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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	01-CIV- <u>2286-GEL</u>
v.)	
)	COMPLAINT FOR INJUNCTION
GOVERNMENT CAREERS NETWORK, INC.,)	AND OTHER EQUITABLE
a Florida corporation,)	RELIEF
)	
GOVERNMENT CAREERS CENTER, INC.)	
a Florida corporation,)	
)	
GOVERNMENT CAREERS CENTER, INC.)	
a New York corporation, and)	
)	
ANTHONY VENZARA,)	
individually,)	
)	
Defendants.)	

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

1. The Commission 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, to secure permanent injunctive relief, rescission of contracts, restitution, disgorgement, and other equitable relief for Defendants' deceptive acts or practices in connection with the selling of business opportunities

and employment goods and services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Commission's Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" ("the Franchise Rule"), 16 C.F.R. Part 436.

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), 53(b), and 57b.

3. Venue in the Southern District of New York is proper under 28 U.S.C. § 1391(b) and (c) and 15 U.S.C. § 53(b).

THE PARTIES

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 deceptive acts or practices in or affecting commerce, as well as the Franchise Rule, 16 C.F.R. Part 436. The Commission may initiate federal district court proceedings to enjoin violations of the FTC Act and the Franchise Rule, and to secure such equitable relief as is appropriate in each case, including restitution and disgorgement. 15 U.S.C. §§ 53(b) and 57b.

5. Defendant **Government Careers Network, Inc.** ("GCN"), is a Florida corporation with its principal place of business at 505 8th Avenue, Suite 2301, New York, New York 10018 and mailing addresses at 661 N.E. 125th Street, N. Miami, Florida 33161 and 280 South County Road, SR 427, Longwood, Florida 32750. GCN transacts or has transacted business in this district.

6. Defendant **Government Careers Center, Inc.** ("GCC-FL"), is a Florida corporation with its principal place of business at 505 8th Avenue, Suite 2301, New York, New York 10018 and mailing addresses at 661 N.E. 125th Street, N. Miami, Florida 33161 and 280 South County Road, SR 427, Longwood, Florida 32750. GCC-FL transacts or has transacted business in this district.

7. Defendant **Government Careers Center, Inc.** ("GCC-NY"), is a New York corporation with its principal place of business at 505 8th Avenue, 2nd Floor, New York, New York 10018. GCC-NY also does business using the name Metroplex Career Center. GCC-NY transacts or has transacted business in this district.

8. Defendant **Anthony Venzara** is the president, treasurer, and a director of GCC-FL. He is the registered agent for GCC-FL and GCN. Individually or in concert with others, he directs, controls, formulates or participates in the acts and practices set forth herein. He resides, transacts, or has transacted business in this district.

COMMON ENTERPRISE

9. Defendants have operated as a common business enterprise while engaging in the deceptive acts and practices alleged below, and are therefore jointly and severally liable for said acts and practices.

COMMERCE

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

DEFENDANTS' BUSINESS PRACTICES

11. Since at least September 1994, Defendants have operated GCC-NY and GCC-FL as private training centers, or "schools," that market and sell purported employment services to consumers interested in obtaining postal and other government jobs. Since at least September 1994, Defendants have conducted a program to sell business opportunities to consumers residing throughout the United States. The business opportunities are purported employment services programs (modeled on GCC-NY).

Defendants' Promotion and Sale of Business Opportunities

12. Defendants place advertisements in newspapers across the country marketing business opportunities in their employment services program. Prospective purchasers responding to the advertisements are told that Defendants have over 40 years of combined experience in government career assistance and training and have developed a tested and proven system to assist job seekers seeking government employment. Defendants' agents tell prospective purchasers that Defendants are seeking to establish highly profitable partnerships in every major market in the United States and offer prospective purchasers the opportunity to market Defendants' employment services program exclusively in an agreed upon territory.

13. Defendants' agents explain that the business opportunity consists of a partnership with Defendants in which the prospective purchaser owns 70% of the partnership and Defendants own 30%. Defendants' agents tell prospective purchasers that profits are split 70/30 and in a typical year they can expect to earn over \$130,000 in net profit. Defendants' agents also tell prospective purchasers that they will be making a profit from the first week of operation. Further, Defendants' agents tell prospective purchasers that they are guaranteed a salary of

\$4,000 per month for the first 90 days, increasing to \$6,000 per month thereafter. Sometimes this guarantee is stated as a salary of \$1,000 per week, increasing to \$1,500 per week.

14. Defendants' agents tell prospective purchasers that the initial investment to become a partner is \$120,000 (\$100,000 being paid directly to GCN, with \$20,000 in start-up costs). Defendants' agents tell prospective purchasers that Defendants will provide all operational materials for starting up the partnership, as well as scripts, advertising materials, and customer support for the ongoing operation.

15. To close the sale, Defendants bring prospective purchasers to New York to meet with Anthony Venzara, who is described as the creator of Defendants' employment program and GCC-NY. In addition, prospective purchasers are taken to GCC-NY's business premises, which is nearly always full of customers. Defendants' agents explain that GCC-NY's activity is typical of what the prospective purchaser can expect if he or she purchases one of Defendants' partnerships.

16. To consummate a sale, a prospective purchaser and Defendants enter into a pre-incorporation agreement and a distributorship agreement, with Anthony Venzara signing for Defendants. Under the terms of the pre-incorporation agreement, Defendants will create a local company and the purchaser agrees to purchase 70% of the shares for the \$100,000 investment price. The agreement also states that the purchaser will receive monthly compensation of \$4,000 per month for the first 90 days, increasing to \$6,000 per month thereafter. Under the terms of the distributorship agreement, the purchaser becomes the exclusive distributor of Defendants' employment services program in the agreed upon territory.

17. After starting up the business, purchasers of Defendants' business opportunities discover that the partnership does not generate the number of sales or the amount of profit that Defendants represented. As a result, few, if any, consumers who purchase Defendants' business opportunities earn, or will earn, the income represented. Few businesses ever showed profit and most closed within months of opening, with many consumers losing not only their initial investment but also considerable additional amounts of money in attempting to keep the business operating. Moreover, few, if any, purchasers of Defendants' business opportunities ever received the promised \$4,000 per month compensation.

Defendants' Promotion and Sale of Employment Services

18. Defendants and their distributor-partnerships purport to provide employment services to consumers residing throughout the United States who are seeking postal and other government jobs.

19. Defendants prepare, and through the distributor-partners and GCC-NY place, advertisements in newspapers located throughout the United States. The advertisements typically announce that postal or other government civil service jobs are available. The advertisements invite consumers to call a local telephone number.

20. When a consumer calls the local telephone number, the representative answering the phone tells the consumer that he or she needs to come in for a personal interview during which the consumer will fill out an application, have a counselor go over his or her qualifications for civil service employment, and be told for which jobs he or she qualifies and what the consumer needs to do to get them. The consumer is told to bring a \$10 application fee.

21. Consumers who appear for an interview are asked to fill out an application form. After filling out the form, they are asked to complete a test purportedly containing sample questions from civil service and postal entrance examinations. After the consumer completes the test, he or she is interviewed by a counselor.

22. The interview is nothing more than a sales pitch for Defendants examination preparation services. To begin, the counselor reviews the consumer's application and test results and discusses the consumer's qualifications and the various types of postal and government jobs. The counselor explains that the consumer will need to score high on either the Postal Service or Civil Service entrance exam to get a job and that Defendants' training program will help the consumer get that high score. To close the sale, the counselor informs the consumer that he or she is qualified for postal or other government positions and he or she will be accepted into the training program.

23. Defendants' training program consists of a series of workbooks and classes. The total cost is \$367. Consumers are promised that if they do not obtain a passing score on the postal or civil service exam, they will receive further instruction, at no charge, until a passing score is obtained.

THE FEDERAL TRADE COMMISSION ACT

24. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), provides that "unfair or deceptive acts or practices in or affecting commerce are hereby declared unlawful."

DEFENDANTS' VIOLATIONS OF THE FTC ACT

COUNT I

25. In numerous instances in the course of offering for sale and selling their business opportunities, Defendants have represented, expressly or by implication, that consumers who purchase the business opportunity will earn more than \$130,000 per year.

26. In truth and fact, few, if any, consumers who purchase Defendants' business opportunities earn, or will earn, more than \$130,000 per year.

27. Therefore, the representations set forth in paragraph 25 are false and misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT II

28. In numerous instances in the course of offering for sale and selling their employment services, Defendants have represented, expressly or by implication, that postal or other government positions are currently available in the geographic areas where Defendants and their agents place their advertisements.

29. In truth and fact, in most instances, postal or other government positions are not currently available in the geographic areas where Defendants and their agents place their advertisements.

30. Therefore, the representations set forth in paragraph 28 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

31. In numerous instances in the course of offering for sale and selling their employment services, Defendants have represented, expressly or by implication, that consumers are likely to obtain postal or other government positions by using Defendants' employment services.

32. In truth and fact, in most instances, consumers are not likely to obtain postal or other government positions by using Defendants' employment services.

33. Therefore, the representations set forth in paragraph 31 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).

THE FRANCHISE RULE

34. The business opportunities sold by Defendants are franchises, as "franchise" is defined in Sections 436.2(a)(1)(i) and (a)(2) of the Franchise Rule, 16 C.F.R. §§ 436.2(a)(1)(i) and (a)(2).

35. The Franchise Rule requires a franchisor to provide prospective franchisees with a complete and accurate basic disclosure document containing twenty categories of information, including information about the litigation and bankruptcy history of the franchisor and its principals, the terms and conditions under which the franchise operates, and information identifying existing franchisees. 16 C.F.R. § 436.1(a)(1) - (a)(20). The pre-sale disclosure of this information enables a prospective franchisee to contact prior purchasers and take other steps to assess the potential risks involved in the purchase of the franchise.

36. The Franchise Rule additionally requires: (1) that the franchisor have a reasonable basis for any oral, written, or visual earnings or profit representations (“earnings claims”) it makes to a prospective franchisee, 16 C.F.R. § 436.1(b)(2), (c)(2) and (e)(1); and (2) that the franchisor provide to prospective franchisees an earnings claim document containing information substantiating any earnings claims it makes, 16 C.F.R. § 436.1(b)-(e).

37. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. 57a(d)(3), and 16 C.F.R. § 436.1, violations of the Franchise Rule constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FRANCHISE RULE

COUNT IV

38. In connection with the offering of franchises, as “franchise” is defined in the Franchise Rule, 16 C.F.R. § 436.2(a), Defendants have failed to provide prospective franchisees with accurate and complete basic disclosure documents within the time period required by the Franchise Rule.

39. Therefore, Defendants’ acts and practices as set forth in paragraph 38 violate Section 436.1(a) of the Franchise Rule, 16 C.F.R. § 436.1(a), and Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT V

40. In connection with the offering of franchises, as “franchise” is defined in the Franchise Rule, 16 C.F.R. § 436.2(a), Defendants have made earnings claims within the meaning of the Franchise Rule, 16 C.F.R. § 436.1(b)-(c), but have failed to provide prospective franchisees with earnings claim documents within the time period required by the Franchise

Rule, have failed to have a reasonable basis for such claims at the times they were made, or have failed to disclose the information required by the Franchise Rule in immediate conjunction with such claims.

41. Therefore, Defendants' acts and practices as set forth in paragraph 40 violate Sections 436.1(b)-(c) of the Franchise Rule, 16 C.F.R. § 436.1(b)-(c), and Section 5 of the FTC Act, 15 U.S.C. § 45.

CONSUMER INJURY

42. Consumers throughout the United States have been injured and will continue to be injured by Defendants' violations of the FTC Act and the Franchise Rule 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 interest.

THIS COURT'S POWER TO GRANT RELIEF

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

44. Section 19 of the FTC Act, 15 U.S.C. § 57b, authorizes this Court to grant such relief as the Court finds necessary to redress injury to consumers or other persons resulting from defendants' violations of the Franchise Rule, including the rescission and reformation of contracts, and the refund of money.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court, authorized by Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b, and pursuant to its own equitable powers:

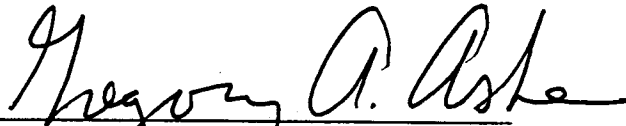
(1) Enjoin defendants permanently from violating Section 5(a) of the FTC Act and the Franchise Rule, including committing such violations in connection with the advertising, offering for sale, or other promotion of business opportunities and employment services; and

(2) Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of Section 5(a) of the FTC Act and the Franchise Rule, including, but not limited to, restitution, the rescission of contracts or refund of money, and the disgorgement of unlawfully obtained monies.

Dated: March 19, 2001

Respectfully submitted,

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