

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**        **Jon Leibowitz, Chairman**  
                                  **Pamela Jones Harbour**  
                                  **William E. Kovacic**  
                                  **J. Thomas Rosch**

<p><b>In the Matter of</b></p> <p><b>AMERICAN TELECOM SERVICES, INC., a corporation.</b></p>
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**DOCKET NO. C-4256**

**COMPLAINT**

The Federal Trade Commission, having reason to believe that American Telecom Services, Inc., a corporation (“ATS” or “respondent”), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is a Delaware corporation with its principal office or place of business at 6 Concourse Parkway NE, Suite 1525, Atlanta, GA 30328-6117.
2. Respondent has advertised, labeled, offered for sale, sold, and distributed products to the public, including telephones and phone services. Respondent has distributed these products to the public through large, nationwide retailers.
3. To make its products more attractive to retailers and their customers, ATS has offered numerous mail-in rebates ranging from \$5 to \$50 in value. Most of ATS’s rebate offers have required consumers to fill out a rebate form, provide proof-of-purchase documentation, and “activate” an account entitling the consumer to 100 free long distance minutes. ATS has used third party fulfillment houses to process and pay rebate requests received from its customers.
4. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

**ATS’S REBATE ADVERTISEMENTS**

5. Respondent has disseminated or has caused to be disseminated advertisements and rebate forms for mail-in rebates, including but not necessarily limited to the attached Exhibit A. These advertisements contain the following statements:

“American Telecom **Pay N’Talk**

**\$15 REBATE**

...

Terms and Conditions:

...

Allow 8 weeks to receive your rebate check.

...”

(Excerpts from Exhibit A, an ATS rebate form for a rebate offered on a Pay N’Talk telephone).

**FALSE SHIPMENT REPRESENTATION**

6. Through the means described in Paragraph 5, including but not necessarily limited to Exhibit A, respondent has represented, expressly or by implication, that purchasers of eligible ATS products will receive rebate checks within eight weeks after receipt of their properly completed requests.

7. In truth and in fact, in numerous instances, purchasers of eligible ATS products did not receive rebate checks within eight weeks after receipt of their properly completed requests. Tens of thousands of consumers who submitted properly completed requests for rebates since 2006 have experienced substantial delays, including delays of one year or longer. These delays have been due, in part, to ATS’s inability to pay its third party fulfillment houses, as well as its refusal to timely pay third party fulfillment houses with which it had disagreements. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

8. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

**THEREFORE**, the Federal Trade Commission this fifteenth day of April, 2009, has issued this complaint against respondent.

By the Commission.

Donald S. Clark  
Secretary

SEAL: