

NSV Nutrinautes Inc.

Date: 2002-11-29, 2002-07-19, and 2002-03-07

Event: Charges

Court: Court of Québec (District of Gatineau)

Accused - company: NSV Nutrinautes Inc.

Accused - individuals: Richard Guertin, Richard Arsenault and Marc Délisle

Provision(s): 52 of the *Competition Act* - False or misleading representations; 55 of the *Competition Act* - Multi-level marketing; 55.1 of the *Competition Act* - Pyramid selling

Products: Nutrition software

Summary: In March 2002, the Competition Bureau charged NSV Nutrinautes Inc. with 11 counts under the *Competition Act's* multi-level marketing and pyramid selling provisions. The Quebec company was operating a multi-level marketing plan known as Cocooning Club, which promoted and sold computer software on nutrition and other subjects.

The Bureau alleges that Cocooning Club and its participants, through its web sites and a TV infomercial, recruited new participants by exaggerating income expectations without disclosing the income of a typical participant.

Charges have since been laid against Richard Guertin, Richard Arsenault, and Marc Délisle, for their roles in the alleged operation.

News Releases:

2002-07-19 - [Directors of Multi-level Marketing Firm Charged for Misleading Participants](#)

2002-03-08 - [Multi-level Marketing Firm Charged for Misleading Participants](#)

Sherwood Co-operative Association Limited

Date: 2002-11-20

Court: Saskatchewan Provincial Court

Summary: The Saskatchewan Provincial Court decided not to commit Sherwood Co-operative Association Limited and one of its managers to trial, following a preliminary inquiry relating to charges laid against them on September 27, 2001. The Judge found there was some evidence that the price of the gasoline retailer in Pilot Butte, Saskatchewan, had been influenced upwards by Sherwood Co-operative. However, there was insufficient evidence that the influence was by one of the means prohibited by the price maintenance section of the *Competition Act* (section 61(1)(a)), namely by agreement, threat, promise or any like means. The Judge therefore declined to commit the accused to trial.

Commercial Business Supplies, Merchant Transaction Supplies, Merchant supply Services and International Business Directories

Date: 2002-11-19

Event: Charges

Court: Montreal Courthouse

Court File#: 500-73-001865-027

Accused - individuals: Michael Mouyal, Randy Misiurak, Charles Picotte, Justin Pold, Stéphane Ouellet, François Lefort of Montréal and Charles McCulloch of Toronto, Ontario.

Accused - companies: 153595 Canada Inc., 162013 Canada Inc., 162014 Canada Inc., 174440 Canada Inc., M.M. Annuaire d'entreprises internationales Ltée., and 3350550 Canada Inc.

Provision(s): 52.1 of the *Competition Act* - Deceptive telemarketing; 465(1)(c) *Criminal Code* - Conspiracy to commit deceptive telemarketing

Products: Business supplies

Summary: On November 19, 2002 the Competition Bureau announced that charges had been laid against six companies and six people operating in Toronto, Montréal and St. John's for allegedly engaging in deceptive telemarketing which targeted businesses and not-for-profit organizations worldwide.

The charges stem from a Bureau investigation into deceptive telemarketing by a group of corporations operating as Commercial Business Supplies (CBS), Merchant Transaction Supplies (MTS), Merchant supply Services (MSS) and International Business Directories (IBD). These companies sold paper rolls and cleaning cartridges used in debit and credit card machines, as well as business directories and listings in those directories.

News Release:

[Competition Bureau Investigation Leads to Charges Against Telemarketers of Office Supplies](#)

Hanson Publications, Copier Supply Centre and Associated Merchant Paper Supplies

Date: 2002-11-15

Event: Charges

Court: Montreal Courthouse

Court File#: 500-73-001867-023

Accused - individuals: Charles Hamouth, Adrian Towning, Todd Ivison, Francis Loo and Jamie Lynes of Toronto, Ontario and Albert Mouyal, Ricardo (Rick) Aquino and Atilla (Kris) Jausz of Montreal, Quebec

Accused - companies: 1230704 Ontario Inc. operating as Hanson Publications Inc.; 3579573 Canada Inc., operating as Associated Merchant Paper Supplies Inc./Fourniture de Papier Associated Merchant Inc.; 1018961 Ontario Inc. operating as Copier Supply Centre Inc., as well as several other affiliated companies.

Provision(s): 52.1 of the *Competition Act* - Deceptive telemarketing

Products: Business supplies

Summary: On November 15, 2002, the Competition Bureau laid deceptive telemarketing charges against seven companies and eight individuals engaged in telemarketing business directories, credit card supplies and office toner supplies. This telemarketing operation targeted consumers in Canada and the U.S., invoicing them for office supplies or business directories that they allege

they had not ordered.

The charges stem from a Bureau investigation into allegations of criminal deceptive telemarketing by a group of corporations and individuals operating as Hanson Publications, Copier Supply Centre (CSC) and Associated Merchant Paper Supplies (AMPS). The accused operated from boiler rooms in Toronto and Montreal, allegedly targeting businesses and not-for-profit organizations across Canada and the United States.

News Release:

[Competition Bureau Investigation Leads to Deceptive Telemarketing and Fraud Charges Against Office Supplies Telemarketers](#)

Internet Registry of Canada

Date: 2002-10-28

Event: Charges

Court: Ontario Court of Justice

Court File #: 11426

Accused - Company: Internet Registry of Canada

Accused - Individuals: James Tetaka and Daniel Klemann

Provision(s): 52(1) of the *Competition Act* - False or misleading representations

Products or services: Internet domain name registrations

Summary: On October 28, 2002, charges were laid against the Internet Registry of Canada and its principals for allegedly making false or misleading representations in promoting domain name registration services.

The Competition Bureau alleges the company marketed its services by sending mail solicitations that appeared to be invoices sent on behalf of the Government of Canada or an officially sanctioned agency registering domain names in Canada, to individuals and organisations whose domain names were about to expire.

The mailings allegedly gave the impression that domain name holders were existing customers of, and had to re-register their domain names with, the Internet Registry of Canada. Neither of these elements were true.

News Release:

[Internet Registry of Canada Charged](#)

First Capital Consumers Group

Date: 2002-10-21

Event: Charges

Court: Ontario Court of Justice

Court File#: M0117

Accused: David Dalglish, Leslie Anderson, Mark Lennox, Lloyd Prudenza

Provision: 52.1 of the *Competition Act* - Deceptive telemarketing

Products: Credit cards

Summary: The Toronto Police Service laid deceptive telemarketing charges under section 52.1 of the *Competition Act* and *Criminal Code* charges for conspiracy to commit an indictable offence, fraud, and possession of property obtained by crime, against four directors of a Toronto-based telemarketing operation known as First Capital Consumers Group.

Operating in boiler-rooms in the Toronto area, the operation allegedly defrauded close to 100,000 American consumers with poor credit history, claiming they had been approved for a MasterCard or Visa credit card. Receipt of one or both cards was conditional on a prior payment for a one-time processing fee. The victims never received a valid credit card. It is estimated that this deceptive telemarketing operation grossed approximately \$20 million (U.S.) in the last year.

News Release:

[Charges Laid Against Toronto-based Telemarketers](#)

Degussa AG, Lonza AG, Nepera Inc., Reilly Industries Inc.

Date: 2002-10-16

Event: Convictions

Court: Federal Court of Canada

Court File Numbers: T-1581, 1582, 1583

Parties: Degussa AG of Germany, Lonza AG of Switzerland, Nepera Inc. and Reilly Industries Inc.

Provision(s): 45 of the *Competition Act* - Conspiracy

Products: Bulk vitamins (Vitamin B3)

Summary: On October 16, 2002, the Federal Court of Canada imposed fines totalling \$3.875 million for a conspiracy to fix prices and allocate market shares for the vitamin B3 sold in bulk in Canada, against the remaining accused parties in the Bureau's inquiry.

Degussa AG of Germany, Lonza AG of Switzerland, Nepera Inc. and Reilly Industries Inc. of the United States pleaded guilty to participating in the international conspiracy, which was initiated in January 1992 and continued until March 1998 in breach of Canada's *Competition Act*.

Degussa AG was sentenced to pay a total fine of \$2.5-million, while Lonza AG was fined a total of \$1.1-million. Nepera Inc. and Reilly Industries, Inc. were fined \$240,000 and \$35,000 respectively for offences relating to vitamin B3. The conviction of these parties follow the conviction of Hoffmann-La Roche Ltd., BASF AG, Rhône-Poulenc S.A., Eisai Co. Ltd., Daiichi Pharmaceutical Co. Ltd. in 1999, where total fines of \$88.4 million were imposed by the Federal Court of Canada.

News Release:

[Competition Bureau investigation leads to over \\$4-million in fines for international bulk vitamin conspiracies](#)

Dr. Kuno Sommer

Date: 2002-10-16

Event: Conviction

Court: Federal Court of Canada, Trial Division

Court File Number: 1584-02

Party: Dr. Kuno Sommer

Provision(s): 45 of the *Competition Act* - Conspiracy

Products: Bulk vitamins (Vitamin B3)

Summary: Dr. Kuno Sommer, a Swiss National and former senior executive at Hoffmann-La Roche Ltd, a Swiss corporation, pleaded guilty for his participation in a series of conspiracies in bulk vitamins throughout the period between January 1991 and December 1997. The Federal Court of Canada imposed a fine of \$150,000 on Dr. Sommer for his role in multiple conspiracies to fix prices and allocate market shares for 10 bulk vitamins and food additive products sold in Canada, with regard to which eight firms and two individuals were convicted and fined in 1998 and 2000.

The international conspiracy was initiated in January 1992 and continued until March 1998 in breach of Canada's *Competition Act*.

News Release:

[Competition Bureau investigation leads to over \\$4-million in fines for international bulk vitamin conspiracies](#)

Stroh Brewery Company (Quebec) Ltd.

Date: 2002-10-10

Event: Conviction

Court: Federal Court of Canada, Trial Division, Ottawa

Court File Number: T-1504-02

Party: Stroh Brewery Company (Quebec) Ltd.

Provision(s): 61 of the *Competition Act* - Price Maintenance

Products: Stroh Branded Beer

Summary: A Competition Bureau investigation in the beer industry in Quebec has led to the conviction in Federal Court of The Stroh Brewery Company (Quebec) Ltd. (Stroh), which pleaded guilty to charges of price maintenance. The company was sentenced to pay a \$250,000 fine, the largest fine imposed to date in a price maintenance case.

The Bureau's investigation, which started in 2001, revealed that Stroh engaged in price maintenance in convenience stores and other retail outlets in the Province of Quebec for the sale of bottled beer by the case of various sizes. In particular, convenience stores and retail outlets had to maintain the price specified by Stroh for the products, thereby avoiding any discounting of the products.

Court Documents:

[Agreed Statement of Facts](#) (PDF: 241 KB)

[Indictment](#) (PDF: 66 KB)

[Prohibition Order](#) (PDF: 218 KB)

News Release:

[Competition Bureau investigation leads to a \\$250,000 fine in a price maintenance case](#)

All Communications Network of Canada Co.

Date: 2002-09-23

Event: Charges

Court (preliminary hearing): Halifax Provincial Court

Court File #: 1222594

Accused: All Communications Network of Canada Co.

Provision: 55 of the *Competition Act* - Multi-level marketing; 55.1 of the *Competition Act* - Pyramid selling

Products: Long-distance telecommunication services

Summary: Eight charges were laid in Halifax, N.S. against All Communications Network Co. for allegedly recruiting new participants by exaggerating income expectations without disclosing the income of a typical participant. The company operates a multi-level marketing plan which promotes and sells long-distance telecommunication services.

The Competition Bureau alleges that ACN Canada, as it is known, and its participants, through its Web sites and at public meetings, recruited new participants by exaggerating income expectations without disclosing the income of a typical participant. Under the *Competition Act*, it is illegal to make reference to earnings in a multi-level marketing plan without disclosing a typical participant's income. In addition, operators of a multi-level marketing plan must ensure that any income representation made by a participant in the plan includes disclosure of a typical participant's income.

Furthermore, ACN Canada was charged with operating an illegal scheme of pyramid selling by offering recruitment bonuses to participants who paid for the right to recruit other participants.

News Release:

[Multi-level Marketing Firm Charged for Misleading Participants](#)

Sears Canada Inc.

Date: 2002-07-22

Event: Application

Court: Competition Tribunal

Court File Number: CT-2002-004

Party: Sears Canada Inc.

Provision: 74.01(3) of the *Competition Act* - Ordinary Price: Supplier's Own

Product: Tires

Summary: The Commissioner's application alleges that Sears Canada Inc. deceived consumers about the real value of their savings by referring to