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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 627867 B.C. LTD., D.B.A. NEWPORT GROUP;  
15 633142 B.C. LTD., D.B.A. NEWPORT GROUP;  
16 638541 B.C. LTD., D.B.A. NEWPORT GROUP;  
17 654679 B.C. LTD., D.B.A. NEWPORT GROUP;  
18 651482 B.C. LTD., D.B.A. WEST STAR;  
19 STEPHEN ALBERT IRONSIDE, individually and  
20 as a Director of 627867 B.C. Ltd., 633142 B.C. Ltd.,  
21 638541 B.C. Ltd., 654679 B.C. Ltd., and 651482  
22 B.C. Ltd.; and  
23 BRUCE GEORGE ALEXANDER IRONSIDE,  
24 individually and as a Director of 627867 B.C. Ltd.,  
25 633142 B.C. Ltd., 638541 B.C. Ltd., 654679 B.C.  
26 Ltd., and 651482 B.C. Ltd.,

27 Defendants.

Civil No.

**COMPLAINT FOR  
INJUNCTIVE AND OTHER  
EQUITABLE RELIEF**

28 Plaintiff Federal Trade Commission (“FTC” or “Commission”) for its Complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 *et seq.*, to secure preliminary and permanent injunctive relief, rescission of contracts, restitution, 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), and the FTC's Trade Regulation Rule entitled

1 "Telemarketing Sales Rule," 16 C.F.R. Part 310.

2 **JURISDICTION AND VENUE**

3 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a),  
4 53(b), 57b, 6102(c), and 6105(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

5 3. Venue in the Western District of Washington is proper under 15 U.S.C. § 53(b)  
6 and 28 U.S.C. § 1391(b), (c), and (d).

7 **PLAINTIFF**

8 4. Plaintiff Federal Trade Commission is an independent agency of the United States  
9 Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission enforces Section 5(a)  
10 of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or  
11 affecting commerce. The Commission also enforces the Telemarketing Sales Rule ("TSR" or  
12 "the Rule"), 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing practices.  
13 The Commission may initiate federal district court proceedings by its own attorneys to enjoin  
14 violations of the FTC Act and the TSR and to secure such equitable relief as may be appropriate  
15 in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b), 57b and 6105(b).

16 **DEFENDANTS**

17 5. 627867 B.C. Ltd., d.b.a. Newport Group, is incorporated in British Columbia,  
18 Canada. Its office and principal place of business have been located at #210-73 East 6<sup>th</sup> Avenue,  
19 Vancouver, B.C., and #201-1894 West Broadway/#201-2524 Cypress St., Vancouver, B.C. Its  
20 registered office is located at #200-3737 Oak St., Vancouver, B.C. 627867 B.C. Ltd. has  
21 transacted business throughout the United States.

22 6. 633142 B.C. Ltd., d.b.a. Newport Group, is incorporated in British Columbia,  
23 Canada. Its office and principal place of business have been located at #210-73 East 6<sup>th</sup> Avenue,  
24 Vancouver, B.C., and #201-1894 West Broadway/#201-2524 Cypress St., Vancouver, B.C. Its  
25 registered office is located at #200-3737 Oak St., Vancouver, B.C. 633142 B.C. Ltd. has  
26 transacted business throughout the United States.

27 7. 638541 B.C. Ltd., d.b.a. Newport Group, is incorporated in British Columbia,  
28 Canada. Its office and principal place of business have been located at #210-73 East 6<sup>th</sup> Avenue,

1 Vancouver, B.C., and #201-1894 West Broadway/#201-2524 Cypress St., Vancouver, B.C. Its  
2 registered office is located at #200-3737 Oak St., Vancouver, B.C. 638541 B.C. Ltd. has  
3 transacted business throughout the United States.

4 8. 654679 B.C. Ltd., d.b.a. Newport Group, is incorporated in British Columbia,  
5 Canada. Its office and principal place of business have been located at #210-73 East 6<sup>th</sup> Avenue,  
6 Vancouver, B.C. , and #201-1894 West Broadway/#201-2524 Cypress St., Vancouver, B.C. Its  
7 registered office is located at #200-3737 Oak St., Vancouver, B.C. 654679 B.C. Ltd. has  
8 transacted business throughout the United States.

9 9. 651482 B.C. Ltd., d.b.a. West Star (“West Star”), is incorporated in British  
10 Columbia, Canada. Its office and principal place of business have been located at #210-73 East  
11 6<sup>th</sup> Avenue, Vancouver, B.C., and #201-1894 West Broadway/#201-2524 Cypress St.,  
12 Vancouver, B.C. Its registered office is located at #200-3737 Oak St., Vancouver, B.C. West  
13 Star has transacted business throughout the United States.

14 10. Bruce George Alexander Ironside (“Bruce Ironside”) is a Director of 627867 B.C.  
15 Ltd., 633142 B.C. Ltd., 638541 B.C. Ltd., 654679 B.C. Ltd. (referred to collectively herein as  
16 “the Newport Group companies”) and West Star. Acting alone or in concert with others, he has  
17 formulated, directed, controlled, or participated in the acts and practices set forth in this  
18 Complaint. He has transacted business throughout the United States.

19 11. Stephen Albert Ironside, a.k.a. Steve Albert, (“Stephen Ironside”) is a Director of  
20 the Newport Group companies and West Star. Acting alone or in concert with others, he has  
21 formulated, directed, controlled, or participated in the acts and practices set forth in this  
22 Complaint. He has transacted business throughout the United States.

**COMMERCE**

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2           12.     At all times relevant to this complaint, defendants have maintained a substantial  
3 course of business in connection with the promotion, offering for sale, or sale, through  
4 telemarketing, of foreign lottery tickets or participation, or in connection with charging fees for  
5 promised winnings, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC  
6 Act, 15 U.S.C. § 44.

**DEFENDANTS' BUSINESS PRACTICES**

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8           13.     Since 2001, defendants have engaged in a deceptive telemarketing scheme  
9 involving foreign lotteries. Operating from Vancouver, B.C., Canada, defendants call U.S.  
10 consumers, most of whom are elderly, and convince them that they have won a large amount of  
11 money in the Australian or other foreign lottery, or that they have a high likelihood of winning  
12 the lottery. They then tell consumers that in order to collect their "winnings" or participate in  
13 the lottery, they must pay defendants a fee, variously described as taxes, duties, insurance, and  
14 processing, registration, or enrollment fees.

15           14.     The defendants tell consumers to send cashier's checks, payable to Newport  
16 Group or West Star, to one of two Vancouver, B.C., mailbox addresses leased by defendant  
17 Bruce Ironside. A few days after payment is made, some consumers receive an "Entry  
18 Confirmation Certificate" listing the "Australian Lotto" games in which they are purportedly  
19 entered. In some instances, consumers are called several times and persuaded to send multiple  
20 payments for additional "fees." Payments from individual consumers have ranged from \$500 to  
21 at least \$36,000. Most consumers receive no money as a result of their payments to defendants.  
22 At least two consumers, both elderly, made multiple payments to defendants totaling \$4,300 and  
23 \$36,449, respectively, in order to receive their promised million-dollar or multi-million dollar  
24 awards. They received checks from defendants totaling \$200 and \$713, respectively.

25           15.     The sale and trafficking in foreign lotteries is a crime in the United States.  
26 Defendants fail to disclose to consumers that, by participating in the foreign lotteries, consumers  
27 are violating federal criminal law.

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

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

4 **COUNT ONE**

5 17. In numerous instances, in connection with telemarketing foreign lottery tickets to  
6 consumers, defendants have represented, expressly or by implication, that the consumer is likely  
7 to win a large cash award if the consumer purchases lottery tickets from, or otherwise pays  
8 money to, defendants.

9 18. In truth and in fact, the consumer is not likely to win a large cash award if the  
10 consumer purchases lottery tickets from, or otherwise pays money to, defendants.

11 19. Therefore, the representation set forth in Paragraph 17 is false and misleading and  
12 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
13 § 45(a).

14 **COUNT TWO**

15 20. In numerous instances, in connection with telemarketing to consumers,  
16 defendants have represented, expressly or by implication, that the consumer has won a large cash  
17 award, but must pay defendants a fee or fees to receive it.

18 21. In truth and in fact, consumers who pay defendants a fee or fees do not receive the  
19 promised large cash awards.

20 22. Therefore, the representation set forth in Paragraph 20 is false and misleading and  
21 constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C.  
22 § 45(a).

23 **COUNT THREE**

24 23. The sale and trafficking in foreign lotteries is a violation of federal criminal law,  
25 including laws prohibiting the importing and transmitting of lottery materials or information in  
26 interstate or foreign commerce, 18 U.S.C. §§ 1301 and 1302.

1           24.     In numerous instances, in connection with telemarketing foreign lottery tickets or  
2 foreign lottery opportunities, defendants have failed to disclose that the sale and trafficking in  
3 foreign lotteries is a crime in the United States.

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

6                           **VIOLATIONS OF THE TELEMARKETING SALES RULE**

7           In the Telemarketing Act, 15 U.S.C. § 6101, *et seq.*, Congress directed the FTC to  
8 prescribe rules prohibiting deceptive telemarketing acts or practices. On August 16, 1995, the  
9 Commission promulgated the TSR, 16 C.F.R. Part 310. The TSR became effective on December  
10 31, 1995, and has been subsequently amended effective March 31, 2003.

11           26.     Defendants are "sellers" or "telemarketers" engaged in "telemarketing" as those  
12 terms are defined in the TSR, 16 C.F.R. §§ 310.2 (z), (bb), (cc).

13           27.     The TSR requires sellers and telemarketers to disclose all material restrictions,  
14 limitations, or conditions to purchase, receive, or use the goods or services that are the subject of  
15 the sales offer. 16 C.F.R. § 310.3(a)(1)(ii).

16           28.     The TSR prohibits sellers and telemarketers from "making a false or misleading  
17 statement to induce any person to pay for goods or services." 16 C.F.R. § 310.3(a)(4).

18           29.     Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102 (c), and  
19 Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the TSR constitute  
20 deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act,  
21 15 U.S.C. § 45(a).

22                           **COUNT FOUR**

23           30.     In numerous instances, in connection with telemarketing foreign lottery tickets or  
24 foreign lottery opportunities, defendants have made false or misleading statements to induce the  
25 purchase of lottery tickets or payment of money, including but not limited to the following:

- 26           a.     the consumer is likely to win a large cash award if the consumer purchases  
27 lottery tickets from, or otherwise pays money to, defendants; and  
28

1 b. the consumer has won and will receive a large cash award if the consumer  
2 pays defendants a fee or fees.

3 31. Therefore, defendants have violated Section 310.3(a)(4) of the Rule, 16 C.F.R.  
4 § 310.3(a)(4).

5 **COUNT FIVE**

6 32. In numerous instances, in connection with telemarketing foreign lottery tickets or  
7 foreign lottery opportunities, defendants have failed to disclose that the sale and trafficking in  
8 foreign lotteries is a crime in the United States. Defendants have thereby violated Section  
9 310.3(a)(1)(ii) of the Rule, 16 C.F.R. § 310.3(a)(1)(ii).

10 **COMMON ENTERPRISE**

11 33. Defendants have operated as a common business enterprise while engaging in the  
12 deceptive acts and practices and Telemarketing Sales Rule violations alleged above.

13 **CONSUMER INJURY**

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

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

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

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

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

**PRAYER FOR RELIEF**

1  
2 WHEREFORE, plaintiff the Federal Trade Commission, pursuant to Sections 13(b) and  
3 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15  
4 U.S.C. § 6105(b), and the Court’s own equitable powers, requests that the Court:

5 a. Award plaintiff such preliminary injunctive and ancillary relief, including  
6 a temporary restraining order, as may be necessary to avert the likelihood of  
7 consumer injury during the pendency of this action and to preserve the possibility  
8 of effective final relief;

9 b. Permanently enjoin the defendants from violating the FTC Act and the  
10 TSR, as alleged herein;

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

4 Dated: \_\_\_\_\_, 2003

5 Respectfully Submitted,

6 WILLIAM E. KOVACIC  
7 General Counsel

8 CHARLES A. HARWOOD  
9 Regional Director

10 \_\_\_\_\_  
11 Mary T. Benfield, WSBA #18835  
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