

**UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA**

**FEDERAL TRADE COMMISSION,
Plaintiff,**

v.

**WILLIAM ERNEST TAFT,
Individually and doing business as Gold Crown
Express, Inc. and Worldwide Vacation Services,
Inc.;**
GOLD CROWN EXPRESS, INC.;
a dissolved South Carolina Corporation; and
WORLDWIDE VACATION SERVICES, INC., a
dissolved South Carolina Corporation,
Defendants.

Civil No.

**Complaint for Permanent
Injunction and Other
Equitable Relief**

Plaintiff, the Federal Trade Commission ("FTC or "the 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 secure a permanent injunction, preliminary injunctive relief, rescission or reformation of contracts, restitution, disgorgement, appointment of a receiver, and other equitable relief for defendants' unfair or

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 310.3(a)(4).

JURISDICTION AND VENUE

2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 53(b), 57b, 6102(c) and 6105(b).

3. Venue in the United States District Court for the South Carolina is proper under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff, the Federal Trade Commission, ("the Commission") 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 deceptive acts and practices in or affecting commerce. The Commission also enforces the Telemarketing Sales Rule, 16 C.F.R. Part 310, which prohibits deceptive and 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, including violations of the Telemarketing Sales Rule, in order 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

5. Defendant William Ernest Taft ("Taft") is an officer, director or principal owner of the corporate defendants. Both before the incorporation of the corporate defendants and after their dissolution, Taft did business under the names of the corporate defendants. At all times material to this complaint, acting alone or in concert with others, he has formulated, directed, controlled or participated in the acts and practices set forth in this complaint. Defendant Taft resides and transacts business in the District of South Carolina.

6. Defendant Gold Crown Express is a dissolved South Carolina corporation with its principal place of business at North Myrtle Beach, South Carolina. Gold Crown Express has transacted business in the District of South Carolina.

7. Defendant Worldwide Vacation Services, Inc. is a dissolved South Carolina corporation with its principal place of business at North Myrtle Beach, South Carolina. Worldwide Vacation Services, Inc., has transacted business in the District of South Carolina.

COMMERCE

8. At all times relevant to this Complaint, defendants have maintained a substantial course of trade in the offering for sale and sale of timeshare resale services, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' COURSE OF CONDUCT

9. Since at least 1994, the defendants have engaged in a nationwide scheme to promote, offer to sell and sell resale services for timeshare units, campground sites and deeded vacation

holdings (hereinafter referred to collectively as "timeshares"). Defendants, directly and through their agents, contact consumers through unsolicited telephone calls or direct mail, telling consumers variously that defendants are agents for an English company called Oscar C. Bradley and Associates ("OCB"), or a Danish company called Danish Leisure Promotions. Defendants tell consumers that these companies successfully market timeshare units and campgrounds throughout Great Britain and the European Economic Community ("EEC") countries, respectively.

10. Defendants tell consumers that there is a strong demand for timeshares overseas, and that defendants can sell the consumer's property at a high price. Defendants further state that if OCB or Danish Leisure Promotions does not sell the consumer's timeshare within a specified time, typically nine or twelve months, the consumer is guaranteed to receive from another overseas company 90% of either the appraised value of the property or the property's list price. These other overseas companies are the British Guarantee Company, purportedly associated with Oscar C. Bradley and Associates, and Scandinavian United Society, purportedly associated with Danish Leisure Promotions. Defendants charge consumers amounts varying from \$200 to over \$4000 for this purported service.

11. Defendants have moved their operations from place to place throughout the United States, including: Slidell, Louisiana; Port Clinton, Ohio; St. Clairsville, Ohio; Reisterstown, Maryland; Hampstead, Maryland; Columbia, Maryland; Grove, Oklahoma; Beebe, Arkansas; East Stroudsburg, Pennsylvania; and Longmont, Colorado. Defendants also have a location in North Myrtle Beach, South Carolina.

12. Defendants have induced consumers throughout the nation to purchase defendants' timeshare resale service by means of numerous misrepresentations concerning (a) defendants'

ability to sell the consumer's timeshare, and (b) a guaranteed payment to the consumer of 90% of the timeshare's appraised value or list price if defendants are unsuccessful in selling the consumer's timeshare.

THE FTC ACT

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

VIOLATIONS OF SECTION 5 OF THE FTC ACT

COUNT ONE

14. In numerous instances, in connection with the advertising, promotion, marketing, offering for sale, or sale of timeshare resale services, the defendants represent, directly or by implication, that they will sell the consumer's timeshare for a specified price.

15. In truth and in fact, in numerous instances, defendants do not sell the consumer's timeshare at all, and thus do not sell it at a specified price.

16. Therefore, defendants' representations as set forth in Paragraph 14, above, are false and deceptive in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT TWO

17. In numerous instances, in connection with the advertising, promotion, marketing, offering for sale, or sale of timeshare resale services, defendants have represented, directly or by implication that, in the event that defendants fail to sell the consumer's timeshare within a specified time:

(a) a guarantor, including but not limited to the British Guarantee Company or the Scandinavian United Society will pay the consumer 90% of either the property's appraised value or list price; and

(b) the appraised value upon which the promised payment is based will approximate the price at which defendants agreed to sell the property.

18. In truth and in fact, in numerous instances where defendants have failed to sell a consumer's timeshare property within a specified time:

(a) the consumer has not received a payment of 90% of either the property's appraised value or list price; or

(b) the appraised value upon which the promised payment is based has not approximated the price at which defendants agreed to sell the property, and is, in fact very substantially less than the agreed-upon price.

19. Therefore, defendants' representations as set forth in Paragraph 17, are false and misleading, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

THE TELEMARKETING SALES RULE

20. Defendants are "sellers" or "telemarketers" engaged in "telemarketing," as those terms are defined in the Telemarketing Sales Rule, 16 C.F.R. §§ 310.2(r), (t) and (u).

21. In the Telemarketing Act, 15 U.S.C. § 6101 *et seq.*, Congress directed the FTC to prescribe rules prohibiting abusive telemarketing acts or practices, including the following:

A requirement that any person engaged in telemarketing for the sale of goods or services shall promptly and clearly disclose to the person receiving the call that the purpose of the call is to sell goods

or services and make such other disclosures as the Commission deems appropriate.

15 U.S.C. § 6102(a)(3)(C). On August 16, 1995, the FTC promulgated the Telemarketing Sales Rule, 16 C.F.R. Part 310. The Rule became effective on December 31, 1995.

22. The Telemarketing Sales Rule prohibits "[m]aking a false or misleading statement to induce any person to pay for goods or services." 16 C.F.R. 310.3(a)(4).

23. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), violations of the Telemarketing Sales 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).

VIOLATION OF THE TELEMARKETING SALES RULE

COUNT THREE

24. In the course of telemarketing, in numerous instances since December 31, 1995, defendants have made false or misleading statements to induce consumers to pay for goods or services, including but not limited to statements that:

- (a) they will sell the consumer's timeshare for a specified price;
- (b) a guarantor, including but not limited to the British Guarantee Company or Scandinavian United Society will pay the consumer 90% of either the property's appraised value or list price; and
- (c) the appraised value upon which the promised payment is based will approximate the price at which defendants agreed to sell the property.

25. In truth and in fact, in numerous instances since December 31, 1995:
- (a) defendants have not sold the consumer's timeshare at all, and thus have not sold it at a specified price;
 - (b) a guarantor, including but not limited to the British Guarantee Company or Scandinavian United Society has not paid the consumer 90% of either the property's appraised value or list price; and
 - (c) the appraised value upon which the promised payment is based has not approximated the price at which defendants agreed to sell the property, and is, in fact very substantially less than the agreed-upon price.

26. Therefore, defendants misrepresentations as set forth in Paragraph 24, above, violate Section 310.3(a)(4) of the Telemarketing Sales Rule, 16 C.F.R. § 310.3(a)(4).

CONSUMER INJURY

27. Consumers in many areas of the United States have suffered substantial monetary loss as a result of defendants' unlawful acts or practices. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

28. 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 any violations of any provision of law enforced by the Federal Trade Commission.

29. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize 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 Telemarketing Sales Rule, including the rescission and reformation of contracts, and the refund of money.

30. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to remedy injury caused by defendants' law violations.

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), Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b) and pursuant to its own equitable powers:

1. 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;
2. Permanently enjoin the defendants from violating the Telemarketing Sales Rule and the FTC Act, as alleged herein;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from the defendants' violations of the Telemarketing Sales Rule and 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
4. Award plaintiff the costs of bringing this action, as well as such other and additional relief as this Court may determine to be just and proper.

Respectfully submitted,

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