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13 Federal Trade Commission

14 **UNITED STATES DISTRICT COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA**

16
17 FEDERAL TRADE COMMISSION,

18 Plaintiff,

19 v.

20
21 CREAM GROUP, INC., also d/b/a
Terra Nova, TNT, Inc., and CRM, Inc.,
22 a California Corporation;
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1 also d/b/a Oro Marketing, Inc., Modo,
2 Modo Industry, Oro Max, Casa de Oro,
3 Casa de Moda, Oro Mundo, and
4 Nation/Modo, individually and as an
5 owner or director of Cream Group, Inc.;

6 and
7 NORMA RAE RAMOS, individually
8 and as officer and director of Cream
9 Group, Inc.;

10 Defendants, and

11 SPRING ACRES, LLC, a California
12 limited liability company; and

13 BAHAREH RAMIN, individually and
14 as manager and sole member of Spring
15 Acres, LLC.

16 Relief Defendants.

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

19 1. The FTC brings this action under Sections 13(b) and 19 of the
20 Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the
21 Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing
22 Act”), 15 U.S.C. §§ 6101-6108, to obtain temporary, preliminary, and permanent
23 injunctive relief, rescission or reformation of contracts, restitution, the refund of
24 monies paid, disgorgement of ill-gotten monies, and other equitable relief for
25 Defendants’ acts or practices in violation of Section 5(a) of the FTC Act, 15
26 U.S.C. § 45(a), and in violation of the FTC’s Telemarketing Sales Rule (“TSR”),
27 16 C.F.R. Part 310.

1 **JURISDICTION AND VENUE**

2 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C.
3 §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and
4 6105(b).

5 3. Venue is proper in this district under 28 U.S.C. § 1391(b)(1)-(3),
6 (c)(1)-(3), and (d), and 15 U.S.C. § 53(b).

7 **PLAINTIFF**

8 4. The FTC is an independent agency of the United States Government
9 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the
10 FTC Act, 15 U.S.C. § 45(a), which prohibits unfair and deceptive acts or practices
11 in or affecting commerce. The FTC also enforces the Telemarketing Act, 15
12 U.S.C. §§ 6101-6108. Pursuant to the Telemarketing Act, the FTC promulgated
13 and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive
14 telemarketing acts or practices.

15 5. The FTC is authorized to initiate federal district court proceedings,
16 by its own attorneys, to enjoin violations of the FTC Act and the TSR, and to
17 secure such equitable relief as may be appropriate in each case, including
18 rescission or reformation of contracts, restitution, the refund of monies paid, and
19 the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A)-(B), 57b,
20 6102(c), and 6105(b).

21 **DEFENDANTS**

22 6. Defendant CREAM GROUP, INC. (“Cream Group”), also doing
23 business as Terra Nova, TNT, Inc., and CRM, Inc., is a California corporation
24 with its office and principal place of business at 14037 Vanowen St., Van Nuys,
25 California 91405. Cream Group transacts or has transacted business in this
26 district and throughout the United States.

1 authorized payments or transfers from bank accounts in the name of Cream Group
2 and Oro Marketing, Inc., into which consumer funds have been deposited, to
3 persons or entities in apparent furtherance of the acts or practices set forth in this
4 Complaint. He is one of the owners of Defendants' business premises at 14037
5 Vanowen St., Van Nuys, California 91405. Defendant John Charchian resides or
6 has resided in this district and, in connection with the matters alleged herein,
7 transacts or has transacted business in this district and throughout the United
8 States.

9 9. Defendant NORMA RAE RAMOS is the president, chief executive
10 officer, secretary, chief financial officer, director, and registered agent for Cream
11 Group. At all times material to this Complaint, acting alone or in concert with
12 others, Defendant Norma Rae Ramos has formulated, directed, controlled, had the
13 authority to control, or participated in the acts and practices of Cream Group,
14 including the acts and practices set forth in this Complaint. Defendant Norma
15 Rae Ramos is or has been a signatory on bank accounts in the name of Cream
16 Group into which consumer funds have been deposited and from which payments
17 have been initiated or authorized to persons or entities in apparent furtherance of
18 the acts or practices set forth in this Complaint. Defendant Norma Rae Ramos
19 resides or has resided in the state of California and, in connection with the matters
20 alleged herein, transacts or has transacted business in this district and throughout
21 the United States.

22 10. Relief Defendant SPRING ACRES, LLC, is a California limited
23 liability company with its office and principal place of business at 14037
24 Vanowen St., Van Nuys, California 91405. Relief Defendant Spring Acres, LLC,
25 has received funds or assets that can be traced to Defendants' unlawful acts or
26 practices alleged in this First Amended Complaint, and it has no legitimate claim
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1 to those funds or assets. Relief Defendant Spring Acres, LLC transacts or has
2 transacted business in this district.

3 11. Relief Defendant BAHAREH RAMIN is the sole member and
4 manager of Relief Defendant Spring Acres, LLC. She is the wife of Defendant
5 Sami Charchian and the daughter-in-law of Defendant John Charchian. Relief
6 Defendant Bahareh Ramin has received funds or assets that can be traced to
7 Defendants' unlawful acts or practices alleged in this First Amended Complaint,
8 and she has no legitimate claim to those funds or assets. Relief Defendant
9 Bahareh Ramin resides or has resided in this district.

10 **COMMERCE**

11 12. At all times relevant to this Complaint, Defendants have maintained
12 a substantial course of trade in or affecting commerce, as "commerce" is defined
13 in Section 4 of the FTC Act, 15 U.S.C. § 44.

14 **DEFENDANTS' BUSINESS PRACTICES**

15 13. Defendants Cream Group, Sami Charchian, John Charchian, and
16 Norma Rae Ramos ("Defendants") telemarket the opportunity to buy what they
17 claim is popular brand-name merchandise at wholesale prices. Defendants
18 primarily target Hispanic women across the United States for their unsolicited
19 telemarketing sales calls and employ telemarketers who conduct the calls in
20 Spanish. Promising brand-name merchandise that consumers can resell for a
21 profit in their communities and to friends and family, Defendants' telemarketers
22 convince consumers to pay between \$400 and \$490 for a cash-on-delivery
23 ("COD") shipment. Instead of the promised goods, Defendants send cheap, poor-
24 quality merchandise. If consumers call to complain, Defendants' representatives
25 tell them that the company made a mistake and will send another shipment
26 containing the promised brand-name merchandise, along with a refund check for
27 the first shipment, if the consumer pays between \$400 and \$490 for the next COD
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1 shipment. Consumers who pay for additional COD shipments receive only more
2 shoddy merchandise and no refunds. Defendants’ representatives often threaten
3 consumers who refuse to accept and pay for additional shipments with phony
4 lawsuits, fines, garnishment, and damage to their credit history. In some
5 instances, Defendants’ representatives also threaten consumers with arrest or
6 referral to immigration authorities.

7 14. Since 2009, Defendants Sami Charchian and John Charchian have
8 used various d/b/as, including Oro Marketing, Inc., Modo, Oro Max, Casa de Oro,
9 Casa de Moda, Oro Mundo, and Nation/Modo, to deceptively market and sell
10 their merchandise to consumers. After Defendant Cream Group was incorporated
11 in 2011, Defendants began using different d/b/as, including Terra Nova, TNT,
12 Inc., and CRM, Inc., to deceptively market and sell their merchandise to
13 consumers.

14 15. Defendants’ telemarketers typically first contact consumers by cold
15 calling them at home and offering them the chance to purchase a variety of
16 merchandise—often clothing, lingerie, purses, and perfumes—at deeply discounted
17 prices. Defendants’ telemarketers tell consumers that the merchandise is from
18 popular and well-known brands, including Abercrombie & Fitch, Aeropostale,
19 American Eagle, Armani, Banana Republic, Bebe, Bulgari, Carolina Herrera,
20 Chanel, Coach, Diesel, Dolce & Gabbana, GAP, Gucci, Guess, Hollister, Hugo
21 Boss, Lacoste, Levi Strauss, Luis Vuitton, Obsession, Prada, Ralph Lauren,
22 Tommy Hilfiger, Victoria’s Secret, and YSL. Defendants’ telemarketers claim
23 that consumers can purchase a shipment of such merchandise at a reduced
24 “wholesale” or discount price, and typically quote a price between \$400 and
25 \$490. Defendants’ telemarketers claim that consumers can use the merchandise
26 themselves or resell it for a profit in their communities and to their friends and
27 family.

1 quality and generic-brand or unlabeled merchandise and have failed to include a
2 refund check as promised. Defendants deceive some consumers into paying even
3 more money by continuing to make refund promises and instructing consumers to
4 make additional payments, typically for between \$400 and \$490. As before,
5 Defendants' subsequent shipments to these consumers contain only more poor-
6 quality and generic-brand or unlabeled merchandise and do not contain refund
7 checks.

8 20. In many instances, Defendants' representatives threaten or intimidate
9 consumers who refuse to accept and pay for additional shipments. Defendants'
10 representatives often tell these consumers that the company has filed or will file
11 lawsuits against them and provide a fake date and location for the hearing.
12 Defendants' representatives further tell consumers that they are required to appear
13 at a courthouse with two government-issued IDs, that they may be charged
14 thousands of dollars in fines and have their wages, bank accounts, or tax refunds
15 garnished if they do not appear for the hearing, and that their credit history will be
16 damaged if they refuse to pay more money. In some instances, Defendants'
17 representatives have threatened consumers with arrest or referral to immigration
18 authorities.

19 21. Defendants typically do not refund consumers' money. Consumers
20 who persist in attempting to obtain refunds from Defendants are ignored or told
21 they must first return the merchandise shipped in error using return labels that
22 Defendants will send only after consumers pay an additional amount of between
23 \$400 and \$490.

24 **VIOLATIONS OF THE FTC ACT**

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

1 23. Misrepresentations or deceptive omissions of material fact constitute
2 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

3 **COUNT I**

4 **Deceptive Representations in the Sale of Merchandise**

5 24. In numerous instances in connection with the advertising, marketing,
6 promotion, offering for sale, or sale of merchandise to consumers, Defendants
7 have represented, directly or indirectly, expressly or by implication, that
8 consumers who purchase merchandise from Defendants will receive well-known,
9 brand-name merchandise at low or wholesale prices.

10 25. In truth and in fact, in numerous instances in which Defendants have
11 made the representations set forth in Paragraph 24 of this Complaint, consumers
12 who purchase merchandise from Defendants do not receive well-known, brand-
13 name merchandise at low or wholesale prices.

14 26. Therefore, Defendants' representations as set forth in Paragraph 24
15 of this Complaint are false and misleading and constitute deceptive acts or
16 practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

17 **COUNT II**

18 **Deceptive Representations Regarding Refunds**

19 27. In numerous instances, in connection with the advertising,
20 marketing, promotion, offering for sale, or sale of merchandise to consumers,
21 Defendants have represented, directly or indirectly, expressly or by implication,
22 that consumers who pay for and accept receipt of additional shipments from
23 Defendants will receive the well-known, brand-name merchandise consumers
24 ordered, along with a refund of the amount they paid to Defendants.

25 28. In truth and fact, in numerous instances in which Defendants have
26 made the representations set forth in Paragraph 27 of this Complaint, consumers
27 who pay for and accept receipt of additional shipments from Defendants received
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1 cancellations, a statement informing the customer that this is the seller's policy.
2 16 C.F.R. § 310.3(a)(1)(iii).

3 35. The TSR prohibits sellers and telemarketers from making a false or
4 misleading statement to induce any person to pay for goods or services. 16
5 C.F.R. § 310.3(a)(4).

6 36. It is an abusive telemarketing act or practice, and a violation of the
7 TSR, for any seller or telemarketer to engage in the use of threats or intimidation.

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1 **RELIEF DEFENDANTS**

2 **COUNT VII**

3 **Unjust Enrichment from Ill-Gotten Gains**

4 46. Relief Defendants Spring Acres, LLC, and Bahareh Ramin have
5 received, directly or indirectly, funds or other assets from Defendants that are
6 traceable to funds obtained from Defendants' customers through the unlawful acts
7 and practices described in this First Amended Complaint.

8 47. Relief Defendants Spring Acres, LLC, and Bahareh Ramin are not
9 bona fide purchasers with legal or equitable title to Defendants' customers' funds
10 or other assets, and Relief Defendants Spring Acres, LLC, and Bahareh Ramin
11 will be unjustly enriched if they are not required to disgorge the funds or the value
12 of the benefits they received as a result of Defendants' unlawful acts or practices.

13 48. By reason of the foregoing, Relief Defendants Spring Acres, LLC,
14 and Bahareh Ramin hold funds or assets in constructive trust for the benefit of
15 Defendants' customers.

16 **CONSUMER INJURY**

17 49. Consumers have suffered and will continue to suffer substantial
18 injury as a result of Defendants' violations of the FTC Act and the TSR. In
19 addition, Defendants have been unjustly enriched as a result of their unlawful acts
20 or practices. Absent injunctive relief by this Court, Defendants are likely to
21 continue to injure consumers, reap unjust enrichment, and harm the public
22 interest.

23 **THIS COURT'S PMe to**
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1 other and additional relief as the Court may determine

2
3 Dated this 2 day of April, 2014.

4
5 Respectfu

6 JONATHAN
General C

7
8 CHARLE
Regional I

9 *Laura M. Ellis*

10 LAURA M.
JULIE K.
RAYMOND

11
12 ATTORN.
FEDERAL

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that on April 2, 2014, I electronically filed the FIRST
3 AMENDED COMPLAINT FOR PERMANENT INJUNCTION AND OTHER
4 EQUITABLE RELIEF, with the Clerk of the Court using the CM/ECF system,
5 which will send notification of such filing to the following:

6 Counsel for Plaintiff

7 Laura M. Solis
8 lsolis@ftc.gov

9 Julie K. Mayer
10 jmayer@ftc.gov

11 Raymond E. McKown
12 rmckown@ftc.gov

13 Counsel for the Receiver

14 Craig A. Welin
15 cwelin@frandzel.com
16 bwilson@frandzel.com, efilings@frandzel.com

17 Counsel for Defendant Sami Charchian

18 Stephen Gerard Larson
19 larsen.stephen@arentfox.com, gallegos.carole@arentfox.com,
20 michael.kowsari@arentfox.com, tatiboit.nana@arentfox.com

21 Counsel for Defendant John Charchian

22 Reza Sina
23 reza@sinalawgroup.com

24 Defendant Norma Rae Ramos

25 c/o William I. Rothbard, Esq.
26 bill@rothbardlaw.com

27 I further certify that I mailed the above-referenced documents and notice of
28 electronic filing by first-class mail to the following non-CM/ECF participant:

Defendant Norma Ramos

[REDACTED]
Valencia, California [REDACTED]

-e Tcfo ttI fon of Raymond 9I. Rot4e(Rot4e1t5No2Sam)6(cTjure(Rot4et)Twourtu4ing001s s)-5

Fátima, no me dieron el trabajo que te mencioné.

No tendré trabajo por algún tiempo...

Quizás yo pueda hacer algo para tener ingresos. Rocio está vendiendo juguetes. Le voy a preguntar.

Al otro día, Fátima visita su amiga Rocio.

¡Hola! ¿Estos son los juguetes que vas a vender?

Están lindos, ¿verdad? Aunque parece que algunos se rompieron en el envío.



Mira, una amiga de la iglesia empezó a ganar dinero en el primer mes.

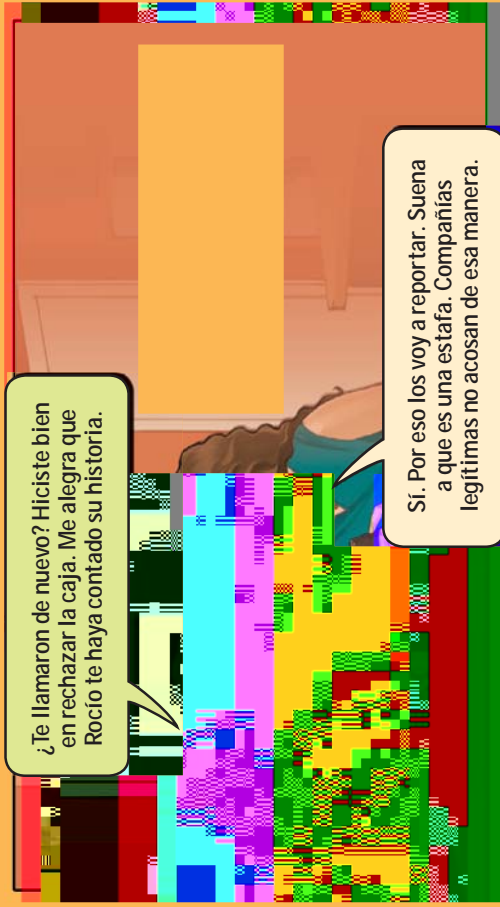
¡Es fácil!

Rocio no ha podido vender los juguetes ni ganar dinero. De hecho, está teniendo problemas con la compañía.



Señora, las instrucciones dicen que no le puedo dar el paquete hasta que pague. Lo siento, pero no lo puede inspeccionar.





fátima le dice no a una estafa de ingresos

Cuando un extraño te llama para venderte algo en español, está tratando de ganarse tu confianza para que le creas lo que te está diciendo. El hecho de que te hablen en tu idioma no significa que sean honestos.

Si recibes una llamada de un desconocido acerca de cómo ganar dinero desde tu casa, dile no, gracias —y cuelga el teléfono. En la vida real, los desconocidos no andan repartiendo oportunidades de ganar dinero. Si de verdad tienen una idea tan buena, ¿por qué no la están poniendo en práctica ellos?

No confíes en las compañías que te insistan para que primero les pagues por un envío con una transferencia de dinero o con un pago contra entrega antes de que puedas inspeccionar el contenido.

La intimidación y las amenazas de deportación o una demanda judicial para que pagues son una forma de acoso — y son prácticas ilegales. Las compañías legítimas no actúan de esa manera.

Reporta a las compañías que te pidan que pagues por sus errores. Si te dicen que la compañía cometió un error con tu orden de pedido y prometen enviarte un reembolso, espera a que te llegue el reembolso o el segundo envío con la orden de pedido correcta. Si no puedes verificar si te enviaron la orden de pedido correcta, no pagues dos veces.

No tienes que ser ciudadano estadounidense para tener derechos de ~~consum~~ *consum*