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CLERK U.S. DISTRICT COURT
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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CT03-1294

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

AMBUS REGISTRY, INC., a corporation;
SUKHRAJ SINGH CHANA, individually and
as a director or officer of Ambus Registry, Inc.;
and GARTHER CHEUNG, individually and
and as a director or officer of Ambus Registry,
Inc.,

Defendants.

Case No.

COMPLAINT FOR INJUNCTION
AND OTHER EQUITABLE RELIEF

X030062

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

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure temporary, preliminary and permanent injunctive relief, restitution, rescission or reformation of contracts, disgorgement, and other equitable relief for defendants' deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45 (a).

JURISDICTION AND VENUE

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

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

3 **PLAINTIFF**

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

10 **DEFENDANTS**

11 5. Defendant Ambus Registry, Inc. ("Ambus"), is a Canadian corporation with its
12 registered office located at #200, 815 - 10th Avenue S.W., Calgary, Alberta, T2R 0B4. Ambus
13 maintains a business office at 90 Hidden Valley Gardens, N.W., Calgary, Alberta T3A 5X3, and a sales
14 office at 428-8989 Macleod Trail South, Calgary, Alberta T2H 0M2. Ambus is also incorporated in
15 Utah and Nevada, and maintains or has maintained mailbox drops at 1338 South Foothill Drive, Suite
16 308, Salt Lake City, Utah 84108, and 3915 S. Carson Street, Suite 560, Carson City, Nevada 89701.
17 Ambus uses or has used the Utah and Nevada addresses in all correspondence with consumers. Ambus
18 transacts or has transacted business in the Western District of Washington.

19 6. Defendant Sukhraj Singh Chana is or has been an owner, officer or director of Ambus.
20 At all times material to this Complaint, acting alone or in concert with others, Chana formulated,
21 directed, controlled or participated in the acts and practices of the corporate defendants, including the
22 acts or practices set forth in this Complaint. Defendant Chana transacts or has transacted business in
23 the Western District of Washington.

24 7. Defendant Garther Cheung is or has been an owner, officer or director of Ambus. At all
25 times material to this Complaint, acting alone or in concert with others, Cheung formulated, directed,
26 controlled or participated in the acts and practices of the corporate defendants, including the acts or
27 practices set forth in this Complaint. Defendant Cheung transacts or has transacted business in the
28 Western District of Washington.

1 COMMERCE

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

5 DEFENDANTS' BUSINESS PRACTICES

6 9. Since June 8, 2000, and continuing thereafter, defendants have engaged in a plan,
7 program or campaign to sell a business directory and a two-year listing in the directory via interstate
8 telephone calls to various businesses and other organizations (hereinafter "consumers") throughout the
9 United States.

10 10. Defendants market their CD-Rom business directory/listing by making unsolicited
11 outbound telephone calls to U.S. consumers. Defendants use a variety of tactics to sell the American
12 Business Registry and a two-year listing in the directory. Typically, the telemarketers state that they
13 are calling to notify consumers that the directory will be mailed shortly, and that they need to verify the
14 company's name and address. Defendants' telemarketers represent, expressly or by implication, that
15 the consumer or someone else in the consumer's organization previously authorized the purchase of the
16 business directory/ listing.

17 11. When consumers are reluctant to verify the listing information or do not believe their
18 company has ordered the business directory, defendants assure consumers that they have a 30-day trial
19 period in which they can receive a refund if not satisfied.

20 12. As soon as defendants convince consumers either to agree to verify their business
21 information or accept delivery of the directory, verifiers employed by defendants call the consumers.
22 The verifier instructs the consumer to make specific responses to a series of questions, such as the
23 company's name, address, and telephone number. Answers to these questions are recorded.

24 13. Defendants follow up their telephone calls by sending consumers the business directory
25 along with an invoice, billing consumers between \$299.00 to \$399.00 for the directory, a two-year
26 listing in the defendants' directory, and miscellaneous charges.

27 14. When consumers return the CD-Rom and seek a refund, defendants refuse to honor the
28 consumers' refund requests. Instead, defendants tell these consumers that they can obtain only a refund

1 of \$90.00 for the CD-Rom, but that there is no refund for the two-year listing.

2 15. Consumers who refuse to pay defendants' invoices have their accounts referred the
3 defendants' in-house collection department. The collection department makes numerous collection
4 calls, sends repeated dunning notices, and threatens to damage the consumers' credit ratings.

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

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

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

10 **COUNT I**

11 18. In numerous instances, in connection with the offering for sale, sale or distribution of
12 their business directory and listing in the business directory, defendants have represented to consumers,
13 expressly or by implication, through, *inter alia*, telephone calls, that consumers have previously
14 authorized the purchase of the business directory and listing in the directory.

15 19. In truth and in fact, in numerous instances, consumers did not authorize the purchase of
16 the business directory and listing in the directory.

17 20. Therefore, defendants' representations set forth in Paragraph 18 are false and
18 misleading, and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,
19 15 U.S.C. § 45(a).

20 **COUNT II**

21 21. In numerous instances, in connection with the offering for sale, sale or distribution of
22 their business directory and listing in the business directory, defendants have represented to consumers,
23 expressly or by implication, through, *inter alia*, telephone calls, invoices, or letters, that consumers
24 have agreed to purchase the business directory and listing in the directory.

25 22. In truth and in fact, in numerous instances, consumers have not agreed to purchase the
26 business directory and the listing in the directory.

27 23. Therefore, defendants' representations set forth in Paragraph 21 are false and
28 misleading, and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,

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


4 4. Award plaintiff the costs of bringing this action, as well as such other and additional
5 equitable relief as the Court may determine to be just and proper.
6

7 Dated: 6/16/03, 2003

Respectfully Submitted,

8 WILLIAM E. KOVACIC
9 General Counsel

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11 Regional Director

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