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19 UNITED STATES DISTRICT COURT
20 CENTRAL DISTRICT OF CALIFORNIA

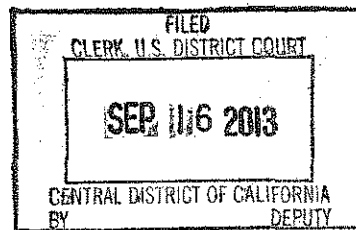
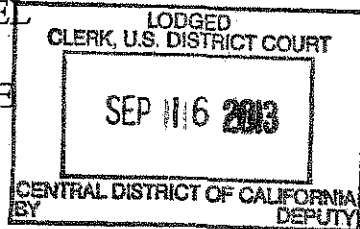
21 FEDERAL TRADE COMMISSION,

22 Plaintiff,

23 v.

24 APPLIED MARKETING SCIENCES,
25 LLC, a Nevada limited liability
26 company,

27 STANDARD REGISTRATION
28 CORPORATION, a Nevada corporation,
also d/b/a Consolidated Research
Authority and CRA,



Case No. **CV 13-06794** - CAS
(CWx)

Complaint for Permanent Injunction
and Other Equitable Relief
(Lodged Under Seal)

1 WORLDWIDE INFORMATION
2 SYSTEMS INCORPORATED, a
3 Nevada corporation, also d/b/a Specific
4 Monitoring Service, SMS, Specific
5 Reporting Service, SRS, Universal
6 Information Services, UIS, Compendium
7 Sampler Services and CSS, and

8 LIAM O. MORAN, individually and as
9 an owner, officer, or director of Applied
10 Marketing Sciences, LLC, Standard
11 Registration Corporation, and Worldwide
12 Information Systems Incorporated,

Defendants.

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

14 1. The FTC brings this action under Section 13(b) of the Federal
15 Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to obtain temporary,
16 preliminary, and permanent injunctive relief, rescission or reformation of contracts,
17 restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other
18 equitable relief for Defendants’ acts or practices in violation of Section 5(a) of the
19 FTC Act, 15 U.S.C. § 45(a).
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23 **JURISDICTION AND VENUE**

24 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§
25 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).
26

27 3. Venue is proper in this district under 28 U.S.C. § 1391(b)(1), (b)(2),
28

1 (c)(1), and (c)(2), and 15 U.S.C. § 53(b).

2 PLAINTIFF

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4 4. The FTC is an independent agency of the United States Government
5 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC
6 Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or
7 affecting commerce.
8

9 5. The FTC is authorized to initiate federal district court proceedings, by
10 its own attorneys, to enjoin violations of the FTC Act and to secure such equitable
11 relief as may be appropriate in each case, including rescission or reformation of
12 contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten
13 monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).
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16 DEFENDANTS

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18 6. Defendant Applied Marketing Sciences, LLC ("AMS") is a Nevada
19 limited liability company with its principal places of business at 3319 Telegraph
20 Road, Suite 109, Ventura, California 93113 and 1500 East Tropicana Avenue,
21 Suite 126, Las Vegas, Nevada, 89119. AMS transacts or has transacted business in
22 this district and throughout the United States and numerous other countries.
23

24 7. Defendant Standard Registration Corporation ("SRC"), also doing
25 business as Consolidated Research Authority and CRA, is a Nevada corporation
26 that has used mailing addresses at P.O. Box 98845, Las Vegas, Nevada, 89193, and
27
28

1 P.O. Box 60187 RPO Fraser, Vancouver, British Columbia, V5W4B5. SRC
2 transacts or has transacted business in this district and throughout the United States
3 and numerous other countries.
4

5 8. Defendant Worldwide Information Systems Incorporated ("WIS"),
6 also doing business as Specific Monitoring Service, SMS, Specific Reporting
7 Service, SRS, Universal Information Services, UIS, Compendium Sampler
8 Services, and CSS, is a Nevada corporation that has used mailing addresses at P.O.
9 Box 98849, Las Vegas, Nevada, 89193, P.O. Box 60187 RPO Fraser, Vancouver,
10 British Columbia, V5W4B5, 3875-A Telegraph Road, PMB 408, Ventura,
11 California 93003, and 2674 East Main Street, Suite E-450, Ventura, California,
12 93003-2829. WIS transacts or has transacted business in this district and
13 throughout the United States and numerous other countries.
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17 9. Defendant Liam O. Moran is the president, officer, director, or
18 managing member of AMS, SRC, and WIS. At all times material to this
19 Complaint, acting alone or in concert with others, he has formulated, directed,
20 controlled, had the authority to control, or participated in the acts and practices of
21 AMS, SRC, and WIS, including the acts and practices set forth in this Complaint.
22 Defendant Moran resides in this district and, in connection with the matters alleged
23 herein, transacts or has transacted business in this district and throughout the
24 United States and numerous other countries.
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1 10. Defendants AMS, SRC, and WIS (collectively, "Corporate
2 Defendants") have operated as a common enterprise while engaging in the
3 deceptive acts and practices alleged below. Defendants have conducted the
4 business practices described below through an interrelated network of companies
5 that have common ownership, officers, managers, business functions, and
6 employees, and that have commingled funds and engaged in a common scheme.
7
8 Because these Corporate Defendants have operated as a common enterprise, each
9 of them is jointly and severally liable for the acts and practices alleged below.
10
11 Defendant Moran has formulated, directed, controlled, had the authority to control,
12 or participated in the acts and practices of the Corporate Defendants that constitute
13 the common enterprise.
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16 COMMERCE

17 11. At all times material to this Complaint, Defendants have maintained a
18 substantial course of trade in or affecting commerce, as "commerce" is defined in
19 Section 4 of the FTC Act, 15 U.S.C. § 44.
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22 DEFENDANTS' BUSINESS PRACTICES

23 12. Since at least 2006, Defendants have operated a prize promotion
24 scheme that targets consumers in the United States, Canada, The United Kingdom,
25 and numerous other countries around the world. As part of that scheme,
26 Defendants have distributed mass mailings designed to induce consumers to send
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1 money to Defendants, purportedly to enable consumers to collect a large cash prize
2 they supposedly have won.

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4 13. In perpetrating their scheme, Defendants send personalized letters to
5 consumers informing them that they have won a substantial cash prize, typically
6 more than \$2 million dollars. Although Defendants have used many versions of
7 these letters, the letters always prominently feature the amount the consumer
8 purportedly has won. That amount often will appear at the top of the letter, in
9 large, bold print.
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12 14. Defendants' letters indicate that in order to collect the prize money,
13 consumers must send Defendants a fee, usually ranging between \$20.00 and
14 \$30.00 U.S. dollars—or the equivalent amount in a foreign currency—by cash,
15 check, or money order. Defendants' letters also include a short form that
16 consumers are instructed to complete, sign, and return with their payment. This
17 form typically is captioned: "Approval Acceptance Form," "Right of Legal
18 Registration," "Final Acceptance," or "Delivery Information." Defendants'
19 mailings also contain an unstamped return envelope addressed to one of
20 Defendants' post office boxes, and consumers are instructed to use that envelope in
21 making their payment.
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26 15. To create the impression that consumers have won and will receive a
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1 substantial cash prize, Defendants' letters typically represent that consumers have
2 been specially selected to receive the mailing and the prize. Examples of
3 statements in the letters include: "Over TWO MILLION DOLLARS in
4 sweepstakes has been reserved for you," and "Notification is verified and not a
5 mistake – PREPARED FOR [Jane Doe]."
6

7
8 16. Defendants' letters also often indicate that the recipients are
9 "guaranteed" to receive the prize money without delay as long as they return the
10 form and pay Defendants the specified fee.
11

12 17. Defendants attempt to create a sense of urgency by suggesting that
13 consumers have a limited amount of time to claim the prize money or it will be
14 forfeited. For example, the letters typically indicate that the offer is "extremely
15 time-sensitive" or "urgent." Some letters state that the deadlines "are strictly
16 enforced," and thus an "immediate response is required."
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19 18. Only in dense, confusing language, often at the bottom or on the back
20 of the letters, are consumers told either that they have not won anything or that
21 Defendants do not sponsor sweepstakes at all. This language typically states that
22 Defendants only compile a report for consumers about available sweepstakes and
23 contests. Given the location, and content of this language, it does not adequately
24 inform consumers that they have not won a substantial cash prize.
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1 19. In numerous instances, Defendants' personalized letters have led
2 consumers to believe that they have won a substantial cash prize and that they must
3 pay the requested fee in order to receive their prize. As a result, many consumers
4 have sent Defendants the fee requested in Defendants' mailings. Some consumers
5 have even sent Defendants this fee more than once.
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8 20. None of the consumers who have paid Defendants' fee have received
9 the substantial cash prize promised in Defendants' mailings. In fact, most
10 consumers have received nothing at all from Defendants, not even the report of
11 available sweepstakes and contests Defendants purportedly compile for consumers.
12

13 21. Once they have paid Defendants' fee, many consumers then receive
14 additional letters from Defendants soliciting additional fees, purportedly to collect
15 other sweepstakes winnings.
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17 22. Over the past two years, Defendants have sent more than 3.7 million
18 of their sweepstakes letters from the United States to consumers throughout the
19 world. During the first half of 2013 alone, Defendants sent nearly 800,000 letters
20 to consumers in 156 countries around the world.
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22 23. Since 2009, Defendants have collected over \$9 million from
23 consumers in connection with their sweepstakes operation.
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26 VIOLATIONS OF THE FTC ACT

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

2 25. Misrepresentations or deceptive omissions of material fact constitute
3 deceptive acts or practices prohibited by Section 5(a) of the FTC Act.
4

5 **Count I**

6 26. In numerous instances, in connection with the advertising, marketing,
7 promotion, offering for sale, or sale of sweepstakes information, Defendants have
8 represented, directly or indirectly, expressly or by implication, that consumers who
9 pay Defendants a specified fee will receive a substantial cash prize.
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12 27. In truth and in fact, consumers who pay Defendants the specified fee
13 do not receive a substantial cash prize.
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15 28. Therefore, Defendants’ representation as set forth in Paragraph 26 of
16 this Complaint is false and misleading and constitutes a deceptive act or practice in
17 violation of Section 5(a) of the FTC Act, 15 U.S.C. §45(a).
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19 **CONSUMER INJURY**

20 29. Consumers have suffered and will continue to suffer substantial injury
21 as a result of Defendants’ violations of the FTC Act. In addition, Defendants have
22 been unjustly enriched as a result of their unlawful acts or practices. Absent
23 injunctive relief by this Court, Defendants are likely to continue to injure
24 consumers, reap unjust enrichment, and harm the public interest.
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THIS COURT'S POWER TO GRANT RELIEF

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30. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, 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:

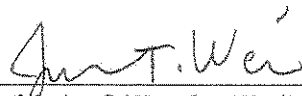
- a. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions, an order freezing assets, an appointment of a receiver, and immediate access;
- b. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;

- 1 c. Award such relief as the Court finds necessary to redress injury to
2 consumers resulting from Defendants' violations of the FTC Act,
3 including, but not limited to, rescission or reformation of contracts,
4 restitution, the refund of monies paid, and the disgorgement of ill-
5 gotten monies; and
6
7
8 d. Award Plaintiff the costs of bringing this action, as well as such
9 other and additional relief as the Court may determine to be just
10 and proper.
11

12 Respectfully submitted,

13 Jonathan E. Nuechterlein
14 General Counsel

15 Dated: September 16, 2013


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