

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RECEIVED

FEB 10 2003

Case No. MICHAEL W. DUBOIS
CLERK, U.S. DISTRICT COURT

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

STF GROUP INC., a Canadian corporation; STF GROUP,
a Canadian general partnership; STF GROUP
(BURLINGTON), a Canadian general partnership; STF
GROUP (NEWMARKET), a Canadian general
partnership; START TO FINISH CONSULTING GROUP,
INC., a Canadian corporation; START TO FINISH
CONSULTING GROUP, a Canadian general partnership;
START TO FINISH MARKETING, INC., a Canadian
corporation, 1363883 ONTARIO LIMITED., a Canadian
corporation, d/b/a STF CONSOLIDATED; Q PROMPT,
INC., a Canadian corporation; 487948 ONTARIO
LIMITED, a Canadian corporation;

1363942 ONTARIO LIMITED, a Canadian corporation,
d/b/a NATIONAL CREDIT CARD SECURITY CENTRE;
KORN LAND CORPORATION, a Texas corporation,
d/b/a NATIONAL CREDIT CARD SECURITY;

MED PLAN, INC., a Delaware corporation, and d/b/a
FIRST MED, INC.; MEDICAL DISCOUNT INC., a
Delaware corporation; MEDPLAN BURLINGTON, a
Canadian general partnership; MEDPLAN
MISSISSAUGA, a Canadian general partnership;
MEDPLAN NEWMARKET, a Canadian general
partnership; MEDPLAN NORTH YORK, a Canadian
general partnership; MEDPLAN SCOLLARD, a Canadian
general partnership; CHEMBE MANAGEMENT, INC., a
Canadian corporation, d/b/a MEDPLAN
SCARBOROUGH; GREAT SAILING MANAGEMENT
INC., a Canadian corporation; THUNDERCHILD
CONSULTING INC., a Canadian corporation; SMAKK
CONSULTING INC., a Canadian corporation; GTCQ,
INC., a Canadian corporation; GLOBAL DISCOUNT
HEALTHCARE BENEFITS, a Canadian partnership, and
d/b/a GLOBAL DISCOUNT HEALTHCARE BENEFITS,
INC. and FIRST MED, INC.,

03C 0977

JUDGE ZAGEL

MAGISTRATE JUDGE BOB...

1108114 ONTARIO INC., a Canadian corporation;
1349927 ONTARIO INC., a Canadian corporation;
ALEX KORN, individually and as an officer and director
of defendant corporations;
ALLAN SHIELL, individually and as an officer and
director of defendant corporations;
SEAN ZAICHICK, individually and as an officer and
director of defendant corporations; and
JULIAN SHIELL, individually and as an officer and
director of defendant corporations,
CHRIS QUILLIAM, individually and as an officer and
director of defendant corporations,
NICHOLAS BRIDGES, individually and as an officer
and director of defendant corporations,
Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

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

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 *et seq.*, to obtain injunctive relief, rescission or reformation of contracts, restitution, disgorgement, and other equitable relief for defendants' unfair and deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Telemarketing Sales Rule 16 C.F.R. Part 310.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b). Venue in the United States District Court for the Northern District of Illinois is proper under 28 U.S.C. § 1391(b), (c), and (d) and 15 U.S.C. §§ 53(b) and 6103(e).

PLAINTIFF

3. Plaintiff, FTC, is an independent agency of the United States Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of 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 also enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive or abusive telemarketing acts or practices. The Commission is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR, to secure such equitable relief as may be appropriate in each case, and to obtain consumer redress. 15 U.S.C. §§ 53(b), 57b, 6102(c), and 6105(b).

DEFENDANTS

4. Defendant STF Group, Inc. is incorporated and its principal place of business is in Ontario, Canada. STF Group, Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

5. Defendant STF Group is a Canadian general partnership and its principal place of business is in Ontario, Canada. STF Group transacts or has transacted business in the Northern District of Illinois and throughout the United States.

6. Defendant STF Group (Burlington) is a Canadian general partnership and its principal place of business is in Ontario, Canada. STF Group (Burlington) transacts or has

transacted business in the Northern District of Illinois and throughout the United States.

7. Defendant STF Group (Newmarket) is a Canadian general partnership and its principal place of business is in Ontario, Canada. STF Group (Newmarket) transacts or has transacted business in the Northern District of Illinois and throughout the United States.

8. Defendant Start to Finish Consulting Group, Inc. is incorporated and its principal place of business is in Ontario, Canada. Start to Finish Consulting Group, Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

9. Defendant Start to Finish Consulting Group is a Canadian general partnership and its principal place of business is in Ontario, Canada. Start to Finish Consulting Group transacts or has transacted business in the Northern District of Illinois and throughout the United States.

10. Defendant Start to Finish Marketing Group, Inc. is incorporated and its principal place of business is in Ontario, Canada. Start to Finish Consulting Group, Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

11. Defendant 1363883 Ontario Limited d/b/a STF Consolidated is incorporated and its principal place of business is in Ontario, Canada. 1363883 Ontario Limited d/b/a STF Consolidated transacts or has transacted business in the Northern District of Illinois and throughout the United States.

12. Defendant Q-Prompt Inc. is incorporated and its principal place of business is in Ontario, Canada. Q-Prompt Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

13. Defendant 487948 Ontario Limited is incorporated and its principal place of business is in Ontario, Canada. 487948 Ontario Limited transacts or has transacted business in the Northern District of Illinois and throughout the United States.

14. Defendant 1363942 Ontario Limited d/b/a National Credit Card Security Centre is incorporated and its principal place of business is in Ontario, Canada. 1363942 Ontario Limited d/b/a National Credit Card Security Centre transacts or has transacted business in the Northern District of Illinois and throughout the United States.

15. Defendant Korn Land Corporation d/b/a National Credit Card Security is incorporated in Texas and its principal place of business is in Ontario Canada. Korn Land Corporation d/b/a National Credit Card Security transacts or has transacted business in the Northern District of Illinois and throughout the United States.

16. Defendant Med Plan, Inc., d/b/a First Med, Inc., is incorporated in Delaware and its principal place of business is in Ontario, Canada. Med Plan, Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

17. Defendant Medical Discount Inc. is incorporated in Delaware, and its principal place of business is in Ontario, Canada. Medical Discount Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

18. Defendant Medplan Burlington is a Canadian general partnership and its principal place of business is in Ontario. Medplan Burlington transacts or has transacted business in the Northern District of Illinois and throughout the United States.

19. Defendant Medplan Mississauga is a Canadian general partnership and its principal place of business is in Ontario. Medplan Mississauga transacts or has transacted business in the Northern District of Illinois and throughout the United States.

20. Defendant Medplan Newmarket is a Canadian general partnership and its principal place of business is in Ontario. Medplan Newmarket transacts or has transacted business in the Northern District of Illinois and throughout the United States.

21. Defendant Medplan North York is a Canadian general partnership and its principal place of business is in Ontario. Medplan North York transacts or has transacted business in the Northern District of Illinois and throughout the United States.

22. Defendant Medplan Scollard is a Canadian general partnership and its principal place of business is in Ontario. Medplan Scollard transacts or has transacted business in the Northern District of Illinois and throughout the United States.

23. Defendant Chembe Management Inc. d/b/a Medplan Scarborough is incorporated and its principal place of business is in Ontario, Canada. Chembe Management Inc. d/b/a Medplan Scarborough transacts or has transacted business in the Northern District of Illinois and throughout the United States.

24. Defendant Great Sailing Management is incorporated and its principal place of business is in Ontario, Canada. Great Sailing Management transacts or has transacted business in the Northern District of Illinois and throughout the United States.

25. Defendant Thunderchild Consulting Inc. is incorporated and its principal place of business is in Ontario, Canada. Thunderchild Consulting Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

26. Defendant SMAKK Consulting Inc. is incorporated and its principal place of business is in Ontario, Canada. SMAKK Consulting Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

27. Defendant GTCQ Inc. is incorporated and its principal place of business is in Ontario, Canada. GTCQ Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

28. Defendant Global Discount Healthcare Benefits, d/b/a Global Discount

Healthcare Benefits, Inc. and First Med, Inc., is a Canadian general partnership and its principal place of business is in Ontario. Global Discount Healthcare Benefits, d/b/a Global Discount Healthcare Benefits, Inc. and First Med, Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

29. Defendant 1108114 Ontario Inc. is incorporated and its principal place of business is in Ontario, Canada. 1108114 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

30. Defendant 1349927 Ontario Inc. is incorporated and its principal place of business is in Ontario, Canada. 1349927 Ontario Inc. transacts or has transacted business in the Northern District of Illinois and throughout the United States.

31. Defendant Alex Korn is an officer and director of the corporate defendants. Mr. Korn is a citizen and resident of Ontario, Canada. At all times relevant to this complaint, acting alone or in concert with others, Mr. Korn has participated directly in, or has had authority to control the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint.

32. Defendant Allan Shiell is an officer and director of the corporate defendants. Allan Shiell is a citizen and resident of Ontario, Canada. At all times relevant to this complaint, acting alone or in concert with others, Allan Shiell has participated directly in, or has had authority to control the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint.

33. Defendant Sean Zaichick is an officer and director of the corporate defendants. At all times relevant to this complaint, acting alone or in concert with others, Mr. Zaichick has participated directly in, or has had authority to control the acts and practices of the corporate

defendants, including the acts and practices set forth in this complaint.

34. Defendant Julian Shiell is an officer and director of the corporate defendants.

Julian Shiell is a citizen and resident of Ontario, Canada. At all times relevant to this complaint, acting alone or in concert with others, Julian Shiell has participated directly in, or has had authority to control the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint.

35. Defendant Chris Quilliam is an officer and director of the corporate defendants.

Chris Quilliam is a citizen and resident of Ontario, Canada. At all times relevant to this complaint, acting alone or in concert with others, Chris Quilliam has participated directly in, or has had authority to control the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint.

36. Defendant Nicholas Bridges is an officer and director of the corporate defendants.

Nicholas Bridges is a citizen and resident of Ontario, Canada. At all times relevant to this complaint, acting alone or in concert with others, Nicholas Bridges has participated directly in, or has had authority to control the acts and practices of the corporate defendants, including the acts and practices set forth in this complaint.

COMMERCE

37. 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

38. Since at least 2000, and continuing thereafter until at least 2001, defendants STF Group, Inc., STF Group, STF Group (Burlington), STF Group (Newmarket), Start to Finish

Consulting Group, Inc., Start to Finish Consulting Group, 1363883 Ontario Limited d/b/a STF Consolidated, Q-Prompt Inc. and 487948 Ontario Limited (collectively, the "STF Defendants"); 1363942 Ontario Limited d/b/a National Credit Card Security Centre, and Korn Land Corporation d/b/a National Credit Card Security (collectively, the "NCCS Defendants"); Alex Korn, Allan Shiell, Sean Zaichick and Julian Shiell have deceptively telemarketed credit card protection services to consumers throughout the United States.

39. To convince consumers to purchase credit card protection services, defendants have represented, either expressly or by implication, that defendants are calling from, or are affiliated with, legitimate credit card companies, such as Visa, Mastercard, or the bank issuing the consumer's credit card.

40. During telephone solicitations, defendants have told consumers that consumers need to purchase defendants' credit card protection service because consumers are not currently protected against unauthorized use of their credit card accounts. Defendants have claimed that, if a consumer's credit card number is stolen or misappropriated, a consumer can be held liable for all unauthorized charges to the consumer's credit card account.

41. During these telephone solicitations, defendants never tell consumers that they do not need such protection. Under Section 226.12(b) of Regulation Z, 12 C.F.R. § 226.12(b), and Section 133 of the Truth in Lending Act, 15 U.S.C. § 1643, a consumer cannot be held liable for more than \$50 for any unauthorized charges to a credit card account.

42. Defendants have claimed that purchase of their credit card protection service protects consumers from liability for unauthorized credit card charges.

43. Defendants have persuaded consumers to divulge their credit card numbers by stating that they already know the numbers but need verification.

