

THE COMPETITION TRIBUNAL

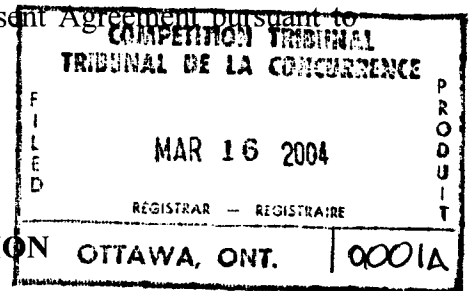
IN THE MATTER OF THE *COMPETITION ACT*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF an inquiry pursuant to subparagraphs 10(1)(b)(ii) and 10(1)(b)(iii) of the *Competition Act* relating to certain marketing practices of Gold Line Telemangement Inc. and its Affiliates;

AND IN THE MATTER OF the filing and registration of a Consent Agreement pursuant to Section 74.12 of the *Competition Act*.

BETWEEN:

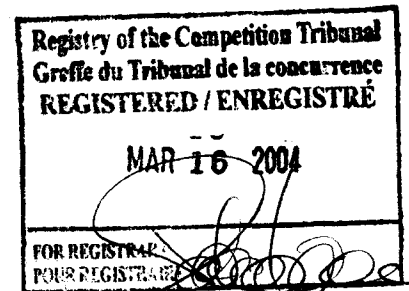
THE COMMISSIONER OF COMPETITION



Applicant

-and-

TELERESOLVE INC.



Respondent

CONSENT AGREEMENT

WHEREAS:

A. On October 25th, 2002, the Commissioner of Competition (“**Commissioner**”) commenced an inquiry (the “**Inquiry**”) under subparagraphs 10(1)(b)(ii) and 10(1)(b)(iii) of the *Competition Act* (the “**Act**”) into certain marketing practices of Gold Line Telemanagement Inc. and its affiliates (“**Gold Line**”) carrying on business as Gold Line Group of Companies related to certain Prepaid Telephone Calling Card Products distributed by Gold Line;

B. During the course of his investigation the Commissioner gathered and analysed evidence relating to the marketing practices of Gold Line;

C. The Commissioner has reason to believe that from at least March 2001 and continuing until at least November 2002, Gold Line’s affiliate, Teleresolve Inc. (“**Respondent**”), in promoting directly or indirectly the sale or use of LiLy branded and WOW branded prepaid telephone calling card services, made representations to the public as to the number of minutes of telephone calling time that each card would provide to a purchaser were false or misleading in a material respect contrary to paragraphs 74.01(1)(a) and 74.01(1)(b) of the Act;

D. The Commissioner and the Respondent have reached an agreement which resolves all of the Commissioner’s concerns about the marketing practices of Gold Line and which is reflected in this Consent Agreement;

AND IT BEING UNDERSTOOD THAT:

E. While the Commissioner has reason to believe that there has been a violation of paragraphs 74.01(1)(a) and 74.01(1)(b) of the Act and concluded that representations concerning the LILY branded and WOW branded Prepaid Telephone Calling Card Products contravened the Act and while the Respondent does not agree with the Commissioner’s belief or conclusion, solely for the purposes of this Consent Agreement, the Respondent does not contest the Commissioner’s belief or conclusion. For any other purpose, Gold Line’s non-contestation of the Commissioner’s belief or conclusion is entirely on a without prejudice basis and no admission of guilt;

AND WHEREAS:

F. The Commissioner and the Respondent have agreed that upon signing this Consent Agreement, the parties will sign and file a consent in the form attached hereto as Schedule A consenting to the registration by the Competition Tribunal of this Consent Agreement by the Competition Tribunal; and

G. Upon registration, this Consent Agreement shall be enforceable as if it were an order rendered by the Competition Tribunal pursuant to Section 74.1 of the Act.

NOW THEREFORE the Commissioner and the Respondent agree that:

Interpretation

1. Terms defined in the preamble to this Consent Agreement shall have the meaning ascribed to them in the preamble. In addition, in this Consent Agreement:

- (a) “**Affiliate**” shall have the meaning ascribed to it in the Act;
- (b) “**Compliance Program**” has the meaning ascribed to it in paragraph 12 of this Consent Agreement;
- (c) “**Control**” shall mean *de jure* control or control in fact;
- (d) “**Person**” means any individual, corporation, partnership, firm, association, trust unincorporated organization or other entity;
- (e) “**Related Person**” means any of Gold Line Telemangement Inc., its affiliates, Ataollah Moeini, Neda Moeini, any present or future person under the Control of Ataollah Moeini and/or Neda Moeini and that person’s affiliates;
- (f) “**Relevant Employees**” has the meaning given to it in paragraph 13(b) of this Consent Agreement;
- (g) “**Prepaid Telephone Calling Card Product**” shall mean prepaid phone cards, in physical or electronic form, which are used by entering a Personal Identification

Number (“PIN”) by a consumer to make long distance or local telephone calls using Gold Line as a telecommunications carrier; and

- (h) “**Written Guidelines**” has the meaning given to it in paragraph 13(e) of this Consent Agreement;
- (i) “**Written Opinion**” shall have the meaning ascribed to it in section 124.1 of the Act;

No False or Misleading Statements

2. Neither the Respondent nor any Related Person shall make, cause to be made, or permit to be made on its behalf, any representation whatsoever in Canada or available to consumers in Canada by any means whatsoever, including via the Internet, which is false or misleading in a material respect with respect to Prepaid Telephone Calling Card Products, including, but without limiting the generality of the foregoing, any representation that is false or misleading in a material respect relating to:
 - (a) the rates per minute available on any Prepaid Telephone Calling Card Product that is advertised on any point of purchase display, including posters, or on any website;
 - (b) the number of minutes available on any Prepaid Telephone Calling Card Product that is advertised on any point of purchase display, including posters, or on any website;
 - (c) any charge whatsoever, including maintenance fees, service fees and taxes, to be debited against any Prepaid Telephone Calling Card Product that is advertised on any point of purchase display, including posters, or on any website; or
 - (d) the security measures for Prepaid Telephone Calling Card Products such as automatic disconnect features that apply to any Prepaid Telephone Calling Card Product or the manner in which such security measures are applied that are advertised on any point of purchase display, including posters, or on any website.

Withdrawal of Cards from the Market

3. The Respondent and the Related Persons shall immediately and permanently withdraw from the market all WOW and LiLy Prepaid Telephone Calling Card Products;

Administrative Monetary Penalty

4. The Respondent shall pay forthwith an administrative monetary penalty in the amount of \$750,000.00.

Restitution

5. The Respondent shall provide a credit to purchasers of WOW or LiLy Prepaid Telephone Calling Card Products in the amount of 50% of the face value of such Prepaid Telephone Calling Card Product upon presentation by the purchasers of satisfactory proof of purchase (the expired WOW or LiLy card will be suitable proof of purchase). The Respondent shall ensure that a toll-free telephone number is appropriately staffed to respond to claims for a credit by WOW or LiLy card purchasers.

Product Representations

6. The Respondent and the Related Persons shall within 30 days following registration of this Consent Agreement take the following actions to ensure that appropriate disclosure is made to purchasers of Prepaid Telephone Calling Card Products:
 - (a) for a period of at least one year following registration of the Consent Agreement the Respondent and Related Persons shall include on its point of sale advertising materials representations which indicates clearly to the consumer the most appropriate Prepaid Telephone Calling Card Product for specific telephone calling usage including the provision of a toll free customer service telephone number so that further information as to the most appropriate Prepaid Telephone Calling Card Product for the particular customer's termination and calling pattern is available to the consumer; and

- (b) for a period of at least 60 days following receipt of the Written Opinions referred to in paragraph 7 herein, the Respondent and Related Persons shall ensure that an integrated information card, satisfactory to the Commissioner, is provided to purchasers, at the time of purchase, of any Prepaid Telephone Calling Card Product distributed or marketed by the Respondent or the Related Persons which clearly identifies applicable rates and charges related to the specific Prepaid Telephone Calling Card Product that is purchased.

Written Opinions

7. The Respondent and Related Persons shall apply for and obtain a Written Opinion from the Commissioner pursuant to section 124.1 of the Act relating to representations made in connection with the marketing, distribution or promotion of all Prepaid Telephone Calling Card Products marketed, promoted or distributed in Canada by the Respondent or Related Persons, to the effect that the Commissioner is satisfied that such representations do not breach any provision of the Act in respect of:
 - (a) the general format of the point of sale advertising material, particularly as it relates to the location, size and content of the general terms and conditions for the Prepaid Telephone Calling Card Products;
 - (b) the content and descriptive nature of each of the types of services charges, fees and security measures (presently 6), which apply to the Respondent and Related Person's Prepaid Telephone Calling Card Products; and
 - (c) such applications for Written Opinions shall be made to the Commissioner within 60 days following registration of the Consent Agreement.

8. In the future, the Respondent and Related Person shall apply for and obtain a Written Opinion from the Commissioner pursuant to s. 124.1 of the Act relating to representations to be made in connection with the marketing, distribution or promotion of new Prepaid Telephone Calling Card Products to be marketed, promoted or distributed in

Canada by the Respondent or Related Persons, to the effect that the Commissioner is satisfied that such representations do not breach any provision of the Act in respect of:

- (a) any change in the point of sale advertising, which would materially effect the:
 - (i) general layout, particularly as it relates to the size and location of the general terms and conditions; and
 - (ii) the language of the general terms and conditions.
 - (b) any material change to the language of the services charges, fees and security language approved in paragraph 7(b) herein; and
 - (c) the content and descriptive nature of any new services charges, fees or security measures, which may apply for Prepaid Telephone Calling Card Products.
9. The Respondent and the Related Persons shall ensure that any representation to be made in connection with the promotion, marketing or distribution of any electronic Prepaid Telephone Calling Card Products (i.e. D-call program) promoted, marketed or distributed in Canada by the Respondent or Related Persons shall comply with the form and substance of the Written Opinions obtained in paragraphs 7 and 8 herein.
10. The Respondent and the Related Persons shall provide to the Commissioner, as long as the Commissioner requires and in a manner requested by the Commissioner, the names, addresses, telephone number and quantity of Prepaid Telephone Calling Card Products or Personal Identification Numbers (“PINs”) purchased by third parties for sale or distribution in Canada for Prepaid Telephone Calling Card Products which the Respondent or Related Persons do not market or distribute.
11. The Respondent and the Related Persons shall include as a term of any new contract with a third party for the provision of calling cards or PINs sold or distributed, or to be sold or distributed in Canada as Prepaid Telephone Calling Card Products, that the Respondent and the Related Persons shall cease to continue to provide services to such third parties if the Commissioner advises the Respondent, or Related Persons, that the Commissioner has reason to believe that the representations made by the third party in connection with

the marketing or distribution of such Prepaid Telephone Calling Card Products are false or misleading in a material respect.

Corporate Compliance Program

12. The Respondent shall establish and maintain a Corporate Compliance Program (the “**Compliance Program**”) satisfactory to the Commissioner, the goal of which will be to promote compliance with the Act generally, and the deceptive marketing practices provisions of the Act (Part VII.1) specifically.
13. The Compliance Program will include the following features:
 - (a) designation of a Corporate Compliance Officer within 30 days following registration of this Consent Agreement;
 - (b) preparation and dissemination of written materials relating to the Compliance Program to all senior management of the Respondent and any Related Person and to any employee or independent contractor of the Respondent or any Related Person that is materially involved in the promotion, marketing or distribution of any Prepaid Telephone Calling Card Product (collectively, the “**Relevant Employees**”);
 - (c) implementation of an initial compliance education session for Relevant Employees;
 - (d) implementation of an annual compliance education refresher session for Relevant Employees;
 - (e) provision of a copy of a Corporate Compliance Policy (the “**Written Guidelines**”) flowing from the Compliance Program to all current and future Relevant Employees; and
 - (f) execution of a statement by each Relevant Employee that s/he has read and understands the Written Guidelines and that failure to comply with the Written

Guidelines could result in disciplinary action which may include termination of employment.

14. A draft outline of the Written Guidelines shall be provided to the Commissioner within 45 days following registration of this Consent Agreement for the Commissioner's review.

Copies of Agreement

15. Within 30 days following registration of this Consent Agreement, the Respondent shall place a notice satisfactory to the Commissioner at 'www.Gold Line.net' with a hyperlink to the Competition Tribunal website to view this Consent Agreement, such notice and hyperlink to remain active for a period of at least 60 days following publication of this Consent Agreement on the Competition Tribunal's website.
16. Within 60 days following registration of this Consent Agreement, to the extent that it has not already done so, the Respondent shall provided to each director and officer of the Respondent and each Related Person and every Relevant Employee of the Respondent and each Related Person:
 - (a) a copy of this Consent Agreement,
 - (b) a current copy of Sections of 52, 74.01, 74.02 and 74.03 of the Act; and
 - (c) a written statement that:
 - (i) it is company policy to require compliance with the Act and this Consent Agreement;
 - (ii) failure to comply would result in appropriate disciplinary action which may include termination of employment;
 - (iii) failure to comply with, or contravention of, this Consent Agreement is punishable under Sections 34(6) and 35(2) of the Act; and
 - (iv) the Compliance Officer of the Respondent is available to confer about any compliance questions.

Compliance Reports and Information

17. For the period of ten years following registration of this Consent Agreement, the Respondent shall provide a copy of each of the documents described in paragraph 16 to every individual who attains the status of the individuals described in paragraph 16 (to the extent that such individuals have not already been provided with a copy of such materials) within 60 days of the date the individual attains such status.
18. For a period of three years following registration of this Consent Agreement, the Respondent shall submit to the Commissioner, on or before December 31st of each year, a written statement setting out the facts and the manner by which the Respondent has complied with paragraphs 13, 16 and 17 including confirmation that each individual described in paragraphs 13 and 16 has acknowledged their awareness of the Written Guidelines or the materials set out in paragraph 16, as the case may be, and that the acknowledgment is recorded on the personnel file of each such individual.
19. For a period of ten years following registration of this Consent Agreement, the Respondent shall provide to the Commissioner, within 14 days of receipt of a written request from the Commissioner, such information in such form as the Commissioner may reasonably request for the purpose of monitoring compliance with this Consent Agreement including copies of any promotional materials and representations relating to products promoted, marketed or distributed by the Respondent or the Related Persons.

Failure to Comply

20. A failure to comply with the terms of this Consent Agreement by the Respondent, its Affiliates or any Related Person shall be deemed to be a breach of this Consent Agreement by the Respondent.

Term of Agreement

21. Unless otherwise specified, this Consent Agreement shall be binding upon the Respondent and any Related Person as defined herein for a period of ten years following the date of registration of this Consent Agreement.

Notices

22. Any notice required to be given pursuant to any term of this Consent Agreement is valid if given by facsimile transmission or registered mail to:

- (a) For the Commissioner:

Attention: Deputy Commissioner of Competition Fair Business Practices Branch

Competition Bureau
50 Victoria Street
Gatineau, PQ
K1A 0C9
Facsimile: (819) 953-9267

- (b) For the Respondent:

Attention: President

Teleresolve Inc.
180 West Beaver Creek Rd.,
Richmond Hill, Ontario
L4B 1B4

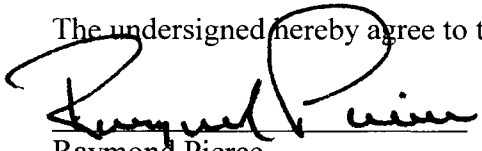
Facsimile: (905) 709-6901

General

23. This Consent Agreement may be executed in two or more counterparts, each of which shall be an original instrument, but all of which shall constitute one and the same agreement.

- 24. This Consent Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 25. The Competition Tribunal shall retain jurisdiction in this matter as set out in s.74.13 of the Act.
- 26. In the event of a dispute as to the interpretation or application of this Consent Agreement, the Commissioner and the Respondent may apply to the Competition Tribunal for an order interpreting or to determine appropriate application of this Consent Agreement.

The undersigned hereby agree to the registration of this consent agreement.


Raymond Pierce
Deputy Commissioner of Competition

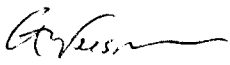
Dated at Gatineau, Quebec, this 25th day of February, 2004.

TELERESOLVE INC.

By: 
Ata Moeini

Dated at Toronto, Ontario, this 30th day of DECEMBER, 2003.

President and authorized signing officer

Signature witnessed by:


(print & sign name)
AVI WEISMAN

Dated at Toronto, Ontario, this 30th day of DECEMBER, 2003.

CT-

Schedule 'A'

THE COMPETITION TRIBUNAL

IN THE MATTER OF THE *COMPETITION ACT*, R.S.C. 1985, c. C-34, as amended;

AND IN THE MATTER OF an inquiry pursuant to subparagraphs 10(1)(b)(ii) and 10(1)(b)(iii) of the *Competition Act* relating to certain marketing practices of Gold Line Telemanagement Inc. and its Affiliates;

AND IN THE MATTER OF the filing and registration of a Consent Agreement pursuant to Section 74.12 of the *Competition Act*.

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

TELERESOLVE INC.

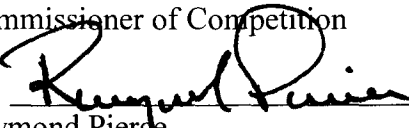
Respondent

CONSENT

THE PARTIES hereby irrevocably consent to the registration of a Consent Agreement pursuant to section 74.12 of the *Competition Act* in the form attached hereto.

The undersigned hereby agree to the registration of this consent agreement.

Commissioner of Competition


By: 
Raymond Pierce
Deputy Commissioner of Competition

Dated at Gatineau, Quebec, this 25th day of
February, 2004

Competition Bureau
50 Victoria Street
Gatineau, PQ
K1A 0C9

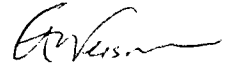
Telephone: (819) 997-3325
Facsimile: (819) 953-9267

TELERESOLVE INC.

By: 
Ata Moeini
President and authorized signing officer
180 West Beaver Creek Rd.,
Richmond Hill, Ontario
L4B 1B4

Dated at Toronto, Ontario, this 30th
day of DECEMBER, 2003.

Signature witnessed by:


(print & sign name)
AVE WEISMAN

Dated at Toronto, Ontario, this 30th
day of DECEMBER, 2003.