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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEDERAL TRADE COMMISSION, Plaintiff, v. 6555381 CANADA INC., a corporation also d/b/a Reed Publishing, and 3189651 CANADA INC., a corporation also d/b/a Reed Publishing, Defendants.	**Case No.** **COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF** 09C 3158

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

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, disgorgement of ill-gotten gains, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue is proper in this District under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b), (c), and (d).

THE PARTIES

4. 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 enforcing 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 is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief, including restitution and disgorgement, as may be appropriate in each case. 15 U.S.C. § 53(b).

5. Defendant 6555381 Canada Inc., which also does business as, among other names, Infolink, Infolink411, and Reed Publishing, and Defendant 3189651 Canada Inc., which also does business as, among other names, Infotel and Reed Publishing, (collectively referred to herein as "Reed Publishing"), are Canadian corporations with their registered offices located at 4810 Jean-Talon Street West, Suite 210, Montréal, Québec H4P 2N5. Reed Publishing transacts or has transacted business in the Northern District of Illinois and throughout the United States.

COMMERCE

6. 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' BUSINESS PRACTICES

7. Since as early as April of 2006, and continuing thereafter, Defendants have engaged in a plan, program, or campaign to deceptively sell business directory listings via telephone calls to businesses and other organizations (hereinafter "consumers") throughout the United States.

8. Defendants market their business directory listings by making unsolicited outbound telephone calls to United States consumers. Defendants use a variety of tactics to induce consumers to pay for a listing in their Internet directory. Typically, Defendants' telemarketers identify themselves to consumers as the local "yellow pages" company and tell consumers that they are calling to "verify" or "update" the business name, address and telephone number for the consumer's listing in Defendants' directory.

9. In numerous instances, consumers who receive Defendants' telemarketing calls proceed to verify the requested information, mistakenly believing that the consumer has previously been listed in Defendants' business directory or that someone else in the consumer's organization previously authorized or purchased the listing.

10. In numerous instances, once the consumer has confirmed the requested information, Defendants' telemarketers transfer the call to a verifier employed by Defendants, who again asks the consumer to verify the business name, address, and telephone number. In some instances, answers to these questions are recorded by Defendants, who later point to these recordings as evidence that consumers authorized their listings in Defendants' business directory.

11. Defendants follow up their telephone calls by mailing invoices to consumers. Defendants' invoices typically bill consumers $389.95 for a "Directory of American Business" plus an additional $14.50 for shipping and handling (for a total of $404.45). Defendants typically mail their invoices to the attention of the individual who took Defendants' telemarketing call.

12. In many instances, Defendants do not inform consumers that there will be any cost to the consumer associated with the directory listing.

13. In some instances, Defendants mail invoices to consumers who expressly stated during the telemarketing call that they are not interested in a directory listing, or that they are not authorized to order a directory listing.

14. In numerous instances, consumers investigate Defendants' invoices and discover that no one within the organization previously purchased or ordered a directory listing from Defendants and that Defendants have billed the consumer for a "new" purchase instead of a renewal.

15. When consumers contact Defendants to complain that they never ordered the directory listing and try to cancel, Defendants tell consumers that the individual who answered Defendants' telemarketing call ordered the listing. Defendants purport to have a recording of that individual ordering the directory listing, and Defendants tell consumers that the recording constitutes a binding oral contract. In some instances, Defendants play the purported authorization recordings for consumers. Based on these recordings, Defendants refuse to permit consumers to cancel the directory listings.

16. In numerous instances, consumers ignore or otherwise refuse to pay Defendants' invoices because the directory listings were never ordered or authorized by anyone in the consumers' organizations. In those cases, Defendants take a number of steps to attempt to induce consumers to pay. They make multiple collection calls and send repeated dunning notices. They also threaten to impose interest charges, to send accounts to collection and/or to damage consumers' credit ratings.

17. In numerous instances, consumers pay Defendants' invoices, either because they mistakenly believe that someone within the consumers' organization ordered the directory listing, or because they believe that paying the invoice will put an end to the harassing telephone calls and mailings from Defendants' collections department.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

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

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

COUNT I

20. In numerous instances, in connection with the offering for sale or sale of business directory listings, Defendants have represented to consumers, expressly or by implication, through, *inter alia*, telephone calls, that consumers have a preexisting business relationship with Defendants.

21. In truth and in fact, consumers typically do not have a preexisting business relationship with Defendants.

22. Therefore, Defendants' representation set forth in Paragraph 20 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

23. In numerous instances, in connection with the offering for sale or sale of business directory listings, Defendants have represented to consumers, expressly or by implication, through telephone calls, invoices, or collection letters, that consumers have agreed to purchase a listing in Defendants' business directory.

24. In truth and in fact, consumers have not agreed to purchase a listing in Defendants' business directory.

25. Therefore, Defendants' representation set forth in Paragraph 23 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 III

26. In numerous instances, in connection with the offering for sale or sale of business directory listings, Defendants have represented to consumers, expressly or by implication, through telephone calls, invoices, or collection letters, that consumers owe money to Defendants for a listing in Defendants' business directory.

27. In truth and in fact, consumers do not owe money to Defendants for a listing in Defendant's business directory.

28. Therefore, Defendants' representation set forth in Paragraph 26 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).

CONSUMER INJURY

29. Consumers in the United States have suffered, and continue to suffer, monetary losses 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, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

30. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers the Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of the FTC Act.

31. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including, but not limited to, rescission of contracts, restitution, and the disgorgement of ill-gotten gains, to prevent and 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. § 53(b), and the Court's own equitable powers, requests that the Court:

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, a temporary restraining order, a preliminary injunction, and an order freezing assets;

2. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;

3. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including, but not limited to, rescission or reformation of contracts, restitution, and the 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.

Respectfully submitted,
Willard K. Tom, General Counsel

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