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11 **UNITED STATES DISTRICT COURT**  
12 **DISTRICT OF NEVADA**

13 FEDERAL TRADE COMMISSION,

14 Plaintiff,

15 v.

16 NATIONAL AUDIT DEFENSE  
17 NETWORK, INC., a Nevada  
Corporation; TAX COACH, INC.,  
18 a Nevada Corporation doing  
business as TAX READY;

19 ROBERT BENNINGTON,  
20 individually and as an officer  
of National Audit Defense  
21 Network, Inc., and Tax Coach,  
Inc.; CORT CHRISTIE,  
22 individually and as an officer  
of National Audit Defense  
23 Network, Inc.; and AL  
RODRIGUEZ, individually,

24 Defendants.

CV-S-02-0131-LRH-PAL

COMPLAINT FOR INJUNCTION  
AND OTHER EQUITABLE  
RELIEF

25  
26 Plaintiff, the Federal Trade Commission ("the FTC" or "the  
27 Commission"), for its complaint alleges:



1 business at 4330 S. Valley View Blvd, Las Vegas, Nevada,  
2 advertises, promotes, offers for sale, and sells programs and  
3 services that purport to assist consumers in reducing their  
4 income tax liabilities. NADN transacts or has transacted  
5 business in the District of Nevada.

6         6. Defendant Tax Coach, Inc., which does business as Tax  
7 Ready ("Tax Ready"), a Nevada corporation with its principal  
8 place of business at 4310 Cameron St, Suite 11, Las Vegas,  
9 Nevada, advertises, promotes, offers for sale, and sells programs  
10 and services that purport to assist consumers in reducing their  
11 income tax liabilities. Tax Ready transacts or has transacted  
12 business in the District of Nevada.

13         7. Defendant Robert Bennington ("Bennington") is an  
14 officer or director of NADN and Tax Ready. At all times material  
15 to this complaint, acting alone or in concert with others, he has  
16 formulated, directed, controlled, or participated in the acts and  
17 practices of the corporate defendants, including the acts and  
18 practices set forth in this complaint. Bennington resides and  
19 transacts business in the District of Nevada.

20         8. Defendant Cort Christie ("Christie") is an officer or  
21 director of NADN. At all times material to this complaint,  
22 acting alone or in concert with others, he has formulated,  
23 directed, controlled, or participated in the acts and practices  
24 of corporate defendant NADN, including the acts and practices set  
25 forth in this complaint. Christie resides and transacts business  
26 in the District of Nevada.

27         9. Defendant Al Rodriguez ("Rodriguez") is the general  
28 manager of NADN and Tax Ready. At all times material to this

1 complaint, acting alone or in concert with others, he has  
2 formulated, directed, controlled, or participated in the acts and  
3 practices of the corporate defendants, including the acts and  
4 practices set forth in this complaint. Rodriguez resides and  
5 transacts business in the District of Nevada.

6 **COMMERCE**

7 10. At all times relevant to this complaint, defendants  
8 have maintained a substantial course of business in the  
9 advertising, promoting, offering for sale, and sale of various  
10 tax-related programs and services, in or affecting commerce, as  
11 "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C.  
12 § 44.

13 **DEFENDANTS' BUSINESS PRACTICES**

14 11. Since at least 1998, defendants have advertised,  
15 promoted, offered for sale, and sold programs and services that  
16 purport to assist consumers in reducing their tax liabilities,  
17 and have provided tax audit services and tax preparation services  
18 to consumers throughout the United States. Defendants have  
19 promoted their tax-related services and programs to prospective  
20 purchasers through a variety of media, including advertisements  
21 on national radio talk shows.

22 12. In their advertisements, defendants offer a free tape  
23 or book of information that allegedly will assist consumers in  
24 filling out and saving money on their tax returns. Defendants  
25 invite consumers to call defendants' toll-free telephone number  
26 to obtain their book or tape.

27 13. Consumers who call defendants' toll-free telephone  
28 number are ultimately connected to defendants' salespeople.

1 These salespeople represent to consumers that defendants provide  
2 programs and services that will save consumers on their income  
3 taxes. Defendants' programs cost from around \$400 to more than  
4 \$1,400.

5 14. In connection with the advertising, promotion, offering  
6 for sale, or sale of these programs and services, defendants  
7 offer consumers an unconditional 30-day money-back guarantee.  
8 Defendants represent that if consumers want to cancel the  
9 purchase for any reason, they may do so within 30 days and  
10 receive a full refund. Defendants also tell consumers that if  
11 they are unable to achieve tax savings of \$3,000 after  
12 implementing or using defendants' tax-saving strategies, they  
13 will receive a full refund.

14 15. When describing these guarantees, Defendants fail to  
15 disclose certain conditions. Before consumers are eligible for a  
16 refund under the 30-day guarantee, they must obtain a "return  
17 authorization" number from defendants. Before consumers are  
18 eligible for a refund under the \$3,000 guarantee, they must have  
19 attempted for one full year to implement defendants' recommended  
20 tax-saving strategies, most of which require the operation of a  
21 home business.

22 16. When consumers who meet the requirements of the  
23 guarantees contact defendants to attempt to obtain a refund,  
24 defendants fail or refuse to make such refunds, or otherwise  
25 frustrate consumers in a variety of ways from receiving refunds  
26 in a timely manner. If issued, many refunds take an inordinate  
27 amount of time to be received. Some consumers never receive a  
28 refund. Other consumers receive refunds only through the

1 intercession of law enforcement agencies or consumer protection  
2 organizations such as the Better Business Bureau.

3 **THE FEDERAL TRADE COMMISSION ACT**

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

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

8 **COUNT I**

9 18. In the course of the advertising, promotion, offering  
10 for sale, or sale of their tax-saving programs and services,  
11 defendants have represented, expressly or by implication, that  
12 they will provide refunds to consumers who request refunds  
13 pursuant to defendants' money-back guarantees.

14 19. In truth and in fact, in many instances, defendants  
15 fail or refuse to provide refunds to consumers who request  
16 refunds pursuant to defendants' money-back guarantees.

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

21 **COUNT II**

22 21. In the course of the advertising, promotion, offering  
23 for sale, or sale of their tax-saving programs and services,  
24 defendants have represented, expressly or by implication, that  
25 they will provide refunds in a timely manner to consumers who  
26 request refunds pursuant to defendants' money-back guarantees.

27 22. In truth and in fact, in many instances, defendants  
28 fail or refuse to provide refunds in a timely manner to consumers

1 who request refunds pursuant to defendants' money-back  
2 guarantees.

3 23. Therefore, defendants' representations as set forth in  
4 Paragraph 21 are false and misleading and constitute deceptive  
5 acts or practices in violation of Section 5(a) of the FTC Act, 15  
6 U.S.C. § 45(a).

7 **THE TRUTH IN LENDING ACT**

8 24. Section 166 of the TILA, 15 U.S.C. § 1666e, requires  
9 creditors to promptly credit a consumer's credit card account  
10 upon acceptance of the return of goods or forgiveness of the debt  
11 for services. Section 226.12(e) of Regulation Z, which  
12 implements Section 166 of the TILA, requires creditors to credit  
13 a consumer's credit card account within seven business days from  
14 accepting the return of property or forgiving a debt for  
15 services. 12 C.F.R. § 226.12(e).

16 **VIOLATION OF THE TRUTH IN LENDING ACT**

17 **COUNT III**

18 25. National Audit Defense Network, Inc., and Tax Coach,  
19 Inc. d/b/a Tax Ready, are creditors as that term is defined in  
20 Section 103(f) of the TILA, 15 U.S.C. § 1602(f), and Section  
21 226.2(a)(17)(ii) of Regulation Z, 12 C.F.R. § 226.2(a)(17)(ii).

22 26. In numerous instances, defendants NADN and Tax Ready  
23 fail to credit promptly consumers' credit card accounts within  
24 seven business days from accepting the return of property or  
25 forgiving a debt for services, and, therefore, violate Section  
26 166 of the TILA, 15 U.S.C. § 1666(e), and Section 226.12(e) of  
27 Regulation Z, 12 C.F.R. § 226.12(e).

28





1 limited to, rescission or reformation of contracts, restitution,  
2 the refund of monies paid, and the disgorgement of ill-gotten  
3 monies; and

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

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8 Dated: January 30, 2002

Respectfully Submitted,  
WILLIAM E. KOVACIC  
General Counsel

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