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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 OPCO INTERNATIONAL AGENCIES, INC.,
15 0590739 BC Ltd. d/b/a/ AMERICAN FRAUD
16 WATCH SERVICES, FRAUD WATCH
17 SERVICES, INC., CENTRAL CORPORATE
18 SERVICES, INC., AMERICAN FRAUD
19 WATCH SERVICES, INC., CUSTOMER
20 SERVICES INTERNATIONAL NEVADA,
21 INC., DEBT SERVICES INTERNATIONAL,
22 INC., GLOBAL HORIZONS, INC., WAYNE
23 FARROW, CARRIE E. HOPE, and MARK E.
24 WILSON,

25 Defendants.

Case No.

**COMPLAINT FOR INJUNCTION
AND OTHER EQUITABLE RELIEF**

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

27 1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade
28 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 a
permanent injunction, 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),

1 and the FTC's Trade Regulation Rule entitled "Telemarketing Sales Rule" ("the Rule"), 16 C.F.R. Part
2 310.

3 **JURISDICTION AND VENUE**

4 2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a), 53(b),
5 57b, 6102(c), 6103(a) and 6105(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.

6 3. Venue in the Western District of Washington is proper under 15 U.S.C. §§ 53(b) and
7 6103(a) and 28 U.S.C. § 1391(b), (c), and (d).

8 **PLAINTIFF**

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

15 **DEFENDANTS**

16 5. Defendant OPCO International Agencies, Inc. ("OPCO"), is a British Columbia
17 corporation, incorporation number 0544341 BC Ltd. OPCO had offices at 1900-152nd Street and 1433
18 King George Highway, in Surrey, British Columbia. Prior to September 1997 this corporation was
19 named OPCO Merchant Services, Inc. OPCO has transacted business in the State of Washington and
20 throughout the United States.

21 6. Defendant 0590739 BC Ltd. is a British Columbia corporation. This numbered company
22 has done business as American Fraud Watch Services, Inc. ("AFWS"). AFWS has maintained offices at
23 1900-152nd Street and 1433 King George Highway, in Surrey, British Columbia.. AFWS has transacted
24 business in the State of Washington and throughout the United States.

25 7. Fraud Watch Services, Inc. ("FWS"), is a British Columbia corporation. FWS has
26 maintained offices at 1900-152nd Street and 1433 King George Highway, in Surrey, British Columbia..
27 FWS has transacted business in the State of Washington and throughout the United States.

28 8. Central Corporate Services, Inc. ("CCS"), is a British Columbia corporation.

1 CCS has its corporate offices at Suite 727, 8623 Granville, St., Vancouver, B.C. V6P 5A1. CCS is the
2 successor corporation to AFWS and FWS. CCS has transacted business in the State of Washington
3 and throughout the United States.

4 9. Defendant American Fraud Watch Services, Inc. (“AFWS-NV”) is a Nevada corporation.
5 AFWS has maintained offices at 1900-152nd Street and 1433 King George Highway, in Surrey, British
6 Columbia. AFWS has transacted business in the State of Washington and throughout the United States.

7 10. Defendant Customer Service International Nevada, Inc. (“CSI”), is a Nevada
8 corporation. CSI has maintained offices at 1900-152nd Street, Surrey, British Columbia. CSI has
9 transacted business in the State of Washington and throughout the United States.

10 11. Defendant Debt Services International, Inc. (“DSI”), is a Nevada corporation. DSI has
11 maintained offices at 1900-152nd Street, Surrey, British Columbia. DSI has transacted business in the
12 State of Washington and throughout the United States.

13 12. Defendant Global Horizons, Inc. (“GHI”) is a Nevada corporation. GHI has its offices
14 at Suite 727, 8623 Granville, St., Vancouver, B.C. V6P 5A1. Global Horizons has transacted business
15 in the State of Washington and throughout the United States.

16 13. Defendant Wayne Farrow is the CEO of AFWS. At all times relevant to this Complaint,
17 acting alone or in concert with others, he has participated directly in, or has had authority to control, the
18 acts and practices of AFWS, including the acts and practices set forth in this Complaint. Farrow has
19 transacted business in the State of Washington and throughout the United States.

20 14. Defendant Carrie Elizabeth Hope is Operations Manager of AFWS. At all times relevant
21 to this Complaint, acting alone or in concert with others, she has participated directly in, or has had
22 authority to control, the acts and practices of AFWS, including the acts and practices set forth in this
23 Complaint. Hope has transacted business in the State of Washington and throughout the United States.

24 14. Defendant Mark E. Wilson is the sole owner of all the corporate defendants. Mark
25 Wilson may also use the name James Eldon. At all times relevant to this Complaint, acting alone or in
26 concert with others, he has participated directly in, or has had authority to control, the acts and
27 practices of the corporate defendants, including the acts and practices set forth in this Complaint. Mark
28 Wilson has transacted business in the State of Washington and throughout the United States.

1 **COMMERCE**

2 15. At all times relevant to this complaint, defendants' course of business, including the acts
3 and practices alleged herein, has been and is in or affecting commerce, as "commerce" is defined in
4 Section 4 of the FTC Act, 15 U.S.C. § 44.

5 **DEFENDANTS' BUSINESS PRACTICES**

6 16. Since at least August 1998, defendants have marketed fraudulent credit card protection
7 services to United States residents. Defendants charge consumers a fee of \$299 their credit card
8 protection services. More recently defendants began marketing a fraudulent debt consolidation package
9 for \$397. Defendants target elderly consumers.

10 17. To induce consumers to purchase their services, defendants have misrepresented that
11 they are calling from the security division of Visa, MasterCard, or the consumer's credit card issuing
12 bank.

13 18. In marketing their credit card protection services, defendants have told consumers that
14 hackers are stealing consumers' credit card numbers from computer databases or that banks have posted
15 their credit card numbers on the Internet, and that defendants' credit card protection service will protect
16 consumers against unauthorized use of their credit card accounts. Defendants have told consumers that
17 if they do not purchase defendants' credit card protection, consumers will be liable for unauthorized
18 charges made to their accounts. Some consumers have been told that it is mandatory that they purchase
19 credit card protection. In marketing their debt consolidation services defendants tell consumers that
20 they can consolidate all of the consumer's credit card debt at a single interest rate of 8%.

21 19. Defendants have persuaded consumers to divulge their credit card numbers by claiming
22 to be verifying the consumers' identification or to be changing the "security codes" on the consumers'
23 credit cards. In many instances, defendants have caused charges to be posted on consumer's credit card
24 accounts without authorization.

25 20. Defendants have represented that they offer an unconditional 30-day money back
26 guarantee. In many instances defendants have not honored refund request from consumers attempting
27 to exercise the money back guarantee.

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

1 e. In numerous instances, defendants did not refund the purchase price when
2 consumers sought a refund within 30 days of purchase.

3 24. Therefore, defendants' representations, as set forth in Paragraph 22, are false and
4 misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act,
5 15 U.S.C. § 45(a).

6 THE FTC'S TELEMARKETING SALES RULE

7 25. In the Telemarketing Act, 15 U.S.C. § 6101 *et seq.*, Congress directed the Commission
8 to prescribe rules prohibiting deceptive and abusive telemarketing acts or practices. On August 16,
9 1995, the Commission promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310. The Rule
10 became effective on December 31, 1995.

11 26. Defendants are "sellers" or "telemarketers" engaged in "telemarketing," as those terms
12 are defined in the Rule, 16 C.F.R. §§ 310.2(r), (t), and (u).

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

15 28. The Rule also requires telemarketers using outbound calls to disclose promptly in a clear
16 and conspicuous manner to the person receiving the call that the purpose of the call is to sell goods or
17 services. 16 C.F.R. § 310.4(d)(2).

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

22 30. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section
23 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the Rule constitute unfair or deceptive
24 acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C.
25 § 45(a).

COUNT II

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2 31. In numerous instances, in connection with the telemarketing of credit card protection
3 services to consumers, or in the course of billing, attempting to collect, and collecting money from
4 consumers, defendants have represented, expressly or by implication, that:

- 5 a. Defendants are affiliated with, or are calling from or on behalf of Visa,
6 MasterCard, or a credit card issuing institution;
- 7 b. If consumers do not purchase defendants' services, consumers can be held fully
8 liable for any unauthorized charges made to their credit card accounts;
- 9 c. Defendants can extend or arrange credit or make or arrange a low-interest loan
10 to consumers for the purpose of consolidating credit card debt;
- 11 d. Consumers purchased or agreed to purchase goods or services from defendants,
12 and therefore owe money to defendants, and
- 13 e. Defendants will refund the purchase price if for any reason a consumer seeks a
14 refund within 30 days of purchase.

15 32. In truth and in fact:

- 16 a. Defendants are not affiliated with, or calling from or on behalf of Visa,
17 MasterCard, or a credit card issuing institution;
- 18 b. Under Section 226.12(b) of Regulation Z, 12 C.F.R. § 226.12(b), and Section
19 133 of the Truth in Lending Act, 15 U.S.C. § 1643, a consumer cannot be held
20 liable for more than \$50 for any unauthorized charges to a credit card account;
- 21 c. Defendants cannot extend or arrange credit or make or arrange a low-interest
22 loan to consumers for the purpose of consolidating credit card debt;
- 23 d. In numerous instances, consumers did not purchase or agree to purchase goods
24 or services from defendants, and therefore do not owe money to defendants, and
- 25 e. In numerous instances, defendants did not refund the purchase price when
26 consumers sought a refund within 30 days of purchase.

1 39. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act,
2 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court finds necessary to redress
3 injury to consumers or other persons resulting from defendants' violations of the Telemarketing Sales
4 Rule, including the rescission and reformation of contracts and the refund of monies.

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

7 **PRAYER FOR RELIEF**

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

- 11 a. Award plaintiff such preliminary injunctive and ancillary relief as may be
12 necessary to avert the likelihood of consumer injury during the pendency of this
13 action and to preserve the possibility of effective final relief;
- 14 b. Permanently enjoin the defendants from violating the FTC Act and the
15 Telemarketing Sales Rule, as alleged herein;
- 16 c. Award such relief as the Court finds necessary to redress injury to consumers
17 resulting from the defendants' violations of the Telemarketing Sales Rule, and the
18 FTC Act, including but not limited to, rescission of contracts, the refund of
19 monies paid, and the disgorgement of ill-gotten monies;
- 20 d. Award plaintiff the costs of bringing this action and reasonable attorneys' fees, as
21 well as such other and additional relief as the Court may determine to be just and
22 proper.

23 Dated: _____, 2001

24 Respectfully Submitted,

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26 _____
27 Eleanor Durham
28 Attorney for Plaintiff
Federal Trade Commission