

STATE OF OKLAHOMA

JAN 16 1998

PATRICIA PRESLEY, COURT CLERK
By _____
29987

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)
)
v.)
)
)
Randall D. Jeffers and)
Renaissance U.S.A., Inc.)
)
Defendants.)
)

Case No. 98-373-62

**PETITION FOR PERMANENT INJUNCTION
AND OTHER EQUITABLE RELIEF**

Plaintiff, the Oklahoma Department of Securities ("Department") *ex rel.* Irving L. Faught, Administrator, for its causes of action against the named Defendants, alleges and states:

JURISDICTION

1. All causes of action set forth in this matter arise within the state of Oklahoma and pursuant to the Oklahoma Business Opportunity Sales Act ("Act"), Okla. Stat. tit. 71, § 801-827, (1991 & Supp. 1997). Irving L. Faught is the Administrator of the Oklahoma Department of Securities. Pursuant to Section 814(A)(2) of the Act, the Administrator is the proper party to bring this action against the Defendants. This Court has jurisdiction pursuant to Section 814(A)(2) of the Act.

PARTIES

2. Plaintiff is the Department acting through its Administrator, Irving L. Faught, pursuant to Section 814 of the Act.

3. Defendant Randall D. Jeffers ("Jeffers") is an individual who was the Founder and President of Destiny Telecomm International, Inc. ("Destiny"), a California corporation. Destiny is a company that was formerly known as Tel America International, Inc. (Tel America). Jeffers has personally formulated, directed, controlled, supervised, managed, or had knowledge of and acquiesced in, the practices and policies of Tel America, Destiny, and now Renaissance U.S.A., Inc.

4. Defendant Renaissance U.S.A., Inc. ("Renaissance"), was incorporated in the state of Delaware on September 26, 1997. Renaissance is a company with its principal place of business in the state of Texas. Renaissance is doing business in the state of Oklahoma.

5. Destiny, a multi-level marketing company with its principal place of business in the state of California, ceased doing business in May or June, 1997, after numerous regulatory actions were taken against Destiny and Jeffers. At the time of its inception, Destiny was actually called Tel America. In September, 1997, Renaissance, a multi-level marketing company, began its business. Both Destiny and subsequently Renaissance have marketed substantially similar products and services in a substantially similar manner as described below.

BACKGROUND FACTS

6. From May, 1996 through at least April, 1997, Jeffers offered and sold Destiny Independent Representative Agreements ("Destiny Agreements") in a network marketing program in the state of Oklahoma. Purchasers of the Destiny Agreements ("Destiny Purchasers") were promised the opportunity to earn monthly residual commissions through the sale of Destiny products and services. The Destiny products and services to be sold by the Destiny Purchasers were custom telecards, pagers and long distance calling plans.

7. On December 11, 1997, the General Counsel of the Department served a Recommendation to the Administrator to Issue Final Order to Cease and Desist and Impose Civil Penalty Against Destiny Telecomm International, Inc. and Randall D. Jeffers ("Recommendation"). The Recommendation alleged that:

"5. Purchasers who paid for the Representative Agreements and received telecards from Respondents discovered that the cards did not work in the state of Oklahoma. Respondents did not disclose to Purchasers that the cards did not work or that the Corporation Commission of the State of Oklahoma ("Corporation Commission") had not granted Respondents a Certificate of Convenience and Necessity required by all persons that provide intrastate telecommunications service in Oklahoma. According to the records of the Corporation Commission, Respondents filed an application for a Certificate of Convenience and Necessity on October 24,

1996, but the Certificate of Convenience and Necessity has not been granted to date.

6. Respondents represented to purchasers that the following refund policy would apply to the program:

An IR shall be entitled to cancel participation in the retail sales program at any time and for any reason upon written notice to the company. Upon notification or termination, the sponsoring IR or Destiny Telecomm will repurchase unused and currently marketable inventory and sales aids purchased from Destiny Telecomm within 30 days (or longer where regulated by state law) from the date of receipt of merchandise first ordered, at 90% of the Distributor's net cost, less appropriate set-offs and legal claims.

Respondents failed to repurchase inventory and sales aids from Oklahoma Purchasers in accordance with the refund policy.

7. In connection with the offer and sale of the Representative Agreements, Respondents represented to Purchasers that DTI had been approved in all 50 states by each Attorney General's office. DTI has not been approved by the Oklahoma Attorney General.

8. In connection with the offer and sale of the Representative Agreements, Respondents represented to Purchasers that DTI telecards

could be used anywhere in the world, day or night. Many cards purchased by Oklahoma Purchasers did not work in Oklahoma.

9. In connection with the offer and sale of the Representative Agreements, Respondents represented to Purchasers that there was no risk involved in connection with this purchase. Numerous Oklahoma Purchasers have received telecards that do not work and the Oklahoma Purchasers have been unable to obtain a refund of their purchase price. Others have been notified that their purchase of the Representative Agreements was billed twice to their credit cards without authorization.

10. In connection with the offer and sale of the Representative Agreements, Respondents did not disclose to purchasers that the following actions had been taken against DTI:

(a) Assurance of Voluntary Compliance filed on April 3, 1996, in the Circuit Court of Oregon, Marion County;

(b) Complaint filed on June 18, 1996, in the Superior Court of Guam, Territory of Guam;

(c) Notice of Intended Action and Opportunity to Cease and Desist issued on March 4, 1996, in the State of Michigan, Department of Attorney General;

(d) Assurance of Discontinuance entered into on July 1, 1996, in the State of Michigan, Department of Attorney General.

(e) Assurance of Voluntary Compliance issued in February, 1997, in the Office of the Attorney General, State of Alabama;

(f) A Final Judgment and Permanent Injunction issued by the Superior Court of the State of California for the County of Alameda on March 18, 1997, imposing a civil penalty of \$1,600,000.

8. Additional actions have been taken against Destiny and Jeffers as follow:

(a) A Complaint For Injunctive and Other Relief was filed against Destiny and Jeffers on November 4, 1997 by the Attorney General of the State of Illinois alleging violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 et seq.(West 1996);

(b) A Verified Complaint was issued against Destiny and Jeffers on December 4, 1997, by the Attorney General of the State of New York alleging that despite entering into an Assurance of Discontinuance with the State of New York, Destiny and Jeffers have failed to cease and desist illegal fraudulent and deceptive practices and have defaulted on their penalty payments to New York;

(c) A Complaint was filed on August 12, 1997, against Destiny and Jeffers by the Attorney General of the State of Arkansas alleging violations of the Arkansas Deceptive Trade Practices Act, as amended, Ark. Code Ann. §4-88-101 et seq.

9. Beginning in approximately December 1997, Defendants began offering to sell Renaissance Independent Representative Agreements ("Renaissance Agreements") in a network marketing program to Oklahoma residents in Oklahoma County, Oklahoma. Purchasers of the

Renaissance Agreements ("Renaissance Purchasers") were promised the opportunity to earn monthly residual commissions through the sale of Renaissance products and services. The Renaissance products and services to be provided to the Renaissance Purchasers for sale in their business were pre-paid phone cards, nutrition and weight loss products and personal care products.

10. On December 19, 1997, Defendants conducted a Renaissance meeting in Oklahoma City, Oklahoma, at the Comfort Inn. At the meeting, Defendants offered to sell Renaissance Agreements. The Renaissance Agreements constitute agreements between Defendants and the Renaissance Purchaser whereby Defendants would "repurchase unused and currently marketable inventory and sales aids purchased from Renaissance within 30 days (or longer where regulated by state law) from the date of receipt of merchandise first ordered, at 90% of the IR's net cost, less appropriate set-offs and legal claims." Defendants also agreed to provide Marketing Support Materials, including brochures and catalogs and offered training regarding the promotion, operation and management of the business opportunity. With the Renaissance Agreements, and the products and services provided with it, Defendants promised the public they could start a profitable business.

11. At the December 19, 1997 meeting, Renaissance materials were distributed in an envelope marked "TOP SECRET." The materials did not disclose information about the role or activities of Jeffers in Renaissance. The materials did not disclose any civil or administrative actions taken against Destiny or Jeffers. The materials did not disclose any information about failure of the Destiny pre-paid phone cards to work, the failure of Destiny

and Jeffers to repurchase inventory and sales aids as they represented and the unauthorized multiple credit card billing by Destiny and Jeffers.

12. The Renaissance Agreements offered by Defendants were not registered with the Department pursuant to Section 806 of the Act.

13. Defendants failed to deliver to Renaissance Purchasers a disclosure document relating to the Renaissance Agreements that complied with Section 808 of the Act.

14. In connection with the offers of the Renaissance Agreements, Defendants omitted to state material facts, including, but not limited to:

- a) that civil and administrative actions had been filed and orders taken against Destiny and Jeffers by numerous states in connection with a similar business venture, including injunctions and substantial fines that have not been paid;
- b) that Destiny and Jeffers had sold Destiny Agreements to Destiny Purchasers that included pre-paid phone cards that did not work;
- c) that Destiny and Jeffers promised to repurchase inventory and sales aids from Destiny Purchasers in accordance with the Destiny refund policy and failed to do so;
- d) that Destiny and Jeffers billed the credit cards of Destiny Purchasers multiple times without authorization.

15. Defendants have scheduled meetings on January 16 and January 17, 1998, to offer Renaissance Agreements from the Fifth Season Hotel in Oklahoma County, Oklahoma.

FIRST CAUSE OF ACTION

(VIOLATIONS OF SECTION 806 OF THE ACT: UNLAWFUL OFFER AND SALE OF AN UNREGISTERED BUSINESS OPPORTUNITY IN THE STATE OF OKLAHOMA)

16. Plaintiff realleges and incorporates by reference paragraphs 1 through 15 above, as if fully set forth herein.

17. Defendants offered to enter into contracts whereby Defendants would provide products and services enabling the Renaissance Purchaser of a Renaissance Agreement to start a business. Defendants further represented that the Defendants would repurchase inventory and sales aids and would provide training to Renaissance Purchasers.

18. As a result of the offers made by Defendants in the state of Oklahoma, Defendants offered business opportunities to Oklahoma residents.

19. The business opportunities offered in Oklahoma by the Defendants are not and were not registered under the provisions of the Act.

20. As a result of the above allegations, Defendants have violated Section 806 of the Act and Plaintiff is entitled to a temporary and permanent injunction against Defendants, and any other relief this Court determines appropriate.

SECOND CAUSE OF ACTION

(VIOLATIONS OF SECTION 808 OF THE ACT: FAILURE TO PROVIDE A DISCLOSURE DOCUMENT)

21. Plaintiff realleges and incorporates by reference paragraphs 1 through 20 above, as if fully set forth herein.

22. Defendants offered business opportunities in the state of Oklahoma as set forth above.

23. Defendants failed to deliver a disclosure document as required by the Act in connection with the offer of these business opportunities.

24. As a result of the above allegations, Defendants have violated Section 808 of the Act and Plaintiff is entitled to a temporary and permanent injunction against Defendants, and any other relief this Court determines appropriate.

THIRD CAUSE OF ACTION

(VIOLATIONS OF SECTIONS 819(2) AND (3) OF THE ACT:

OMISSIONS OF MATERIAL FACT;

ACTS AND PRACTICES WHICH OPERATE AS A FRAUD OR DECEIT)

25. Plaintiff realleges and incorporates by reference paragraphs 1 through 24 above, as if fully set forth herein.

26. In connection with the offer and sale of the business opportunities, Defendants omitted certain material facts in an effort to induce prospective purchasers to buy the business

opportunity. These material omissions are set forth with specificity in paragraphs 13(a) through 13(d), above.

27. These omissions constituted a practice and course of business which operated as a fraud and deceit upon prospective purchasers.

28. As a result of the above allegations, Defendants has violated Sections 819(2) and (3) of the Act and Plaintiff is entitled to a temporary and permanent injunction against Defendants, and any other relief this Court determines appropriate.

PRAYER FOR RELIEF

WHEREFORE, the Department prays for the following relief:

1. A temporary restraining order to issue instanter, restraining and enjoining the Defendants, their agents, servants, employees, assigns, attorneys, and those persons in active concert or participation with them who receive actual notice of this order, by personal service or otherwise, and each of them from:

A. the offer and sale of business opportunities from or in this state unless and until such business opportunities are registered by the Defendants and revoke any exemption claim made by Defendants pursuant to the Act;

B. the offer and sale of business opportunities from or in this state unless and until a written disclosure document prepared pursuant to Section 808 of the Act is delivered to each purchaser as required by the Act; and

C. directly or indirectly omitting to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading and/or from engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person in connection with the offer and sale of business opportunities from or in this state.

2. A temporary injunction restraining and enjoining the Defendants, their agents, servants, employees, assigns, attorneys, and those persons in active concert or participation with them who receive actual notice of this order, by personal service or otherwise, and each of them from:

A. the offer and sale of business opportunities from or in this state unless and until such business opportunities are registered by the Defendants and revoke any exemption claim made by Defendants pursuant to the Act;

B. the offer and sale of business opportunities from or in this state unless and until a written disclosure document prepared pursuant to Section 808 of the Act is delivered to each purchaser as required by the Act; and

C. directly or indirectly omitting to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading and/or from engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person

in connection with the offer and sale of business opportunities from or in this state.

3. A permanent injunction forever enjoining and restraining the Defendants, their agents, servants, employees, successors and assigns, as applicable, and each of them, from engaging in the offer and/or sale of business opportunities in the state of Oklahoma unless registered with the state of Oklahoma and revoke any exemption claim made by Defendants pursuant to the Act;

4. A permanent injunction forever enjoining and restraining the Defendants, their agents, servants, employees, successors and assigns, as applicable, and each of them, from engaging in the offer and/or sale of business opportunities in the state of Oklahoma unless and until a written disclosure document prepared pursuant to Section 808 of the Act is delivered to each purchaser as required by the Act;

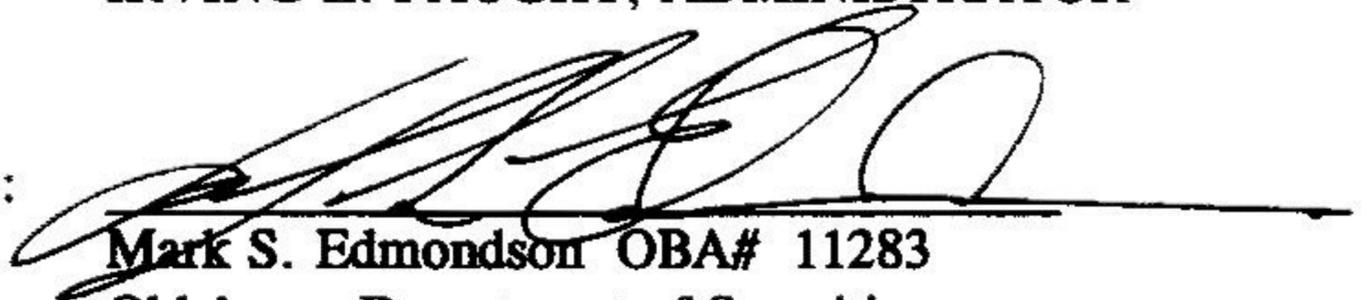
5. A permanent injunction forever enjoining and restraining the Defendants, their agents, servants, employees, successors and assigns, as applicable, and each of them, from, directly or indirectly, from omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, and/or from engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; and/or

6. Such other and further relief as this Court may deem just, equitable and necessary in connection with the enforcement of the Act.

Respectfully Submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
IRVING L. FAUGHT, ADMINISTRATOR

By:

A handwritten signature in black ink, appearing to read 'Mark S. Edmondson', is written over a horizontal line. The signature is stylized and cursive.

Mark S. Edmondson OBA# 11283
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
Telephone (405) 280-7700