom defendants offered their lottery opportunity.

18 25. Defendants have made false and misleading representations about this funds recovery service.  
19 Defendants have represented that they will recover the consumers' lost money when, in fact, they do not. In  
20 addition, defendants have misrepresented that they are from the Federal Bureau of Investigation or from other  
21 government agencies, or that such official organizations have endorsed their funds recovery business.

22 26. Defendants Wilson Okike and Natty Osemwengie have caused revenue, and/or assets  
23 purchased with revenue, generated by defendants' deceptive business practices to be transferred to relief  
24 defendants.

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

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

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

## COUNT ONE

1 29. In numerous instances, in connection with telemarketing foreign lottery tickets to consumers,  
2 defendants have represented, expressly or by implication, that the consumer is likely to win a large cash award  
3 if he or she pays defendants to help the consumer participate in foreign lotteries.

4 30. In truth and in fact, the consumer is not likely to win a large cash award if he or she pays  
5 defendants to help the consumer participate in foreign lotteries.

6 31. Therefore, the representation set forth in Paragraph 29 is false and misleading and constitutes a  
7 deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

## COUNT TWO

8  
9 32. In numerous instances, in connection with telemarketing foreign lottery tickets to consumers,  
10 defendants have represented, expressly or by implication, that consumers have won and will receive a large cash  
11 award if they pay defendants a fee or fees.

12 33. In truth and in fact, consumers do not receive a large cash award if they pay defendants a fee or  
13 fees.

14 34. Therefore, the representation set forth in Paragraph 32 is false and misleading and constitutes a  
15 deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

## COUNT THREE

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

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

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

## VIOLATIONS OF THE TELEMARKETING SALES RULE

24  
25 38. In the Telemarketing Act, 15 U.S.C. ' 6101, *et seq.*, Congress directed the FTC to prescribe  
26 rules prohibiting deceptive and abusive telemarketing acts or practices. On August 16, 1995, the Commission  
27 promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310, with a Statement of Basis and Purpose, 60 Fed.  
28 Reg. 43842 (Aug. 23, 1995). The Rule became effective December 31, 1995.

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

3 40. The Rule requires sellers and telemarketers to disclose all material restrictions, limitations, or  
4 conditions to purchase, receive, or use the goods or services that are the subject of the sales offer. 16 C.F.R.  
5 ' 310.3(a)(1)(ii).

6 41. The Rule prohibits sellers and telemarketers from misrepresenting, directly or by implication their  
7 affiliation with, or endorsement by, any government or third-party organization. 16 C.F.R. ' 310.3(a)(2)(vii).

8 42. The Rule prohibits sellers and telemarketers from making a false or misleading statement to  
9 induce any person to pay for goods or services. 16 C.F.R. ' 310.3(a)(4).

10 43. The Rule provides that it is an abusive telemarketing act or practice for sellers and telemarketers  
11 to request or receive payment of any fee from a person for services represented to recover money paid by that  
12 person in a previous telemarketing transaction until seven (7) business days after the recovered money is  
13 delivered to the person. 16 C.F.R. ' 310.4(a)(3).

14 44. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. ' 6102 (c), and Section 18(d)(3)  
15 of the FTC Act, 15 U.S.C. ' 57a(d)(3), violations of the Telemarketing Sales Rule constitute deceptive acts or  
16 practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. ' 45(a).

#### 17 **COUNT FOUR**

18 45. In numerous instances, in connection with telemarketing foreign lottery tickets, defendants have  
19 made false or misleading statements to induce consumers to pay defendants to help the consumers participate in  
20 foreign lotteries, including but not limited to the following:

- 21 a. the consumer is likely to win a large cash award if he or she pays defendants to help the  
22 consumer participate in foreign lotteries; and  
23 b. the consumer has won and will receive a large cash award if the consumer pays  
24 defendants a fee or fees.

25 46. Therefore, defendants have violated Section 310.3(a)(4) of the Rule, 16 C.F.R. ' 310.3(a)(4).

**COUNT FIVE**

1 47. In numerous instances, in connection with telemarketing foreign lottery tickets, defendants have  
2 failed to disclose that the sale and trafficking in foreign lotteries is a crime in the United States. Defendants have  
3 thereby violated Section 310.3(a)(1)(ii) of the Rule, 16 C.F.R.

4 ' 310.3(a)(1)(ii).

**COUNT SIX**

6 48. In numerous instances, in connection with telemarketing a funds recovery service, defendants  
7 have requested or received a payment from a person who lost money in a previous telemarketing transaction  
8 before delivering the recovered money to that person. Defendants have thereby violated Section 310.4(a)(3)  
9 of the Rule, 16 C.F.R. ' 310.4(a)(3).

**COUNT SEVEN**

12 49. In numerous instances, in connection with telemarketing a funds recovery service, defendants  
13 have misrepresented, directly or by implication, an affiliation with, or endorsement by, a government or  
14 third-party organization. Defendants have thereby violated Section 310.3(a)(2)(vii) of the Rule, 16 C.F.R. '  
15 310.3(a)(2)(vii).

**COUNT EIGHT**

**RELIEF DEFENDANTS**

18 50. The relief defendants have received, directly or indirectly, assets from defendants which either  
19 are the proceeds or are traceable to the proceeds of the unlawful activities alleged herein. The relief defendants  
20 have no legitimate claim to these assets.

21 51. The relief defendants have obtained the assets as part of and in furtherance of the violations of  
22 the FTC Act and Telemarketing Sales Rule alleged above, and under circumstances in which it is unjust,  
23 inequitable or unconscionable for them to retain the assets, and they have been unjustly enriched.

24 52. The Commission is entitled to an order requiring that the relief defendants disgorge these assets.

**CONSUMER INJURY**

26 53. Consumers throughout the United States have suffered substantial monetary loss as a result of  
27 defendants=unlawful acts or practices. In addition, defendants have been unjustly enriched as a result of their



1 unlawful practices. Absent injunctive relief by this Court, defendants are likely to cause further consumer injury,  
2 reap greater unjust enrichment, and cause further harm to the public interest.

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

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

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

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

13 **PRAYER FOR RELIEF**

14 WHEREFORE, plaintiff, the Federal Trade Commission, pursuant to Sections 13(b) and 19 of the FTC  
15 Act, 15 U.S.C. ' ' 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C. ' 6105(b), and the Court's  
16 own equitable powers, requests that the Court:

17 a. Permanently enjoin defendants from violating the FTC Act and the Telemarketing Sales  
18 Rule;

19 b. Award such relief as the Court finds necessary to redress injury to consumers resulting  
20 from the defendants' violations of the Telemarketing Sales Rule and the FTC Act, including but not  
21 limited to, rescission of contracts, the refund of monies paid, and the disgorgement of ill-gotten monies  
22 and interest thereon by defendants and relief defendants; and

23 c. Award plaintiffs the costs of bringing this action and reasonable attorneys' fees, as well  
24 as such other and additional relief as the Court may determine to be just and proper.

25 Respectfully submitted,

26 **FEDERAL TRADE COMMISSION**  
27 William E. Kovacic  
28 General Counsel

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Charles A. Harwood  
Regional Director

Dated: \_\_\_\_\_, 2002

\_\_\_\_\_  
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CERTIFICATE OF SERVICE

I hereby certify that I caused the foregoing document to be served on all defendants and relief defendants on the date set forth below by the following indicated methods:

— by personal service at \_\_\_\_\_.

— by mailing a full, true, and correct copy thereof in a sealed, first-class postage-prepaid envelope, addressed to counsel for defendants, \_\_\_\_\_, and deposited with the United States Postal Service at Seattle, Washington, on the date set forth below.

— by sending a full, true, and correct copy thereof via overnight courier in a sealed, prepaid envelope, addressed to counsel for defendants, \_\_\_\_\_, on the date set forth below.

— by faxing a full, true, and correct copy thereof to counsel for defendants, \_\_\_\_\_, at the fax number \_\_\_\_\_. The receiving fax machine was operating at the time of service and the transmission was properly completed, according to the confirmation report.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Attorney for Plaintiff  
Federal Trade Commission