UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA

Case No.

FEDERAL TRADE COMMISSION,

Plaintiff,

v.)

TRANSNET WIRELESS CORPORATION,)
a Florida corporation,
)
NATIONWIDE CYBER SYSTEMS, INC.,

alleges the following:
1. The FTC brings this action under Sections 5(a), 13@), and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. $5 45(a), 53(b) and 57b, to secure permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. 5 45(a), and the FTC's Trade Regulation Rule entitled "Disclosure Requirements and

Florida corporation with its principal place of business at 100 South Pine Island Road, Suite 200, Plantation, Florida 33324. Defendant TRANSNET promotes and sells public access Internet kiosk business ventures. TRANSNET transacts or has transacted business in the Southern District of Florida.
6. Defendant NATIONWIDE CYBER SYSTEMS, INC., ("NATIONWIDE) is a
Florida corporation with its principal place of business at 6030 Hollywood Blvd., Suite 140, Hollywood, Florida 33024. Defendant NATIONUTIDE promotes and sells public access Internet kiosk business ventures. NATIONWIDE transacts or has transacted business in the Southern District of Florida.
7. Defendant BRADLEY CARTWRIGHT is an officer, director, manager, and/or
owner of corporate

of corporate defendant NATIONWIDE. At all 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 NATIONWDE, including the deceptive acts and practices set forth in this Complaint. He resides in or transacts or has transacted business in the Southern District of Florida.
10. Relief Defendant MARGARET PEMBERTON is an individual who has received
funds that can be traced directly to the corporate defendants' deceptive acts and practices, and she has no legitimate claim to those funds. She resides in or transacts or has transacted business in the Southern District of Florida.

11. At all times material to this complaint, the 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' BUSINESS ACTIVITIES

12. Since at least 2001, the Defendants have engaged in a course of conduct to
advertise, market, promote, offer to sell, and sell to consumers business opportunity ventures for substantial sums of money. These business ventures involve public access Internet kiosks (also known as Internet terminals), which are free-standing kiosks that house a computer with a vending slot. They are designed to allow customers to use the computer to access the Internet, for a fee, from public locations, such as hotels, airports, coffee houses, malls, hospitals, and bookstores.
13. Defendants promote their business ventures to prospective purchasers through a

variety of means, including radio and television advertisements, an Internet web page, written marketing materials, and telephonic and in-person sales pitches. Through one or more of these means, the Defendants lure potential purchasers into buying a business venture by misrepresenting (1) the amount of money the potential purchaser can reasonably expect to earn with the business venture and (2) the availability and profitability of locations for the kiosks. For example, their radio advertisement states:
"Would you like to own your own business and enjoy financial
independence?. ..There is no technical knowledge required.

You get everything you need to own and operate your own business. .. . You simply receive a monthly check for all the wireless revenue
generated at your location. .. .There is unlimited income potential. . .. Prime locations are available now."

14. In their written promotional materials and in their sales pitches, Defendants have represented to prospective business venture purchasers that they can reasonably expect to earn a substantial income or to achieve a specific level of earnings; for example, many prospective purchasers are told that they can earn revenues of between $1000 to $2000 per month per kiosk. In addition, Defendants often tell consumers that such figures are low or average estimates of the sales or earnings that they can reasonably expect to earn through their purchase of Defendants' business venture.
15. Defendants also tell consumers that prime locations in which to place the Internet kiosks are available in their areas and that Defendants offer a program to find those locations for the purchasers of their business venture. For example, one of Defendants' brochures states: Keep in mind there is limited availability and the best locations
won't last long! Don't delay! Transnet offers a location assistance
program that will assist you in securing the most profitable locations
available in yoslr area.

16. Defendants also make claims about both earnings potential and the availability of

locations in telephone conversations with consumers, including statements such as:

- Getting locations at this point is easy; prime locations are available.
- Locations include convention centers, military bases, hotels, malls, hospitals - high-traffic, high-volume locations.
- I will give you an example on how our machines generate income. . . $1415
net profit per month per machine; $16,980 per year net profit per machine. in1l-5 Td�(locations)Tj�2.762

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They also discover that Defendants do not have prime locations available for their kiosks. Consumers often lose their entire investment.
21. Defendants provide a disclosure document to prospective purchasers, as required
by the FTC's Franchise Rule, 16 C.F.R. Part 436. This basic disclosure document, contained in Defendants' promotional packet, fails to provide all of the necessary disclosures.
22. The basic disclosure document does not disclose, for example, the following:
(1) the correct identity of the directors and executive officers of the corporate defendants as well
as their business experience and litigation history; (2) the names and addresses of any previous
purchasers of Defendants' business venture; and (3) any information regarding the range of time
that has elapsed between the signing of the franchise agreement and site selection.
23. In addition, Defendants have no reasonable basis for their earning8e-33.842860512.355 Td�(Der basis0 Td�(theia397 431.76 of ti

COUNT ONE

Misrepresentations Regirding Earnine
27. In numerous instances, in the course of offering for sale and selling their business
ventures, the Defendants represent, expressly or by implication, that consumers who purchase Defendants' business venture are likely to earn substantial income.
28. In truth and in fact, consumers who purchase Defendants' business venture are not
likely to em substantial income.
29. Therefore, Defendants' representations set forth in Paragraph 27 are false or
misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. 5 45(a).

COUNT TWO

Misrepresentations Regarding Locations
30. In numerous instances, in the course of offering for sale and selling their business
ventures, Defendants represent, expressly or by implication, that Defendants will provide
purchasers with profitable locations in which to place the purchasers' kiosks.
31. In truth and in place the lace in 78d�(purchasers)Tj�4.486 0 Td�(6hat)Tj�1.998 0 Td�(profitable)Tj implicati.45 0 Tdc 1.45 0 Td�(p1efendant�-0.0102 T6 0 Td�(1r)Tj� pr85 0 00.6.375 150.2402 21d�(p94 45.2598 0.0103.MC �/ the

"franchise" is defined in Section 436.2(a) of the Franchise Rule, 16 C.F.R. Ej 436.2(a).
34. The Franchise Rule requires a franchisor to provide prospective franchisees with a complete and accurate basic disclosure statement containing 20 categories of information, including (1) the identity information, business experience, and litigation history of the executive officers, (2) the names, addresses, and telephone numbers of other franchisees, and (3) a statement disclosing the range of time that has elapsed between the signing of the franchise agreement and site selection. 16 C.F.R.

VIOLATIONS OF THE FRANCHISE RULE COUNT THREE
Basic Disclosure Violations

37. In numerous instances, in connection with the offering and promotion of
franchises, as "franchise" is defined in the Franchise Rule, 16 C.F.R. Cj 436.2(a), Defendants have failed to provide to

claim disclosures at the times required by the Rule, thereby violating Sections 436.1(b), (c), and (e) of the Rule, 16 C.F.R. §§ 436.1(b), (c), and (e), and Section 5(a) of the FTC Act, 15 U.S.C. 4 45w-

1. Award Plaintiff such preliminary injunctive and ancillary relief, including a temporary restraining order, asset freeze, and appointment of a receiver, 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 the Defendants from engaging in the business of selling
business opportunities and other investments and from