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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEDERAL TRADE COMMISSION, Plaintiff, v. MODERN TECHNOLOGY INC., a Wyoming corporation, also doing business as ONLINE LOCAL YELLOW PAGES, STRATEGIC ADVERTISEMENT LTD., a Wyoming corporation, also doing business as LOCAL BUSINESS YELLOW PAGES, DYNAMIC AD CORP., a Wyoming corporation, also doing business as YELLOW NATIONAL DIRECTORY and YELLOWPAGES LOCAL DIRECTORY, WISETAK INC., a Nevada corporation, also doing business as ONLINE PUBLIC YELLOW PAGES and US PUBLIC YELLOW PAGES, WISETAK, INC., a Nevada corporation, also doing business as ONLINE PUBLIC YELLOW PAGES and US PUBLIC YELLOW PAGES, INTERNET SOLUTIONS, LLC, a Wyoming limited liability company, also doing business as PUBLIC YELLOW PAGES, YELLOW PAGES EXPRESS INC., a New York corporation, also doing business as YELLOW PAGES EXPRESS, YELLOW PAGES ONLINE INC., a Delaware corporation, also doing business as YELLOW PAGES ONLINE, CESSTECH INC., a Delaware corporation, also doing business as YELLOW US PAGES,	)	Case No. 13cv8257 Judge Virginia M. Kendall Magistrate Jeffrey T. Gilbert

SEO ONLINE INC., a Delaware corporation, also doing business as YELLOW LOCAL DIRECTORY,)

CC RECOVERY CORPORATION, a Delaware corporation, also doing business as CC RECOVERY,)

M&A RECOVERY INC., a Wyoming corporation, also doing business as MA RECOVERY,)

SEO ONLINE, LLC, a Vermont limited liability company,)

SEOONLINE, a Nevada corporation, also doing business as PUBLIC YELLOW PAGES,)

SEM PUNDITS INC., a Nevada corporation, also doing business as YELLOW PAGES ONLINE,)

MOHAMAD KHALED KADDOURA, also known as KAL, individually and as owner and officer of SEOONLINE,)

DEREK CESSFORD, individually and as owner and officer of CESSTECH INC. and SEOONLINE,)

AARON KIRBY, individually and as owner and officer of SEO ONLINE, LLC,)

Defendants.)

COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC"), 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 obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement

of ill-gotten monies, 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 subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

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

PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces 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.

5. The FTC 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 as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b) and 56(a)(2)(A).

DEFENDANTS

6. Defendant Modern Technology Inc., also doing business as Online Local Yellow Pages ("Modern Technology"), is a Wyoming corporation with its registered address at 1712 Pioneer Avenue, Suite 100, Cheyenne, Wyoming 82001. Modern Technology transacts or has transacted business in this district and throughout the United States.

7. Strategic Advertisement Ltd., also doing business as Local Business Yellow Pages ("Strategic Advertisement"), is a Wyoming corporation with its registered address at 1712

Pioneer Avenue, Suite 100, Cheyenne, Wyoming 82001. Strategic Advertisement transacts or has transacted business in this district and throughout the United States.

8. Dynamic Ad Corp., also doing business as Yellow National Directory and Yellowpages Local Directory ("Dynamic Ad"), is a Wyoming corporation with its registered address at 2710 Thomes Avenue, Cheyenne, Wyoming 82001. Dynamic Ad transacts or has transacted business in this district and throughout the United States.

9. Wisetak Inc., also doing business as Online Public Yellow Pages and US Public Yellow Pages, is a Nevada corporation with its registered address at 3050 Sirius Avenue, Suite 103, Las Vegas, Nevada 89102. Wisetak Inc. transacts or has transacted business in this district and throughout the United States.

10. Wisetak, Inc., also doing business as Online Public Yellow Pages and US Public Yellow Pages, is a Nevada corporation with its registered address at 3920 West Charleston Boulevard, Suite J, Las Vegas, Nevada 89102. Wisetak, Inc. transacts or has transacted business in this district and throughout the United States.

11. Internet Solutions, LLC, also doing business as Public Yellow Pages ("Internet Solutions"), is a Wyoming limited liability company with its registered address at 2710 Thomes Avenue, Cheyenne, Wyoming 82001. Internet Solutions transacts or has transacted business in this district and throughout the United States.

12. Yellow Pages Express Inc., also doing business as Yellow Pages Express ("Yellow Pages Express"), is a New York corporation with its registered address at 1176 State Route 9, Suite 317, Champlain, New York 12919. Yellow Pages Express transacts or has transacted business in this district and throughout the United States.

13. Yellow Pages Online Inc., also doing business as Yellow Pages Online ("Yellow Pages Online"), is a Delaware corporation with its registered address at Trolley Square, Suite 20C, Wilmington, Delaware 19806. Yellow Pages Online transacts or has transacted business in this district and throughout the United States.

14. Cesstech Inc., also doing business as Yellow US Pages ("Cesstech"), is a Delaware corporation with its registered address at 10 Cheswold Boulevard, #1D, Newark, Delaware 19713. Cesstech transacts or has transacted business in this district and throughout the United States.

15. SEO Online Inc., also doing business as Yellow Local Directory, is a Delaware corporation with its registered address at Trolley Square, Suite 20C, Wilmington, Delaware 19806. SEO Online Inc. transacts or has transacted business in this district and throughout the United States.

16. CC Recovery Corporation, also doing business as CC Recovery ("CC Recovery"), is a Delaware corporation with its registered address at Trolley Square, Suite 20C, Wilmington, Delaware 19806. CC Recovery transacts or has transacted business in this district and throughout the United States.

17. M&A Recovery Inc., also doing business as MA Recovery ("M&A Recovery"), is a Wyoming corporation with its registered address at 1712 Pioneer Avenue, Suite 101, Cheyenne, Wyoming 82001. MA Recovery transacts or has transacted business in this district and throughout the United States.

18. SEO Online, LLC, is a Vermont limited liability company with its registered address at 180 Martell Road, Suite 2, Alburgh, Vermont 05440. SEO Online, LLC transacts or has transacted business in this district and throughout the United States.

19. SEOOnline is a Nevada corporation with its registered address at 3050 Sirius Avenue, Suite 103, Las Vegas, Nevada 89102. SEOOnline transacts or has transacted business in this district and throughout the United States.

20. SEM Pundits Inc., also doing business as Yellow Pages Online ("SEM Pundits"), is a Nevada corporation with its registered address at 3920 West Charleston Boulevard, Suite J, Las Vegas, Nevada 89102. SEM Pundits transacts or has transacted business in this district and throughout the United States.

21. Mohamad Khaled Kaddoura, also known as "Kal," is or has been an owner, officer, or director of SEOOnline. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Kaddoura, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States. Among other things, Defendant Kaddoura has owned or operated Defendants' telephone calling operations, has controlled the processing of payments from consumers victimized by Defendants' practices, and has controlled the sending of Defendants' invoices to consumers.

22. Derek Cessford is or has been an owner, officer, or director of Cesstech Inc. and SEOOnline. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Cessford, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States. Among other things, Defendant Cessford has controlled Defendants' relationships with payment

processors, and he also has controlled one or more bank accounts into which Defendants have received payments from consumers victimized by Defendants' practices.

23. Aaron Kirby is or has been an owner, officer, or director of SEO Online, LLC. At times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices set forth in this Complaint. Defendant Kirby, in connection with the matters alleged herein, transacts or has transacted business in this district and throughout the United States. Among other things, Defendant Kirby has owned or operated Defendants' telephone calling operations and has controlled one or more bank accounts into which Defendants have received payments from consumers victimized by Defendants' practices.

24. Defendants Modern Technology, Strategic Advertisement, Dynamic Ad, Wisetak Inc., Wisetak, Inc., Internet Solutions, Yellow Pages Express, Yellow Pages Online, Cesstech, SEO Online Inc., CC Recovery, M&A Recovery, SEO Online, LLC, SEOOnline, and SEM Pundits (collectively, "Corporate Defendants") have operated as a common enterprise while engaging in the deceptive acts and practices alleged below. Defendants have conducted the business practices described below through an interrelated network of companies that have common officers, managers, business functions, employees, and office locations, and that have commingled funds. Because these Corporate Defendants have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Defendants Kaddoura, Cessford, and Kirby have formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendants that constitute the common enterprise.

COMMERCE

25. At all times material 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 ACTIVITIES

26. Since at least 2011, Defendants have engaged in a plan, program, or campaign to deceptively sell listings in their Internet business directories throughout the United States. Consumers targeted by Defendants' scheme have included small businesses, doctors and dentists' offices, and churches (hereinafter, "consumers"). Defendants' scheme has generated more than 5000 consumer complaints and has caused several million dollars of consumer loss.

27. Defendants market listings in their business directories by making unsolicited outbound telephone calls to United States consumers. Typically, Defendants' representatives tell consumers that they are calling to "confirm" or "verify" the business name, address and telephone number for the consumers' listing in Defendants' yellow pages directory. Defendants represent, expressly or by implication, that the consumer previously was listed or already is listed in Defendants' business directory.

28. Based on Defendants' representations, many consumers reasonably believe that they previously have been listed or already are listed in Defendants' business directory. Also based on Defendants' representations, many consumers reasonably believe that someone else in their organizations previously authorized or purchased the listing and that the consumers merely are verifying their contact information for that already authorized or purchased listing.

29. Some consumers inform Defendants' representatives that they do not want a listing in Defendants' business directory, or request that any such listing be cancelled. In these

cases, Defendants' representatives inform consumers that in order to cancel the listing, the consumers must confirm their contact information. In other cases, Defendants' representatives tell consumers that they are calling in response to the consumer's prior request to cancel a directory listing, and the representatives sometimes even identify a specific employee or manager of the business as the person who requested the cancellation. Defendants' representatives then tell consumers that, to confirm the cancellation, the consumers must confirm their contact information.

30. Defendants' representatives then transfer consumers who have agreed to confirm their information to a verifier employed by Defendants, who asks the consumer to verify the consumers' business name, address, and telephone number.

31. Many consumers proceed to confirm their contact information. Defendants record consumers' responses and later use these recordings to convince consumers to pay for listings in Defendants' business directory.

32. After these telephone calls, Defendants mail invoices to consumers. The invoices deceptively display the well-known image of two walking fingers, a symbol frequently associated with a local yellow pages directory. Defendants' invoices typically bill consumers $499.99 or more for a listing in Defendants' business directory. Defendants typically mail or fax their invoices to the attention of the individual who took Defendants' initial telephone call.

33. Defendants often mail invoices to consumers who expressly stated during the initial telephone call that they did not want to order a directory listing, or that they were not authorized to order a directory listing.

34. Defendants also often mail invoices to consumers who informed Defendants that they merely wanted to cancel any directory listing, despite Defendants' representation, during the

call, that consumers were merely verifying their contact information for purposes of canceling any listing in Defendants' business directory.

35. Upon receiving Defendants' invoices, many consumers who have not contracted for Defendants' listing services pay Defendants because of Defendants' representations that someone in their organization agreed to pay for a listing in Defendants' business directory.

36. In numerous instances, however, consumers investigate Defendants' invoices and discover that no one within the organization previously purchased or ordered a directory listing from Defendants. Rather, many consumers discover that someone within their organization either merely confirmed their contact information to Defendants or affirmatively stated that they did not wish to or were not authorized to purchase a listing in Defendants' business directory.

37. Many consumers contact Defendants to complain that they never ordered the business directory listing. Defendants tell these consumers that the individual who took Defendants' call ordered the listing. Defendants purport to have a recording of that individual ordering the business 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. These recordings, however, exclude the misrepresentations made during the initial telephone call or otherwise are taken out of context. Defendants use these recordings to represent to consumers that their organization is obligated to pay Defendants' invoices.

38. In numerous instances, consumers ignore or otherwise refuse to pay Defendants' invoices because the business directory listing was never ordered or authorized by anyone in the consumer's organization. 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.

These notices frequently add interest charges, administration fees, and even legal fees to the original price for the listing in Defendants' business directory. Defendants also threaten to send consumers' accounts to collection, to damage consumers' credit ratings, and even to initiate legal proceedings against the consumer.

39. Defendants have formed debt collection companies, Defendants CC Recovery and M&A Recovery, to lead consumers to believe that Defendants have referred their accounts to third parties for collection. These companies continue to threaten consumers who refuse to pay Defendants' invoices.

40. Many consumers pay in response to Defendants' aggressive collection tactics and threats. Some consumers know they did not order and do not want a listing in Defendants' business directory, but still pay Defendants to protect their credit ratings or to avoid being sued. Others feel trapped by Defendants' verification recordings, and still others believe that paying Defendants will put an end to the harassing telephone calls and mailings from Defendants' collections department.

41. In some instances, Defendants induce consumers to pay their invoices with the promise that they will no longer contact consumers after payment, and that the accounts of those consumers who do pay will be closed. Based on these promises, some consumers pay Defendants. Nevertheless, in some instances, Defendants continue to bill consumers even after consumers pay for listings in Defendants' business directory.

VIOLATIONS OF THE FTC ACT

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

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

COUNT I

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

45. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 44 of this Complaint, consumers do not have a preexisting business relationship with Defendants.

46. Therefore, Defendants' representation as set forth in Paragraph 44 of this Complaint 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

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

48. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 47 of this Complaint, consumers have not agreed to purchase a listing in Defendants' business directory.

49. Therefore, Defendants' representation as set forth in Paragraph 47 of this Complaint 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

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

51. In truth and in fact, in numerous instances in which Defendants have made the representation set forth in Paragraph 50 of this Complaint, consumers do not owe money to Defendants for a listing in Defendants' business directory.

52. Therefore, Defendants' representation as set forth in Paragraph 50 of this Complaint 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

53. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or 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

54. 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 and an order freezing assets;

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

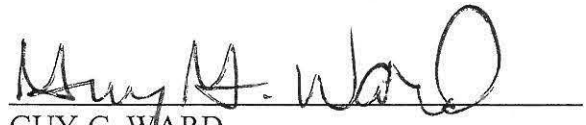
C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. 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,

JONATHAN E. NUECHTERLEIN
General Counsel

Dated: November 18, 2013



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