WILLIAM E. KOVACIC
General Counsel

JANICE L. CHARTER
JEROME M. STEINER, JR. 1, Federal Trade Commission
901 Market Street, Suite 570
San Francisco, CA 94103
Phone (415) 848-5100/fax(415)

BLAINE T. WELSH ...

Assistant United States Attorney
Bar No. 4790

333 Las Vegas ~lvd, south, ~Lite 5000
Las Vegas, NV 89101
Phone (702)388-6336/fax(702)388-6787 . .
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Attorneys for Plaintiff
Federal Trade Commission .--.-

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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION,

plaintiff,

NATIONAL AUDIT DEFENSE

NETWORK, INC. , a Nevada Corporation; TAX COACH, INC.,

a Nevada Corporation doing business as TAX READY; ORYAN
MANAGEMENT, INC., a Nevada Corporation;

ROBERT BENNINGTON,
individually and as an officer of National Audit Defense Network, Inc., and Tax Coach,

Inc.; CORT CHRISTIE, individually and as an officer

of National Audit Defense Network, Inc.; WESTON J. COOLIDGE, individually and as
an officer of National Audit Defense Network, Inc.; and AL RODRIGUES , individually,

Defendants. II

AMENDED COMPLAINT 1

AMENDED COMPLAINT FOR INJUNCTION AND OTHER
EQUITABLE RELIEF

DEFENDANTS

5. Defendant National Audit Defense Network, Inc.
("NADN") , a Nevada corporation with its principal place of business at 4330 S. Valley View Blvd, Las Vegas, Nevada, advertises, promotes, offers for sale, and sells programs and services that purport to assist consumers in reducing their income tax liabilities. NADN transacts or has transacted business in the District.of Nevada

6. Defendant Tax Coach, Inc., which does business or has . - - 2 .. done business as T* Ready ("Tax Ready"), a Nevada corporation
with its principal place of business at 4310 Cameron St, Suite - 11, Las Vegas, Nevada, has advertised, promoted, offered for sale, and sold programs and services that purport to assist consumers in reducing their income tax liabilities. Tax Ready transacts or has transacted business in the District of Nevada. On information and belief, on or about February 26, 2002, Tax Ready was closed and its operations were merged into NADN. NADN is therefore a successor corporation to Tax Ready and is liable for the illegal practices of Tax Ready alleged in this Complaint
7. Defendant Oryan Management, Inc., is a Nevada
corporation with its principal place of business at 101 Convention Center Drive, #700, Las Vegas, Nevada. On March 12, 2002, Oryan consummated its acquisition of defendant NADN pursuant to a Stock Purchase Agreement ("Agreement"). Section 2.1 of the Agreement states that Oryan "shall assume and agree to pay, discharge 'or perform., as appropriate all liabilities and obligations" of NADN.' Section 9.3.b of the Agreement states that Oryan indemnifies and holds the sellers harmless with,respect to

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AMENDED COMPLAINT

"any liability relating to or arising out of the business of" NADN, including business prior to consummation of the agreement. Oryan is a successor corporation to NADN and is liable for the illegal practices alleged in this Complaint.
8. Defendant Robert Bennington ("Bennington") is or has -
been an officer or director of NADN and Tax Ready. At times material 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. Bennington resides and transacts - business in the District of Nevada.
9. Defendant Cort Christie ("Christie") is or has been an officer or director of NADN. At times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled, or participated in the acts and practices of corporate defendant NADN, including the acts and practices set forth in this complaint. Christie resides and transacts business in the District of Nevada.
10. Defendant

controlled, or participated in the acts and practices of corporate defendant NADN, including the acts and practices set forth in this complaint. Coolidge resides and transacts business in the District of Nevada.
COMMERCE -

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

taxes. '~efendants' programs cost from around $400 to more than $1,400.
16. In connection with the advertising, promotion, offering
for sale, or sale of these programs and services, defendants have offerd consumers an unconditional 30-day money-back guarantee. _ Defendants have represented that if consumers want to cancel the purchase for any reason, they may do so within 30 days and receive a full refund. Defendants have also told consumers that if they are unable to achieve tax savings of $3,000 after implementing or using defendants' tax-saving strategies, they will receive - a full refund.

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8 for sale, or sale of their tax-saving programs and services, R

THE FEDERAL TRADE COMMISSION ACT

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

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9 defendants have represented, expressly or by implication, that I1

commerce.
VIOLATIONS OF SECTION 5 OF THE FTC ACT COUNT I

20. In the course of the advertising, promotion, offering

10 they will provide refunds to consumers who request refunds I1

13 11 have failed or refused to provide refunds to consumers who

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14 request refunds pursuant to defendants' money-back guarantees. I1

pursuant to defendants' money-back guarantees. -
21. In truth and in fact, in many instances, defendants

COUNT I1

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20 11 23. In the course of the advertising, promotion, offering

22. Therefore, defendants' representations as set forth in Paragraph 18 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15

25 11 24. In truth and in fact, in many instances, defendants

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26 11 have failed 02 refused to provide refunds in a timely manner to

for sale, or sale of their tax-saving programs and services, defendants have represented, expressly or by implication, that they will provide refunds in a timely manner to consumers who request refunds pursuant to defendants' money-back guarantees.

27 consumers who request refunds pursuant to defendants' money-back I1 28 guarantees. II
AMENDED COMPLAINT 7

25. Therefore, defendants' representations as set forth in ?aragraph 21 are false and misleading and constitute deceptive 3cts or practices in violation of Section 5(a) of the FTC Act, 15 J.S.C. § 45(a).
THE TRUTH IN LENDING ACT -

26. Section 166 of the TILA, 15 U.S.C. § 1666e, requires
~ reditors to promptly credit a consumer's credit card account
lpon acceptance of the return of goods or forgiveness of the debt

for services. Section 226.12(e) of Regulation Z, which - -- 2 .-
implements section 166 of the TILA, requires creditors to credit
3 consumer's credit card account within seven5 0 0 TdSabu(.375it)66(card)

unlawful acts or practices. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers and harm the public interest.
THIS COTJRT'S POWER TO GRANT RELIEF

30. Section 13 (b) of the FTC Act, 15 U.S.C. 5 53 (b) ,
empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement, and restitution, to prevent and remedy any violations of any provision of law enforced by the Commissipn.
31. This Court, in the exercise of its equitable
jurisdiction, may award other ancillary relief to remedy injury - caused by defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, plaintiff the Federal Trade Commission, pursuant
to Section 13(b) of the FTC Act, 15 U.S.C. 5 53(b), and the Court's own equitable powers, requests that the Court:
I. 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;
2. Permanently enjoin defendants from violating the FTC
Act, the TILA, and Regulation Z 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, the TILA, and RegulationZ, including, but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
AMENDED COMPLAINT 9

4. Award plainkiff 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: December 2-7, 2002 Respectfully Submitted,
WILLIAM E. KOVACIC
General Counsel

"JEROME M. STEINER, m. '
901 Market St, Suite 570
San Francisco, CA 94103
Phone (415) 848-5100
Fax (415) 848-5184

BLAINE T. WELSH

Assistant United States Attorney 333 Las Vegas Blvd, South
Suite 5000
Las Vegas, NV 89101
Phone (702) 388-6336

Attorneys For Plaintiff
Federal Trade Commission

AMENDED COMPLAINT