

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RECEIVED

SEP 19 2005

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Civil Action No.

050 5389

OLEG OKS, a/k/a Oleg A. Oks and Oleg Alex Oks,
individually and as an officer
of the corporate defendants;

ALEKSANDR OKS,
individually and as an officer
of the corporate defendants;

PHILIP NEMIROVSKY,
individually and as an officer
of the corporate defendants;

BORIS PEKAR,
individually and as an officer
of the corporate defendants; and

1530605 ONTARIO INC., also d/b/a Pacific Liberty;

1559927 ONTARIO INC., also d/b/a Pacific Liberty
Group and Pacific Liberty Liberty W Group;

1565205 ONTARIO INC., also d/b/a Pacific Liberty and
Pacific Liberty Liberty W;

1585392 ONTARIO INC., also d/b/a Liberty Wide
Info Services, Liberty Wide Info Services Group,
Liberty Wide Services, and Liberty Wide;

1620142 ONTARIO INC., also d/b/a Liberty Sun Info
Services and Liberty Sun Info;

1619264 ONTARIO INC., also d/b/a C & B
Communications Group;

1629930 ONTARIO INC., also d/b/a Atlantic One Info
Services Grp and Atlantic One Info Services Group;

1485635 ONTARIO INC. (dissolved), also d/b/a
Nationwide Credit Service Inc., Nation Wide
Information Services Group Inc., and Nationwide
Information Services,
Ontario, Canada corporations,

Defendants.

JUDGE RONALD GUZMAN

MAGISTRATE JUDGE ASHMAN

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission (“FTC” or “the Commission”), for its complaint alleges as follows:

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 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), and the FTC’s Trade Regulation Rule entitled “Telemarketing Sales Rule,” 16 C.F.R. Part 310.

JURISDICTION AND VENUE

1. This Court has subject matter jurisdiction pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, and 6105(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.
2. Venue in the United States District Court for the Northern District of Illinois is proper under 15 U.S.C. §§ 53(b) and 6105(b) and 28 U.S.C. § 1391(b), (c), and (d).

PLAINTIFF

3. Plaintiff, the FTC, is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission is charged, *inter alia*, with enforcement of 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 acts or practices. The Commission is authorized to 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

Corporate Defendants

4. Defendant 1530605 Ontario Inc., also d/b/a Pacific Liberty, is an Ontario corporation with its offices and principal places of business at 1280 Finch W., #714, Toronto, Ontario M3J 3K6 and 3701 Chesswood Dr., Suite 206, Toronto, Ontario M3J 2P6. 1530605 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

5. Defendant 1559927 Ontario Inc., also d/b/a Pacific Liberty Group and Pacific Liberty Liberty W Group, is an Ontario corporation with its offices and principal place of business at 7-20 Jacob Keffer Pkwy., Suite 348, Concord, Ontario L4K 5E3. 1559927 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

6. Defendant 1565205 Ontario Inc., also d/b/a Pacific Liberty and Pacific Liberty Liberty W, is an Ontario corporation with its principal place of business at 7-20 Jacob Keffer Pkwy., Suite 348, Concord, Ontario L4K 5E3. 1565205 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

7. Defendant 1585392 Ontario Inc., also d/b/a Liberty Wide Info Services, Liberty Wide Info Services Group, Liberty Wide Services, and Liberty Wide, is an Ontario corporation

with its offices and principal places of business at 1057 Steeles Ave. W., Suite 1693, Toronto, Ontario M2R 3X1 and 415 Oakdale Rd., Suite 235, Toronto, Ontario M3N 1W7. 1585392 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

8. Defendant 1620142 Ontario Inc., also d/b/a Liberty Sun Info Services and Liberty Sun Info, is an Ontario corporation with its offices and principal place of business at 3701 Chesswood Dr., Suite 206, Toronto, Ontario M3J 2P6. 1620142 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

9. Defendant 1619264 Ontario Inc., also d/b/a C & B Communications Group, is an Ontario corporation with its offices and principal place of business at 3701 Chesswood Dr., Suite 206, Toronto, Ontario M3J 2P6. 1619264 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

10. Defendant 1629930 Ontario Inc., also d/b/a Atlantic One Info Services Grp and Atlantic One Info Services Group, is an Ontario corporation with its offices and principal place of business at 3701 Chesswood Dr., Suite 206, Toronto, Ontario M3J 2P6. 1629930 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

11. Defendant 1485635 Ontario, Inc., also d/b/a Nationwide Credit Service Inc., Nation Wide Information Services Group Inc., and Nationwide Information Services, is or was an Ontario corporation with its principal places of business at 6 Cedarcrest Crescent, Richmond Hill, Ontario L4S 2P5 and 1280 Finch W., #714, Toronto, Ontario M3J 3K6. 1485635 Ontario

Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

Individual Defendants

12. Defendant Oleg Oks, a/k/a Oleg A. Oks and Oleg Alex Oks (“Oleg Oks”), is an officer and director of corporate defendants 1530605 Ontario Inc., 1559927 Ontario Inc., 1565205 Ontario Inc., and 1629930 Ontario Inc., and is or was an officer and director of 1485635 Ontario Inc. He is also the general manager of corporate defendant 1585392 Ontario. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Oleg Oks transacts or has transacted business in the Northern District of Illinois and throughout the United States.

13. Defendant Aleksandr Oks is or was an officer and director of corporate defendants 1620142 Ontario Inc., 1619264 Ontario Inc., and 1485635 Ontario Inc. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Aleksandr Oks transacts or has transacted business in the Northern District of Illinois and throughout the United States.

14. Defendant Philip Nemirovsky is the owner, officer, and director of corporate defendant 1585392 Ontario Inc. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint.

Philip Nemirovsky transacts or has transacted business in the Northern District of Illinois and throughout the United States.

15. Defendant Boris Pekar is or was a director of corporate defendant 1629930 Ontario Inc. At all times relevant to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Boris Pekar transacts or has transacted business in the Northern District of Illinois and throughout the United States.

Common Enterprise

16. The corporate defendants have operated as a common enterprise while engaging in the deceptive acts and practices and other violations of law alleged below. They have shared officers, employees, office locations, have commingled funds, are commonly controlled, and have engaged in a common scheme.

COMMERCE

17. At all times relevant to this complaint, defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS’ COURSE OF CONDUCT

Defendants’ Advance-Fee Credit Card Scam

18. Since at least 2001, and continuing thereafter, defendants have placed unsolicited outbound telephone calls to consumers throughout the United States and falsely offered to provide pre-approved major credit cards, such as Visa or MasterCard credit cards, to those

consumers who agreed to permit defendants to electronically debit their bank accounts for an advance fee ranging from \$219 to \$319.

19. Defendants represent that their credit cards have credit limits typically ranging from \$1,000 to \$10,000, and no annual fees. As further inducement, defendants also frequently promise that consumers will receive, as part of defendants' credit card offer, a variety of additional benefits, including a free cellular telephone, satellite dish system, or home security system, at no additional cost. Defendants have targeted consumers with bad credit for their credit card offer.

20. During the telephone calls to consumers, defendants request bank account information, including bank routing information.

21. Defendants routinely debit the bank accounts of consumers who have provided bank account information and agreed to pay fees with bank account debits in advance of providing those consumers with the major credit cards, such as Visa or MasterCard credit cards, promised during the telephone calls.

22. After debiting the advance fee from consumers' bank accounts, defendants do not provide consumers with the promised major credit cards, such as Visa or MasterCard credit cards. Instead of providing consumers with the promised major credit cards, defendants sometimes provide consumers with a contract that consumers must initial and sign authorizing defendants to apply for a credit card on behalf of consumers. The contract requires consumers to agree, in part, that they "have no financial or civil (tort) claims against" the defendants "now or in the future" and that they "have filed no complaints with any agency/government against" the defendants. Along with the contract, consumers must also complete and return an application

that requires them to provide their personal credit and income information. Some consumers do not sign the defendants' contract or complete the application because they realize that they have been scammed after not receiving the promised credit cards from defendants.

23. In addition to the contract, defendants also sometimes provide consumers with either a self-help guide, that includes information on repairing and obtaining credit, or a "Membership Benefit Package." The "Member Benefit Package" contains a "Membership Merchandise Card" that can be used to purchase merchandise from a catalog that the defendants provide; coupons and certificates from other companies that state that, for additional fees, they purportedly can be redeemed for a cellular telephone, a satellite dish system, a security system, and a vacation package; an application for a "stored value cash card" that can only be used if the consumer loads or pre-pays value to the card to pay for purchases made with the card; and an identity theft prevention guide. Some of the coupons and certificates from the other companies state that they require a major credit card or satisfactory credit history for consumers to participate in their offers.

24. Regardless of whether consumers sign defendants' contract or return the completed application, defendants do not provide consumers with, or arrange for consumers to receive, the promised credit cards. Furthermore, defendants are not authorized by Visa or MasterCard to issue or market Visa or MasterCard credit cards to the public, or to use Visa or MasterCard trademarks in their promotions.

Defendants' Computer Scam

25. Since at least 2004, and continuing thereafter, defendants have placed unsolicited outbound telephone calls to consumers throughout the United States and falsely offered to

provide specified brand-name computers, such as Dell or Hewlett Packard computers, to consumers who permit defendants to debit their bank accounts for a one-time fee ranging from \$269 to \$318. Defendants sometimes represent that consumers have won a free specified brand-name computer and that consumers need only pay a shipping and handling fee or taxes to receive the computer. Defendants sometimes represent that consumers will receive a 17 inch flat screen monitor at no additional cost. Defendants occasionally tell consumers that they are required to subscribe for Internet service for a specified period of time, such as for one or two years, for a monthly service fee of \$29.95. As further inducement, defendants also frequently promise that consumers will receive, as part of defendants' computer offer, a variety of other benefits, including a free cellular telephone, satellite dish system, digital camera, and a vacation, at no additional cost.

26. During the telephone calls to consumers, defendants request consumers' bank account information, including bank routing information, in order to debit the bank accounts of consumers who agree to pay the one-time fee for the computers and other benefits promised during the telephone calls.

27. After debiting consumers' bank accounts, defendants do not provide consumers with the promised computers. Instead, defendants provide consumers with certificates that purportedly can be used to obtain computers from other companies. In order to redeem the certificate, however, consumers must pay additional fees, including, but not limited to, shipping and handling fees, application and processing fees, warranty fees, monthly Internet service fees for two to three years, and prepaid Internet service fees for a full year. The computers offered in the certificates are not the specified brand-name computers, such as Dell or Hewlett Packard

computers, promised by the defendants, and do not include the components promised by defendants, such as a 17 inch flat screen monitor, unless consumers pay additional fees.

28. In addition, defendants do not provide consumers with the free cellular telephones, satellite dish systems, digital cameras, and vacations. Instead, defendants provide consumers with coupons and certificates from other companies that, for additional fees, purportedly can be redeemed for cellular telephones, satellite dish systems, digital cameras, and vacation packages.

VIOLATIONS OF THE FEDERAL TRADE COMMISSION ACT

29. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce. Misrepresentations or omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

COUNT I

30. In numerous instances, in connection with the marketing of advance fee credit cards, defendants or their employees or agents have represented, directly or by implication, that after paying defendants a fee, consumers will, or are highly likely to, receive an unsecured major credit card, such as a Visa or MasterCard credit card.

31. In truth and in fact, in numerous instances, after paying defendants a fee, consumers do not receive an unsecured major credit card, such as a Visa or MasterCard credit card.

32. Therefore, the representation set forth in Paragraph 30 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

33. In numerous instances, in connection with the telemarketing of computers, defendants or their employees or agents have represented, directly or by implication, that, after paying defendants a one-time fee, consumers will receive a specified brand-name computer.

34. In truth and in fact, in numerous instances, after paying defendants a fee, consumers do not receive the specified brand-name computer. Instead, consumers receive a certificate for a computer from another company that requires consumers to make additional payments to obtain the computer. The computers offered in the certificates are not the specified brand-name computers.

35. Therefore, the representation set forth in Paragraph 33, is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE TELEMARKETING SALES RULE

36. The Commission promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310, pursuant to Section 3(a) of the Telemarketing Act, 15 U.S.C. § 6102(a). The Rule became effective on December 31, 1995. On January 29, 2003, the FTC adopted an amended Telemarketing Sales Rule with the amendments becoming effective on March 31, 2003.

37. The Telemarketing Sales Rule prohibits telemarketers and sellers from failing to disclose, in a clear and conspicuous manner, the total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of the sales offer. 16 C.F.R. § 310.3(a)(1)(i).

38. The Telemarketing Sales Rule prohibits telemarketers and sellers from misrepresenting the total costs to purchase, receive, or use, and the quantity of, any goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(i).

39. The Telemarketing Sales Rule prohibits telemarketers and sellers from misrepresenting any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii).

40. The Telemarketing Sales Rule also prohibits telemarketers and sellers from, among other things, requesting or receiving payment of any fee or consideration in advance of obtaining a loan or other extension of credit when the seller or telemarketer has guaranteed or represented a high likelihood of success in obtaining or arranging a loan or other extension of credit. 16 C.F.R. § 310.4(a)(4).

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

42. Defendants are “sellers” or “telemarketers” engaged in “telemarketing,” as those terms are defined in the Telemarketing Sales Rule. 16 C.F.R. §§ 310.2(z), (bb) & (cc).

VIOLATIONS OF THE TELEMARKETING SALES RULE

COUNT III

43. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have misrepresented, directly or by implication,

that, after paying defendants a fee, consumers will, or are highly likely to, receive an unsecured major credit card, such as a Visa or MasterCard credit card.

44. Defendants have thereby violated Section 310.3(a)(2)(iii) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iii).

COUNT IV

45. In numerous instances, in connection with the telemarketing of advance fee credit cards, defendants or their employees or agents have requested and received payment of a fee in advance of consumers obtaining a credit card when defendants have guaranteed or represented a high likelihood of success in obtaining or arranging for the acquisition of an unsecured major credit card, such as a Visa or MasterCard credit card, for such consumers.

46. Defendants have thereby violated Section 310.4(a)(4) of the Telemarketing Sales Rule, 16 C.F.R. § 310.4(a)(4).

COUNT V

47. In numerous instances, in connection with the telemarketing of computers, defendants or their employees or agents have failed to disclose, in a clear and conspicuous manner, before a customer pays for the goods or services offered, the total costs to receive the computer.

48. Defendants have thereby violated Section 310.3(a)(1)(i) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(1)(i).

COUNT VI

49. In numerous instances, in connection with the telemarketing of computers, defendants or their employees or agents have misrepresented, directly or by implication, the total costs to purchase or receive the computers.

50. Defendants have thereby violated Section 310.3(a)(2)(i) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(i).

COUNT VII

51. In numerous instances, in connection with the telemarketing of computers defendants or their employees or agents have misrepresented, directly or by implication, that after paying defendants a fee, consumers will receive a specified brand-name computer.

52. Defendants have thereby violated Section 310.3(a)(2)(iii) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(2)(iii).

CONSUMER INJURY

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

THIS COURT'S POWER TO GRANT RELIEF

54. Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), empower this Court to issue a permanent injunction against defendants' violations of the FTC Act and the Telemarketing Sales Rule, and,

in the exercise of its equitable jurisdiction, to order such ancillary relief as a preliminary injunction, rescission, restitution, disgorgement of profits resulting from defendants' unlawful acts or practices, and other remedial measures.

PRAAYER FOR RELIEF

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

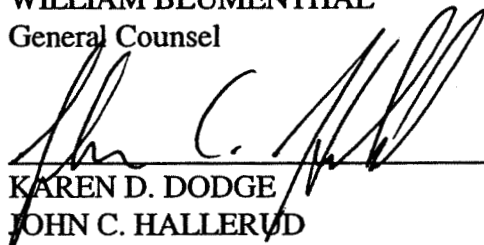
1. Award plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including but not limited to, temporary and preliminary injunctions, and an order freezing assets;
2. Permanently enjoin defendants from violating the FTC Act and the Telemarketing Sales Rule, as alleged herein;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of the FTC Act and the Telemarketing Sales Rule, including, but not limited to, rescission or reformation of contracts, restitution, refund of monies paid, and disgorgement of ill-gotten monies; and

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

Dated: September 19, 2005

Respectfully Submitted,

WILLIAM BLUMENTHAL
General Counsel



A handwritten signature in black ink, appearing to read "John C. Hallerud", is written over a horizontal line. The signature is stylized and cursive.

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