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1 KENNETH H. ABBE  
Cal. Bar No. 172416  
2 JOHN JACOBS  
Cal. Bar No. 134154  
3 Federal Trade Commission  
10877 Wilshire Blvd., Ste. 700  
4 Los Angeles, CA 90024  
(310) 824-4343 (ph.)  
5 (310) 824-4380 (fax)

6 ATTORNEYS FOR PLAINTIFF  
FEDERAL TRADE COMMISSION

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

10 FEDERAL TRADE COMMISSION,

CIVIL NO.

11 Plaintiff,

12 v.

13 NEW WORLD SERVICES, INC., and

14 COMPLAINT FOR INJUNCTIVE AND  
OTHER EQUITABLE RELIEF

15 CORY BANKS,

16 Defendants.

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

19 1. This is an action under Sections 13(b) and 19 of the  
20 Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b,  
21 and the Telemarketing and Consumer Fraud and Abuse Prevention Act  
22 ("Telemarketing Act"), 15 U.S.C. §§ 6101 et seq., to secure  
23 preliminary and permanent injunctive relief, rescission of contracts,  
24 restitution, disgorgement, and other equitable relief for defendants'  
25 deceptive acts or practices in violation of Section 5(a) of the  
26 FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule  
27 entitled "Telemarketing Sales Rule," 16 C.F.R. Part 310.  
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**JURISDICTION AND VENUE**1  
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2. This Court has jurisdiction over this matter pursuant to 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 United States District Court for the Central District of California is proper under 15 U.S.C. § 53(b), and 28 U.S.C. § 1391(b) and (c).

**PLAINTIFF**

4. Plaintiff Federal Trade Commission is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. 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, 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 Telemarketing Sales Rule 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 New World Services, Inc. ("New World") is a Nevada corporation with its offices and principal place of business located at 408 East First Street #200 in Long Beach, California. Defendant New World has done business as Services for the New World, Inc. Defendant New World transacts or has transacted business in the Central District of California.



1 10. Defendants further inform consumers that in order to  
2 receive the prize money, the consumers must pay a fee for income  
3 taxes, state taxes, or shipping and handling. The fee that consumers  
4 are told they must pay varies between \$250 and \$270. Some consumers  
5 are told to pay the fee amount by check when the prize money arrives.  
6 In numerous instances, the defendants ask consumers for checking  
7 account information, such as all or part of the account number, and  
8 assure consumers who inquire that the fee will not be debited from  
9 their accounts until after the consumer receives the prize money.  
10 However, within a few days, the defendants use a computer program to  
11 print out a draft drawn on the consumer's checking account, made  
12 payable to the defendants in the amount of the fee, and promptly  
13 deposit the check into their bank account to obtain payment from the  
14 consumer's checking account, even though no prize has been delivered  
15 to the consumer.

16 11. None of the consumers from whom the defendants obtain  
17 payment received the promised prize winnings. None of these  
18 consumers were successful in obtaining refunds from the company.

19 **VIOLATIONS OF SECTION 5(a) OF FTC ACT**

20 12. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides  
21 that "unfair or deceptive acts or practices in or affecting commerce  
22 are hereby declared unlawful."  
23

24 **COUNT I**

25 **FAILURE TO DELIVER PRIZE**

26 13. In numerous instances, in connection with the marketing of  
27 prize promotions, defendants have represented, expressly or by  
28 implication, that consumers would receive a prize of \$5,000 or

1 \$10,000 cash or other substantial monetary award.

2 14. In truth and fact, in numerous instances consumers did not  
3 receive a prize of \$5,000 or \$10,000 cash or other substantial  
4 monetary award.

5 15. Therefore, the representations set forth in Paragraph 13  
6 are false and misleading and constitute deceptive acts or practices  
7 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

8 **COUNT II**

9 **MISREPRESENTATION THAT CONSUMERS' BANK ACCOUNTS WILL NOT BE DEBITED**

10 **UNTIL AFTER THEIR PRIZES HAVE BEEN AWARDED**

11 16. In numerous instances, in connection with the marketing of  
12 prize promotions, defendants have represented, expressly or by  
13 implication, that consumers' checking, savings, share, or similar  
14 accounts would not be debited by defendants until after consumers had  
15 received their prizes.

16 17. In truth and in fact, in numerous instances consumers'  
17 checking, savings, share, or similar accounts are debited by  
18 defendants before consumers had received their prizes.

19 18. Therefore, the representations set forth in Paragraph 16  
20 are false and misleading and constitute deceptive acts or practices  
21 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

22 **VIOLATIONS OF THE FTC TELEMARKETING SALES RULE**

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

1 effective December 31, 1995, and since then has remained in full  
2 force and effect.

3 20. In its Statement of Basis and Purpose for the Telemarketing  
4 Sales Rule, the Commission stated:

5 The Commission's law enforcement experience is replete with  
6 examples of sellers and telemarketers using deceptive prize  
7 promotions to "hook" unsuspecting victims . . . . The  
8 Commission is persuaded that additional disclosures are  
9 needed to ensure that consumers are not misled by the  
10 promise of a prize or award. The Commission agrees that  
11 disclosure of the no-purchase/no-payment method of entry  
12 would serve to emphasize the message that no purchase or  
13 payment is necessary in order to participate in a prize  
14 promotion or to win a prize. If that disclosure were  
15 absent, the fact that no purchase or payment is necessary  
16 could more easily become "lost" in a sales pitch or  
17 promotional piece . . . . [In addition,] [t]he Commission  
18 believes that a separate Rule provision is needed  
19 specifically prohibiting misrepresentations regarding prize  
20 promotions, given the great number of deceptive prize  
21 promotions and the distinct characteristics associated with  
22 such promotions.

23 60 Fed. Reg. 43842, 43848-49 (Aug. 23, 1995).

24 21. The Telemarketing Sales Rule prohibits sellers and  
25 telemarketers from misrepresenting, directly or by implication, any  
26 material aspect of a prize promotion including, but not limited to  
27 (a) the odds of being able to receive a prize, (b) the nature or  
28 value of a prize, or (c) that a purchase or payment is required to

1 win a prize or to participate in a prize promotion. 16 C.F.R.  
2 § 310.3(a)(2)(v).

3 22. Pursuant to Section 3(c) of the Telemarketing Act,  
4 15 U.S.C. § 6102 (c), and Section 18(d)(3) of the FTC Act, 15 U.S.C.  
5 § 57a(d)(3), violations of the Telemarketing Sales Rule constitute  
6 unfair or deceptive acts or practices in or affecting commerce, in  
7 violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

8 23. Defendants are "telemarketers" or "sellers" engaged in  
9 "telemarketing" as those terms are defined in the Telemarketing Sales  
10 Rule, 16 C.F.R. § 310.2(r), (t) and (u).

11 **COUNT III**

12 **MISREPRESENTATION THAT CONSUMERS HAVE**

13 **WON AND WILL RECEIVE AN AWARD**

14 24. In numerous instances, in connection with their  
15 telemarketing of purported prize promotions, defendants have  
16 misrepresented, directly or by implication, that (a) consumers have  
17 won a monetary award in a prize promotion and (b) by making a payment  
18 to defendants, consumers will receive the monetary award.

19 25. Defendants have thereby violated Section 310.3(a)(2)(v) of  
20 the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(v).

21 **CONSUMER INJURY**

22 26. Consumers throughout the United States have suffered and  
23 continue to suffer substantial monetary loss as a result of  
24 defendants' unlawful acts or practices. In addition, defendants have  
25 been unjustly enriched as a result of their unlawful practices.  
26 Absent injunctive relief by this Court, the defendants are likely to  
27 continue to injure consumers, reap unjust enrichment, and harm the  
28 public interest.

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

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

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

13           29. The Court, in the exercise of its equitable jurisdiction,  
14 may award other ancillary relief to remedy injury caused by  
15 defendants' violations.

16                                   **PRAYER FOR RELIEF**

17           Wherefore, plaintiff requests that this Court, as authorized by  
18 Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and  
19 Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and  
20 pursuant to its own equitable powers:

21           1. Award plaintiff such temporary preliminary injunctive and  
22 ancillary relief as may be necessary to avert the likelihood of  
23 consumer injury during the pendency of this action, and to preserve  
24 the possibility of effective final relief;

25           2. Permanently enjoin the defendants from violating the  
26 Telemarketing Sales Rule and the FTC Act, as alleged herein;

27           3. Award such relief as the Court finds necessary to redress  
28 injury to consumers resulting from the defendants' violations of the



1 Telemarketing Sales Rule and the FTC Act, including, but not limited  
 2 to, rescission of contracts, the refund of monies paid, and the  
 3 disgorgement of ill-gotten monies; and

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

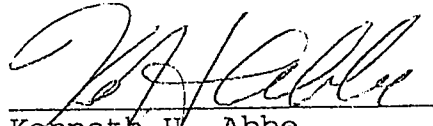
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Dated: July 5, 2000.

Respectfully submitted,

DEBRA A. VALENTINE  
 General Counsel

Jeffrey A. Klurfeld,  
 Director, Western Region



Kenneth H. Abbe  
 John Jacobs  
 Attorneys for Plaintiff  
 FEDERAL TRADE COMMISSION