FILED

SEP 0 2 2010 CTR.-1

Clerk of the Circuit Court

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE SEVENTH JUDICIAL CIRCUIT
SANGAMON COUNTY, ILLINOIS

PEOPLE OF THE STATE OF ILLINOIS, Plaintiff, -vs- ID LIFEGUARDS, INC. a California corporation not authorized to transact business in Illinois; and ARTHUR NATANYAN, individually and as president and owner of ID LIFEGUARDS, INC; Defendants.	)	2010CH 1028 Case No. _____

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

NOW COMES the Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, and brings this action complaining of the defendants, ID Lifeguards, Inc. and Arthur Natanyan, and states as follows:

AUTHORITY

1. This action is brought for and on behalf of THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, pursuant to the provisions of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 et seq.), and her common law authority as Attorney General to represent the People of the State of Illinois.

JURISDICTION and VENUE

2. The Court has jurisdiction over the Defendants pursuant to Section 2-209(a)(1) of the Illinois Code of Civil Procedure, 735 ILCS 5/2-209(a)(1), in that Defendants have transacted business within the State of Illinois at all times relevant to this Complaint.

3. Venue for this action properly lies in Sangamon County, Illinois, pursuant to Section 2-101 of the Illinois Code of Civil Procedure (735 ILCS 5/2-101), in that the Defendants, ID Lifeguards, Inc., and Arthur Natanyan, are nonresidents of the State of Illinois.

PARTIES

4. Plaintiff, THE PEOPLE OF THE STATE OF ILLINOIS, by Lisa Madigan, Attorney General of the State of Illinois, is charged, *inter alia*, with the enforcement of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1 et seq.).

5. Defendant ID Lifeguards, Inc., is a California Corporation with its principal place of business at 1146 N Central Ave, suite 270, Glendale, CA 91202.

6. Defendant Arthur Natanyan is president and owner of ID Lifeguards, Inc., with an address at 7954 Via Latina, Burbank, CA 91504.

7. Defendant Arthur Natanyan is sued individually and in his capacity as president and owner of ID Lifeguards, Inc.

8. Defendant Arthur Natanyan is the only officer of ID Lifeguards, Inc. and is the president and owner of ID Lifeguards, Inc.

9. Defendant Arthur Natanyan signed as the sole incorporator of ID Lifeguards', Inc. California Articles of Incorporation.

10. Defendant Arthur Natanyan signs contracts and forms on behalf of ID Lifeguards, Inc.,

including, but not limited to, signing as president of ID Lifeguards, Inc., on a contract to establish billing and collections services for ID Lifeguards, Inc., and on a contract to establish customer service phone numbers for ID Lifeguards, Inc.

11. Defendant Arthur Natanyan set up the website www.idlifeguards.com and www.idlifeguards.org and is registered as the administrative, billing, and technical contact for the site.

12. Defendant Arthur Natanyan established the ID Lifeguards, Inc. telephone and facsimile accounts for the ID Lifeguards, Inc. customer service numbers (800-309-7022) and (888-804-8273).

13. Defendant Arthur Natanyan paid for the ID Lifeguards, Inc. customer service number (800-309-7022) with his personal credit card.

14. Defendant Arthur Natanyan communicated with billing aggregators and formulated and negotiated a plan that would allow ID Lifeguards, Inc., to continue to bill consumers on their telephone bills after being placed on suspension due to a high volume of consumer complaints.

15. Defendant Arthur Natanyan formulated, directed, controlled and had knowledge of the acts and practices of ID Lifeguards, Inc., and at all times relevant hereto was an officer, director, owner and/or agent of ID Lifeguards, Inc.

16. To adhere to the fiction of separate corporate existence between Arthur Natanyan and ID Lifeguards, Inc. would serve to sanction fraud and promote injustice.

COMMERCE

17. Subsection 1(f) of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1(f)), defines "trade" and "commerce" as follows:

> The terms 'trade' and 'commerce' mean the advertising, offering for sale, sale or distribution of any services and any property, tangible or intangible, real, personal, or mixed, and any other article, commodity, or thing of value wherever situated, and shall include any trade or commerce directly or indirectly affecting the people of this State.

18. Defendants were at all times relevant to this complaint, engaged in trade and commerce in the State of Illinois within the meaning of the Consumer Fraud Act, in that Defendants advertised, solicited for sale, offered for sale, and sold to Illinois consumers an identity protection service and billed Illinois consumers or caused them to be billed for the same.

DEFENDANTS' COURSE OF CONDUCT

A. Defendants' Course of Conduct

19. Defendants' websites are located at www.idlifeguards.com and www.idlifeguards.org, and are still operational as of the date of this filing.

20. Defendants purport to offer an identity protection service.

21. Beginning at sometime unknown to Plaintiff, but at least since January 1, 2009, Defendants offered their services to Illinois consumers through numerous third-party websites and via direct website registration at www.idlifeguards.com and www.idlifeguards.org.

22. Upon information and belief, these third party websites offered various products and services such as discount coupons, online contests and other products and services not

related to Defendants' products or services.

23. If consumers made certain choices while signing up for these products or services unrelated to Defendants' products or services, they were automatically directed to a "landing page" owned by Defendants where Defendants' service was offered.

24. The sign-up page asks for a consumer's personal information such as name, home telephone number, email address, and the consumer's mother's maiden name.

25. The Defendants then bill consumers whose phone number is entered on the sign up page. These charges for $12.95 per month appear on consumers' telephone bills under the miscellaneous charges section as "ID Lifeguard Credit Protect/Repair Mthly".

26. Illinois consumers charged for Defendants' purported services have complained to the Attorney General that they have never visited Defendants' website to order or register for Defendants' purported services.

27. Illinois consumers charged for Defendants' purported services complain to the Attorney General that they have never used Defendants' services nor authorized Defendants to bill them for the same.

28. A representative from the Office of the Illinois Attorney General interviewed Illinois consumers who have been charged for ID Lifeguards' purported service. During these interviews, consumers revealed that they did not realize they were being charged for ID Lifeguards' purported services. In most cases, consumers overlooked ID Lifeguards charges due to the relatively small amount of the charge.

29. Some people who registered for Defendants' services were not the registered subscriber of the phone number billed, with the result that the actual subscribers at those numbers

were charged on their phone bills by Defendants. In one instance, the person the Defendants claim authorized the charge on an Illinois consumers phone bill was the consumer's minor child who is not the registered subscriber of the phone line and is not authorized to add charges to the phone bill.

30. Defendants failed to adequately verify whether the persons purportedly signing up for their service were in fact the phone subscribers at the phone numbers Defendants billed.

31. None of the Illinois consumers contacted by the Plaintiff report knowingly signing up for Defendants' services.

32. Defendants assessed fees for their services and caused consumers to be billed for those services, without the consumer's prior knowledge or authorization.

B. Defendants' Website Representations

33. Defendants website purports to offer an identity protection service which, among other things, purports to order consumers' free credit report and mail it to the consumers' home addresses.

34. Despite representing on their website that Defendants would order and mail consumers free credit reports to the consumer's address, none of the Illinois consumers contacted by the Plaintiff have received their credit report in the mail..

35. Upon information and belief, the Defendants have sent few, if any Illinois consumers their credit report as promised on Defendants' website.

C. Defendants' Total Business in Illinois

36. Between September 2009, and March 2010, Defendants caused 5,071 Illinois consumers to be billed $157,562.65.

37. Between September, 2009, and March, 2010, Defendants granted refunds to 2,832 Illinois consumers totaling $107,355.51.

38. Defendants granted refunds to 56% of all Illinois consumers billed and gave credits totaling 68% of all charges billed to Illinois consumers.

39. Upon information and belief, this high rate of refunds indicates Defendants were submitting unauthorized charges for services consumers did not want and were not using.

D. Plantiff's Subpoena to Defendants

40. On May 28, 2010, Plaintiff submitted a subpoena deuces tecum to the Defendants pursuant to the Illinois Consumer Fraud and Deceptive Business Practices Act.

41. Among other things, Plaintiff requested Defendants identify every Illinois consumer that has been sent their free credit report as promised on Defendants' website, and requested that Defendants identify every Illinois consumer that has accessed their online account with Defendants.

42. To date, the Defendants have not provided any proof that any Illinois consumer that has been billed for Defendants services has actually used Defendants' services or been provided anything of value by Defendants.

VIOLATIONS OF THE ILLINOIS CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT

Applicable Statute

43. Section 2 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2) provides:

> Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment,

> suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact, or the use or employment of any practice described in section 2 of the 'Uniform Deceptive Trade Practices Act', approved August 5, 1965, in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby.

Violations

44. Defendants, in connection with the offering for sale, advertising, selling and billing Illinois consumers or causing them to be billed for an identity protection service, have violated Section 2 of the Illinois Consumer Fraud Act by engaging in the following deceptive acts and practices:

    a. causing consumers to be billed for Defendants' services when the consumers did not authorize the service or agree to be charged for the service; and.

    b. representing that consumers will be mailed their free credit report when Defendants never mailed any Illinois consumer their credit report.

45. Defendants, in connection with the offering for sale, advertising, selling and billing Illinois consumers or causing them to be billed for an identity protection service, have violated Section 2 of the Illinois Consumer Fraud Act by unfairly submitting charges and collecting monies from Illinois consumers without having in place systems designed to ensure that the person requesting Defendants' services is actually the telephone subscriber or someone authorized to place charges on the telephone subscriber's bill.

REMEDIES

46. Section 7 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/7), provides:

> Whenever the Attorney General has reason to believe that any person is using, has used, or is about to use any method, act or practice declared by the Act to be unlawful, and that proceedings would be in the public interest, he may bring an action in the name of the State against such person to restrain by preliminary or permanent injunction the use of such method, act or practice. The Court, in its discretion, may exercise all powers necessary, including but not limited to: injunction, revocation, forfeiture or suspension of any license, charter, franchise, certificate or other evidence of authority of any person to do business in this State; appointment of a receiver; dissolution of domestic corporations or association suspension or termination of the right of foreign corporations or associations to do business in this State; and restitution.
>
> In addition to the remedies provided herein, the Attorney General may request and this Court may impose a civil penalty in a sum not to exceed $50,000 against any person found by the Court to have engaged in any method, act or practice declared unlawful under this Act. In the event the court finds the method, act or practice to have been entered into with intent to defraud, the court has the authority to impose a civil penalty in a sum not to exceed $50,000 per violation.

47. Section 10 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/10), provides, "In any action brought under the provisions of this Act, the Attorney General is entitled to recover costs for the use of this State."

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff prays that this honorable Court enter an Order:

a. Finding that the Defendants have violated section 2 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/2); including, but not limited to, the unlawful acts and practices alleged herein;

b. Preliminarily and permanently enjoining the Defendants from engaging in the business of offering an identity protection service in the State of Illinois;

c. Preliminarily and permanently enjoining the Defendants from placing charges on Illinois consumers' telephone bills or causing such charges to be placed on Illinois consumers' telephone bills;

d. Declaring that all contracts entered into between the Defendants and Illinois consumers by the use of methods and practices declared unlawful are rescinded and requiring that full restitution be made to said consumers;

e. Assessing a civil penalty in the amount of Fifty Thousand Dollars ($50,000) per violation of the Act found by the Court to have been committed by the Defendants with the intent to defraud; if the Court finds the Defendants have engaged in methods, acts or practices declared unlawful by the Act, without the intent to defraud, then assessing a statutory civil penalty of Fifty Thousand Dollars ($50,000), all as provided in Section 7 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/7);

f. Requiring the Defendants to pay all costs for the prosecution and investigation of this action, as provided by Section 10 of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/10); and

g. Providing such other and further equitable relief as justice and equity may require.

Respectfully submitted,
THE PEOPLE OF THE STATE OF
ILLINOIS, by Lisa Madigan,
ATTORNEY GENERAL OF ILLINOIS

Elizabeth A. Blackston
Chief, Consumer Fraud Bureau, Southern Region

Philip Heimlich (#06286375)
Assistant Attorney General
Consumer Fraud Bureau
500 South Second Street
Springfield, IL 62706
Telephone: (217) 782-4436