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Federal ' Trade commission .
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PWL 0914; DCF 7448; MC 2194

JEROME M. STEImR,
Federal Trade Commission ' 901 Market Street, Suite 570,
San Francisco, CA

plaintiff, the Federal Trade Commission (llCommission~~), by
its undersigned.attorneys, alleges as follows:
1. ' The Commission brings this action under Section 13(b)
of the ~ederalTrade Commission Act (IfFTCAct"), 15 U.S .C.
5 53(b), to secure preliminary and permanent injunctive relief ad other equitable relief, including rescission, restitution, and disgorgement, against

located at. 14 Commerce Drive, Cranford, New Jersey 07016. Since 1993, NISI has been engaged in the sale of research, patenting, and invention promotion services to individual inventors located throughout the United States. NISI also has an office located at 4133 Highway 17,North,Pawleys Island, South Carolina 29585, as
. ..

well as several regional sales offices located throughout the United States. NISI transacts business in the District of New Jersey.
6. Defendant John F. Lee is Chief Executive Officer,
Secretary and Chairman of the Board of defendant NISI. . Individually, or in concert with others, he directs, controls, formulates participates the acts and practices defendant NISI. He transacts business in the District of New Jersey. DEFENDANTS' COURSE OF CONDUCT

7. Since at least November, 1994, and continuing
thereafter, defendants have maintained a substantial course of trade offering and selling research, patenting, and invent ion promotion services to individual consumers located throughout the United States. Defendants sell consumers two basic services: (1) ' a product research report (Invention Marketing ProfileIt or I1fMPt1)and a "preliminary patent searchm that together cost approximately $995.00 ; and (2) a I1Representation

The ~epresentation Agreement provides that NISI will (1)arrange for its patent attorney to prepare, file, and prosecute a patent application, and (2) promote the idea to industry in an effort to secure a licensing, marketing, or manufacturing agreement for the

consumer.

8. Defendants offer and sell their invention promotion
services to consumers across the country through the use of, among other things, advertisementson television and radio, written promotional materials sent through the United States mail, and face-to-face sales presentations.
9. Defendants' course of trade is in or affecting
commerce, within the meaning of Section 4 of the FTC Act, 15

a.s.c. s 44-
DEFENDANTSf VIOLATION OF THE FTC ACT

10. Defendants represent, expressly or by implication, that purchase of their research and invention promotion services is likely to result in financial gain for their customers.
11. In truth and in fact, purchase of defendants' research
and invention promotion services is not likely to result in financial gain for their customers. Indeed, the likelihood that a consumer will achieve financial gain as a result of defendantsf services is extraordinarily low, if not nonexistent.
12.. Therefore, defendants' representation as set forth in Paragraph 10, above, is false and misleading, and constitutes deceptive acts or practices in

CONSUMER INJURY

13. ~efendantsViolations of Section 5 (a) of the FTC Act
have injured and will continue to injure consumers. Because of defendants' misrepresentations of material facts, consumers have madeand will continue to make investments that are likely to cause substantial financial injury, absent injunctive relief. THIS COURT'S POWER TO GRANT RELIEF

14. Section 13 (b) of the FTC Act empowers this Court to
issue injunctive and other relief against violations of the FTC Act and,, in the exercise of its equitable jurisdiction, to award redress to remedy the injury to consumers, to order disgorgement of monies resulting from defendantst unlawful acts or practices, and to order other ancillary equitable relief.

PRAYER FOR RELIEF

' WHEREFORE, plaintiff requests that this Court:
(1) Award the Commission all temporary and preliminary injunctive and ancillary relief that may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserre the possibility of effective final relief, including, but not limited to, temporary and preliminary injunctions and an order freezing each defendant's assets;
(2) Enjoin defendants permanently from violating Section
5 (a) of the FTC Act, including committing such violations in connection with the advertising, offering for sale, or other promotion of invention promotion services;

(3) Award such relief as the Court finds necessary to.

redress injury to consumers resulting from defendantsi violations

of Section 5 (a) of the FTC Act, including, but not limited to,

the rescission of contracts or refund of money, and the

disgorgement of unlawfully obtained monies; and

(4) Award plaintiff the cost of bringing this action as

well as such additional equitable relief as the Court may

determine to be just and proper.

Respectfully submitted,

DATED:J* 14,/447
PETER W. LAMBERTON
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DATED:
JEROME STEINER, JR.
Federal Trade

VERIFICATION

I, Peter W. Lamberton, an attorney admitted to practice in
the state of Colorado and the District of Columbia, certify under the penalty of perjury:
- ,I. I am counsel to the Federal Trade Commission in this action, and in that capacity, I am responsible for representing plaintiff FTC in