

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Case No. 03-CV-00021-RMC

MOUNTAIN VIEW SYSTEMS, LTD.;
WHEELIE INTERNATIONAL LIMITED;
ALADDIN TRAVEL INC. doing business as
Aladdin Financial Management and University
Systems;
S.C. HYACINTH S.R.L.;
JASON MATTHIEU ABRAHAM, also known as
Yaakov Abraham;
CAROLINE SHALLON, also known as Caroline
Abraham also known as Chaya Rochel Abraham;
CHARLES FOGEL also known as Charlie Lewis;

Defendants.

SECOND AMENDED COMPLAINT
FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff Federal Trade Commission ("Commission"), by its undersigned attorneys, for its complaint alleges:

1. The Commission brings this action under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to secure preliminary and permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for defendant(s)' deceptive and unfair acts and 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 over Plaintiff's claims pursuant to 28 U.S.C. §§ 1331(a), 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

3. Venue in the District of the District of Columbia is proper under 28 U.S.C. § 1391(d) and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff Federal Trade Commission is an independent agency of the United States government created by the FTC Act, 15 U.S.C. §§ 41-58. The Commission enforces the FTC Act, 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 as is appropriate in each case, including restitution and disgorgement. 15 U.S.C. § 53(b).

DEFENDANTS

5. Defendant Mountain View Systems, Ltd. is an Israeli company with its principal place of business at 89 Rechov Mea Shearim, Jerusalem, Israel.

6. Defendant Whoolie International Limited is an Bahamian company with its principal place of business at 89 Rechov Mea Shearim, Jerusalem, Israel and registered office in Nassau, Bahamas.

7. Defendant Aladdin Travel, Inc. is a North Carolina company with its principal place of business at 3305 Durham Drive, Suite 111, Raleigh, North Carolina and registered office at 1308 Claymore Drive, Garner, North Carolina. Aladdin Travel, Inc. does business as Aladdin Financial Management and University Systems.

8. Defendant S.C. Hyscinth S.R.L. is a Romanian company with its principal place of business at 46 Fabrica de Chibrituri Street, Bucharest, Romania and registered office at 25 C.A. Rosetti Street, Ground Floor, Apartment 2, Sector 2, Bucharest, Romania.

9. Defendant Jason Matthieu Abraham is an officer and director of Defendants. He is also known as Yaskov Abraham. Individually or in concert with others, he directs, controls, formulates or participates in the acts and practices set forth herein.

10. Defendant Caroline Shallon is an officer and director of Defendants. She is also known as Caroline Abraham and Chaya Rochel Abraham. Individually or in concert with others, she directs, controls, formulates or participates in the acts and practices set forth herein.

11. Defendant Charles Fogel is an officer and director of Defendants. He is also known as Charlie Lewis. Individually or in concert with others, he directs, controls, formulates or participates in the acts and practices set forth herein.

12. Defendants have operated as a common business enterprise while engaging in the deceptive acts and practices alleged herein, and are therefore jointly and severally liable for said acts and practices. This common enterprise transacts or has transacted business in this district.

COMMERCE

13. Defendants' course of trade is in or affecting commerce within the meaning of Section 4 of the FTC Act, 15 U.S.C. § 44.

BACKGROUND CONCERNING INTERNATIONAL DRIVING PERMITS

14. The United Nations Convention on Road Traffic of 1949 ("Road Traffic Convention") was promulgated to establish certain uniform rules for international road traffic. The U.S. and over 150 other countries are signatories to this convention. The contracting

countries agreed to allow legally-admitted visitors from other contracting countries to drive on their roads, if the visitors have a valid driver's license issued by another contracting country or subdivision thereof.

15. The Road Traffic Convention created a document called an International Driving Permit ("IDP") to facilitate this reciprocal agreement. An IDP is a booklet that translates a person's government-issued driver's license into the official languages of the United Nations (Arabic, Chinese, English, French, Russian, Spanish) and up to six other languages chosen by the issuing country. Its purpose is to reduce confusion caused by language barriers between local police and foreign drivers carrying foreign-language driver's licenses.

16. The Road Traffic Convention provides that IDPs must be issued by the same country that issued the person's driver's license or by a duly authorized association designated by that country. This requirement ensures that IDPs are issued only to persons who hold a valid driver's license from their home country. This requirement also ensures that translations in IDPs are truthful and accurate.

17. Valid IDPs must conform to the model set forth in Annex 10 of the Road Traffic Convention concerning color, size, and required information. The name of the issuing country must be printed at the top of the front cover and a seal or stamp of that country's governmental unit or association empowered to issue IDPs must be affixed to the middle of the front cover.

18. Annex 10 requires the IDP to include the following five pieces of information about the driver: surname, other names, place of birth, date of birth and permanent place of residence. The signatory country or its authorized association must affix its seal or stamp next to

the category of vehicles the driver is licensed to operate. The driver's photograph and signature must be affixed on the last page of the IDP.

19. Some countries require visiting tourists to carry an IDP along with their home country driver's licenses, but most do not. The U.S. State Department encourages U.S. citizens and residents to obtain an IDP and carry it with their driver's license if they plan to drive in countries where English is not the primary language.

20. The U.S. Department of State has designated the American Automobile Association and the American Automobile Touring Alliance as the only organizations authorized to issue IDPs on behalf of the U.S. These organizations issue IDPs for \$10, but only to persons who are eighteen years of age or older and have a valid driver's license issued by a U.S. state or territory.

21. Residents of countries that are signatories to the Road Traffic Convention may drive legally in the United States if they have a valid license from their country of residence. They are not required to carry an IDP.

22. A valid IDP does not do the following:

- a. It does not confer driving privileges; it merely translates a person's government-issued driver's license into the six official languages of the U.N. and up to six other languages.
- b. It does not insulate U.S. citizens or residents from the legal consequences of driving in the U.S. without a valid driver's license issued by a U.S. state or territory.

- c. It does not insulate U.S. citizens or residents from the legal consequences of driving when their driver's license has been suspended or revoked.
- d. It does not insulate U.S. citizens or residents from having points assessed against their driver's licenses for violations of state or territorial traffic laws.

DEFENDANTS' BUSINESS PRACTICES

Phony International Drivers' Licenses

23. Defendants market and sell phony international drivers' licenses via unsolicited commercial emails ("UCE" also known as "junk email" or "spam") and the Internet. Defendants send out the junk email using the following email addresses, among others: hygrther@cs.com, bertinus@msn.com, medolvs@yahoo.com, unfermin@cs.com, ferjunkis@aol.com, hervetolp@aol.com, kendef@msn.com, zowno@iubipost.dk, ei6077@mail.ru, qewdd@daum.net, rxzon@swisss.ch, opoux@juso.pt, and egfht@mail.jupi.it. In numerous instances, consumers are unable to reply to these addresses because the addresses have been forged.

24. Defendants' junk email reads as follows:

International Driver's License

Need a new driver's license? Too many points or other trouble? Want a license that can never be suspended or revoked? Want an ID for nightclubs or hotel check-in?

Avoid tickets, fines, and mandatory driver's education. Protect your privacy, and hide your identity.

Time to call [Telephone Number]

The United Nations gave you the privilege to drive freely throughout the world! (Convention on International Road Traffic of September 19, 1949 & World Court Decision, The Hague, Netherlands, January 21, 1958)

Take advantage of your rights. Order a valid International Driver's License that can never be suspended or revoked.

25. Defendants' junk email provides consumers with one of several telephone numbers ("Telephone Numbers") to call to order. Telephone Numbers include 770-908-3949, 770-492-2925, 206-706-2665, 602-230-5208, 602-230-4335, 713-866-4056, and 713-867-3477. The Telephone Numbers ring to voicemail boxes maintained by commercial voicemail companies. Consumers calling the Telephone Numbers hear a recorded message informing them that they have reached the Institute for International Licensing. The message instructs consumers to leave their name, daytime phone number and evening phone number and that someone will call them back.

26. Defendants also market and sell phony international drivers licenses via the internet. Defendants maintain several Internet websites, including www.i-d-1.org and www.henrybeston.com.cnhost.com/driving. The websites are identical in content. Through the Internet websites, Defendants represent that (1) consumers may use Defendants' international drivers' licenses to drive with suspended licenses; (2) consumers do not need to have valid drivers' licenses to drive as long as they use Defendants international drivers' licenses (3) consumers may use Defendants' international drivers' licenses to obtain automobile insurance; (4) consumers can avoid points on their driving records by using Defendants international drivers' licenses; and (5) Defendants' international drivers' licenses are valid identification, and may be used as, among other things, an alternative to passports. Defendants' Internet website

guarantees that Defendants' international driver's license is a valid IDP. The Internet website directs consumers to call 770-496-4304 to contact Defendants.

27. As with the Telephone Numbers contained in Defendants' junk emails, consumers who call the telephone number on the website hear a recorded message informing them that they have reached the Institute for International Licensing. The message instructs consumers to leave their name, daytime phone number and evening phone number and that someone will call them back.

28. Whether responding to the junk email or the website, shortly after leaving his or her name and phone numbers, Defendants' representatives contact the consumer. Defendants' representative states that the international driver's license offered by the Institute for International Licensing costs \$375.00 and is valid in 200 countries, including all 50 states in the United States as well as Canada.

29. In some instances, the representative then states that he or she will send the consumer a fax containing more information about the international driver's license and how to order it. Shortly thereafter, Defendants send a two page fax to consumers. The fax's letterhead states Institute for International Licensing and lists a London, England address. Defendants' phone number, however, is listed as an Atlanta, Georgia number. Defendants' fax number is listed as a Massachusetts number. The fax states that for \$375, Defendants will send the consumer two separate international driving licenses — one will contain the consumer's home address or any other address the consumer wants, and the other will be registered to an overseas, English speaking country. The consumer will also receive a rubber stamp with the official seal

of the Institute for International Licensing. The fax confirms that both licenses are valid in over 200 countries.

30. The second page of Defendants' fax is an authorization for Defendants' to charge the consumer's credit card. The fax states that an entity by the name of "Hyacinth Romania" will charge the consumer's card, and the consumer is directed to call their credit card issuer and tell them that a company from Europe will be posting a charge to the consumer's card. The consumer is instructed to complete the authorization form and fax it to Defendants along with a copy of the front and back of the consumer's credit card.

31. In other instances, instead of sending the prospective customer a fax and requesting that a copy of the customer's credit card be faxed back, Defendants' representatives complete the transaction by telephone. Defendants' representatives take required information and ask for the consumer's credit card or checking account number. Consumers can also pay by wire transfer and Defendants send consumers an email containing wire transfer instruction.

32. After payment is received, Defendants send customers a package containing an introductory letter, two international driving licenses, and a rubber stamp bearing the seal of the Institute for International Licensing.

Phony Academic Degrees

33. Defendants also market and sell phony academic degrees via junk email. A typical junk email reads as follows:

UNIVERSITY DIPLOMAS

Obtain a prosperous future, money earning power, and the admiration of all.

Diplomas from prestigious non-accredited universities based on your present knowledge and life experience.

No required tests, classes, books or interviews.

Bachelors, masters, MBA, and doctorate (PhD) diplomas available in the field of your choice.

No one is turned down.

Confidentiality is assured.

CALL NOW to receive your diploma in days!!!

[Telephone Number]

Call 24 hours a day, 7 days a week, including Sundays and holidays.

34. Defendants' junk email provides consumers with one of several telephone numbers ("Telephone Numbers") to call to order. Telephone Numbers include 212-631-4255, 713-866-8869, and 602-230-4252. The Telephone Numbers ring to voicemail boxes maintained by commercial voicemail companies. Consumers calling the Telephone Numbers hear a recorded message informing them that they have reached the University Degree Program. The message instructs consumers to leave their name, daytime phone number and evening phone number and that someone will call them back.

35. Defendants also maintain several Internet websites, each purporting to be the website for an established university. The universities and their websites include: Harrington University with a website of www.henryheston.com.cnghost.com, Shelbourne University with a website of www.henryheston.com.cnghost.com/shelbourne, University of Devonshire with a website of www.henryheston.com.cnghost.com/devonshire, Glencullen University with a website of www.henryheston.com.cnghost.com/glencullen, Park-wood University with a website of

www.parkwooduniversity.org, Thornewood University with a website of www.thornewooduniversity.org, Brentwick University with a website of www.brentwickuniv.org, University of Wexford with a website of www.universitofwexford.org, Ashford University with a website of www.ashforduniversity.org, Kingsfield University with a website of www.kingsfielduniversity.org, University of Ravenhurst with a website of www.universitofravenhurst.org, Westbourne University with a website of www.westbourneuniversity.org, Landford University with a website of www.landforduniversity.org, and Northfield University with a website of www.northfield-university.org. Defendants issue their diplomas under the name of one of these purported universities. Defendants have also issued their diplomas under the names University of Palmers Green and University of San Moritz.

36. Shortly after leaving his or her name and phone numbers, Defendants' representatives contact the consumer. Defendants' representatives state they are calling from the University Degree Program associated with one of Defendants' purported universities. Defendants' representatives state that they are fully recognized members of distance learning organizations in Europe. Defendants' representatives state that they give consumers full credit for work, private study, and life experience. While admitting that their degrees are not accredited and cannot be used to transfer credits to other institutions of higher learning, Defendants' representatives state that their degrees may be used for business and employment purposes.

37. Defendants' sell bachelors degrees, masters degrees, MBA's, and Ph.D.'s. in a variety of fields including many medical related fields such as anesthesia, cardiology, cardiovascular surgery, dentistry, dermatology, emergency medicine, endocrinology,

epidemiology, gastroenterology, gerontology, gynecology, neonatology, neurology, obstetrics, oncology, ophthalmology, orthopedics, otorhinolaryngology, pediatrics, pharmacology, psychiatry, radiology, rheumatology, surgery, and urology. Other fields include engineering, law, architecture, computer science, psychology, and international finance.

38. Defendants' representatives explain that, in addition to sending consumers a diploma evidencing their academic degree, Defendants provide other verification, including transcripts and letters of recommendation from professors at the purported university. Defendants also provide consumers with an email address, mailing address, and fax number of the purported issuing university. Defendants' representatives explain that they give these addresses and numbers so that consumers can provide that information to prospective employers or to anyone needing to check the consumers' credentials. Defendants' representatives describe these materials and information as "paramount" as they serve as "the back up and verification details that you'll need to supply to anyone wishing to validate your credentials."

39. Defendants sell their academic degrees for prices ranging from approximately \$500 to more than \$8000, depending upon the type of degree, e.g. bachelors, masters, or doctorate. Consumers can pay using credit card, check, wire transfer, and Western Union.

40. There is no legitimate use for Defendants' phony academic degrees and associated backup and verification materials. Purchasers of Defendants' materials use them to represent to consumers that their diplomas constitute academic degrees evidencing that the purchaser has completed and shown proficiency in a curriculum recognized as necessary to earn the academic degree, and that their diplomas are issued by established colleges or universities. Purchasers

make such representations through, for example, websites that list degrees from Defendants' purported universities as part or all of their credentials for their position or field of business.

VIOLETIONS OF SECTION 5 OF THE FTC ACT

COUNT I

41. In numerous instances, Defendants represent, expressly or by implication, that Defendants' international driver's license authorizes consumers to drive legally in the United States.

42. In truth and fact, Defendants' international driver's license does not authorize consumers to drive legally in the United States.

43. Therefore, the representations set forth in paragraph 41 are false and misleading and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

44. In numerous instances, Defendants represent, expressly or by implication, that consumers who purchase Defendants' international driver's license may use it to avoid points for traffic violations and to avoid sanctions for driving with a suspended or revoked driver's license.

45. In truth and fact, consumers who purchase Defendants' international driver's license may not use Defendants' international driver's license to avoid points for traffic violations and to avoid sanctions for driving with a suspended or revoked driver's license.

46. Therefore, the representations set forth in paragraph 44 are false and misleading and constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT III

47. In numerous instances, Defendants represent, expressly or by implication, that their international driver's license can be used in the United States as an identification document in the same ways a person can use a government-issued photo identification document.

48. In truth and fact, Defendants' international driver's license cannot be used in the United States as an identification document in the same ways a person can use a government-issued photo identification document.

49. Therefore, the representations set forth in paragraph 47 are false and misleading and constitute deceptive acts and practices in violation of Section 5(s) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV

50. Defendants provide to others phony academic degrees, including, but not limited to, doctoral degrees in medical related fields, and associated verification and backup materials, including, but not limited to, university transcripts, letters of recommendation, and other verification materials. These materials are used to facilitate deceptive activity, including, but not limited to, falsely representing to consumers that the diplomas constitute academic degrees evidencing that the recipient has completed and shown proficiency in a curriculum recognized as necessary to earn the academic degree, and that the diplomas are issued by established colleges or universities. By providing the academic degrees and associated verification and backup materials, Defendants have provided the means and instrumentalities for the commission of deceptive acts and practices.

51. Therefore, Defendants acts and practices, as outlined above, constitute deceptive acts and practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

52. Consumers throughout the United States have been injured and will continue to be injured by Defendants' violations of the FTC Act as set forth above. 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.

THIS COURT'S POWER TO GRANT RELIEF

53. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including rescission of contracts, disgorgement and restitution, or other forms of redress or disgorgement, to prevent and remedy violations of any provision of law enforced by the Commission.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court, as authorized by Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and pursuant to its own equitable powers:

- (1) Permanently enjoin and restrain Defendants engaging or assisting others in engaging in violations of the FTC Act;
- (2) 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.

(3) Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of Section 5(a) of the FTC Act, including, but not limited to, rescission of contracts and restitution, other forms of redress, and the disgorgement of unlawfully obtained monies; and

(4) Award Plaintiff the costs of bringing this action as well as such additional equitable relief as the Court may determine to be just and proper.

Dated: May 1, 2003

Respectfully submitted,

WILLIAM E. KOVACIC
General Counsel

/s/

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