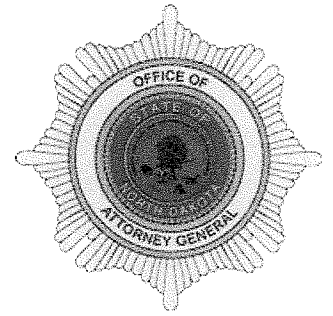




OFFICE OF ATTORNEY GENERAL
CONSUMER PROTECTION AND ANTITRUST DIVISION
GATEWAY PROFESSIONAL CENTER
1050 E INTERSTATE AVENUE, STE 200
BISMARCK, NORTH DAKOTA 58503-5574



701-328-5570 (Telephone)
701-328-5568 (Facsimile)

STATE OF NORTH DAKOTA
OFFICE OF ATTORNEY GENERAL

STATE OF NORTH DAKOTA EX REL.
WAYNE STENEHJEM,
ATTORNEY GENERAL,

Petitioner,

-vs-

KRYSTLE FAY LESTER,
dba ELITE SUPPLIES;

Respondent.

**CEASE AND DESIST ORDER,
NOTICE OF CIVIL PENALTY
AND NOTICE OF RIGHT
TO REQUEST A HEARING**

CPAT 160109.003

To the individuals and entities identified below (hereinafter "Respondent"):

KRYSTLE LESTER
DBA ELITE SUPPLIES
PO BOX 17163
ANAHEIM, CA 92817-7163
ELITE_SUPPLIES@YAHOO.COM

KRYSTLE LESTER
2655 E DEERSPRING WAY #3057
NORTH LAS VEGAS, NV 89086

(including all of those entities' officers, directors, owners, agents, servants, employees and representatives as well as all other persons in active concert or participation with them, extending to all "doing business as" names, formal corporate names, fictitious names of any kind or any variations of the same)

BACKGROUND

1. It appears to the Attorney General of North Dakota that Respondent has engaged in and is engaging in acts or practices declared unlawful by N.D.C.C. ch. 51-15, "Unlawful Sales or Advertising Practices." It is necessary and appropriate in the public interest and for the protection of North Dakota residents to restrain Respondent's unlawful acts or practices.

2. Respondent Krystle Lester is the owner, principal, and operator of Elite Supplies, an unincorporated business. Elite Supplies' mailing address is PO Box 17163, Anaheim, CA 92817. Krystle Lester's last known mailing address is 2655 E Deerspring Way #3057, North Las Vegas, NV 89086.

3. Krystle Lester dba Elite Supplies transacts or has transacted business in the State of North Dakota and elsewhere. Respondent is or was engaged in the business of soliciting selling or collecting payment for merchandise, as those terms are defined in N.D.C.C. § 51-15-01, namely copier toner, in the State of North Dakota;

4. Krystle Lester dba Elite Supplies ("Respondent") has been the subject of complaints from North Dakota persons alleging Respondent engaged in deceptive practices in violations of North Dakota Law. Based on the complaint and information received by the Attorney General, Petitioner believes that Respondent has engaged in a practice that is commonly referred to as an "invoice scam." Petitioner alleges that Respondent sent unsolicited invoices to persons in North Dakota requesting payment for toner that was never ordered, authorized or performed, in violation of N.D.C.C. § 51-15-02.2.

5. Respondent's unlawful conduct has affected numerous persons in North Dakota, to whom Respondent sent invoices in an attempt to deceive them into believing they owe money to Respondent for copier toner. The Attorney General alleges that the North Dakota persons, who receive invoices from Respondent, never ordered any services from Respondent, never communicated with Respondent regarding the purchase of copier toner, and never received any toner from Respondent.

6. Respondent has targeted public libraries in the State of North Dakota. The Attorney General received complaints filed by public libraries that reported they received mailed invoices from Respondent deceptively seeking payment in the amount of \$433 for toner for the library's copier. The libraries reported they did not order or receive toner from Respondent, and that they would not have ordered toner from Respondents because they receive their toner through agreements with local office supply companies.

7. Based on the complaints and other information received, it appears to the Attorney General that Respondent has violated N.D.C.C. ch. 51-15, by engaging in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon, in violation of N.D.C.C. § 51-15-02, including misrepresenting to North Dakota persons that Respondent is owed payment for merchandise, when no merchandise was ever ordered, authorized or delivered.

8. For that reason, the Attorney General, pursuant to his authority under N.D.C.C. § 51-15-04, issued an Order to Produce Information to Respondent on June 17, 2016, seeking information and documents relating to Elite Supplies' business activities and business practices in North Dakota, including such information sufficient to

identify all North Dakota persons who have received invoices from Respondent. The response was due July 1, 2016. On June 27, 2016, Krystle Lester signed a returned receipt of the Order to Produce Information, which was mailed as certified mail to PO Box 17163, Anaheim, CA 92817. The same day, Krystle Lester faxed a signed certification stating that the responses and information produced in response to the Order to Produce Information are complete and accurate, however, provided no response to the request for information and documentation made in the Order to Produce Information.

9. On June 28, 2016, Petitioner mailed a letter to Krystle Lester informing Ms. Lester that it is not sufficient to just sign the certification to the Order to Produce Information. The letter requested that Ms. Lester respond to the Order to Produce Information, or in the alternative, resolve the matter through a proposed Assurance of Voluntary Compliance.

10. On July 5, 2016, Petitioner received an email response from Krystle Lester rejecting the proposed Assurance of Voluntary Compliance and stating "I have done nothing wrong and believe this is false. If you have any questions please feel free to call"

11. Petitioner spoke to Krystle Lester on July 5, 2016. Krystle Lester claimed she was in Las Vegas and that she does not have any records or any way of locating or identifying the documents requested. She stated she is a small business and that she only operates the business part time, and that all the business documents are in California. Krystle Lester requested to see copies of the complaints, and states she would provide responses to the complaints when she got back to California in two

weeks. Petitioner informed Ms. Lester that she is required to comply with the Order to Produce Information and provide all the records requested in the Order to Produce Information. Petitioner reminded Ms. Lester that she is responsible for following the law and documenting her sales transactions whether or not it is a small part time business.

12. The consumer complaints were emailed to Krystle Lester on July 5, 2016. On July 19, 2016, Krystle Lester provided an email in response to the complaints, stating:

There will be no reimbursements made. As no form of payments have been made on behalf of either company. No Shippments have been made as well. All Information has been deleted from our data base and invoices have been voided out. We apologize for any inconveniences we have caused. If you need any further information please let us know.

13. July 21, 2016, Petitioner sent an email to Krystle Lester again requesting documentation of the sales transactions, and warning Respondent not to delete any information that is relevant to a pending official investigation. The email further demanded that she provide all the information and documentation requested in the Order to Produce Information. Krystle Lester responded as follows: "I don't record phone calls so there is no proof that they ordered but there is also no proof that they didn't order it either. It's a say so of words. I voided the invoices out."

14. On July 25, 2016, Petitioner sent an email to Respondent again demanding responses to Order to Produce Information, and asking that she provide the responses no later than August 3, 2016. Krystle Lester did not respond.

15. Respondent never complied with the Order to Produce Information.

16. Pursuant to N.D.C.C. § 51-15-07, the Attorney General may issue a cease and desist order for Respondent's failure or refusal to file a statement or report under N.D.C.C. § 51-15-04, such as Order to Produce Information.

17. Based on information received, it appears to the Attorney General that Respondent is engaged in or has engaged in acts or practices declared unlawful by N.D.C.C. § 51-15-02. Respondent's business practices are prohibited by N.D.C.C. § 51-15-02, which provides that a person is prohibited from engaging in any deceptive act or practice, fraud, false pretense, false promise, or misrepresentation, with the intent that others rely thereon in connection with the sale or advertisement of any merchandise. "Merchandise" is defined as any objects, wares, goods, commodities, intangibles, real estate, charitable contributions, or services. N.D.C.C. § 51-15-01(3).

18. Further, it appears to the Attorney General that Respondent's mailings are prohibited by N.D.C.C. § 51-15-02.2, which provides that it is a deceptive practice to "send, deliver, or transmit a bill, an invoice, or a statement of account due, or a writing that could reasonably be interpreted as a bill, an invoice, or a statement of account due, to solicit payment of money by another person for goods not yet ordered or for services not yet performed and not yet ordered."

19. Respondent refused to comply with the Attorney General's request for information pursuant to N.D.C.C. § 51-15-04. Due to the risk of ongoing violations of North Dakota law and the continued risk of injury to North Dakota residents, it is necessary and appropriate in the public interest and for the protection of the state's residents to restrain the Respondent's unlawful acts or practices.

ORDER

Based upon the foregoing information, it appears to the Attorney General that Respondent has engaged in violations of N.D.C.C. ch. 51-15, and that Respondent has failed or refused to respond to the Order to Produce Information as required by N.D.C.C. § 51-15-04. **NOW, THEREFORE, IT IS ORDERED** pursuant to N.D.C.C. § 51-15-07 that Respondent and her agents, servants, employees, contractors, representatives (extending to all "doing business as" names, formal corporate names, aliases, fictitious names of any kind or any variations of the same) as well as all other persons in active concert or participation with Respondent, whether directly or indirectly, immediately **CEASE AND DESIST** from: 1) advertising, soliciting, or selling merchandise to North Dakota persons; 2) advertising, soliciting, or selling merchandise to North Dakota persons through the use of mailings that could reasonably be interpreted to be a bill, invoice, or a statement of account due in violation of N.D.C.C. § 51-15-02.2; 3) soliciting payment from North Dakota persons for goods or services that have not yet been ordered or properly authorized; 4) contacting North Dakota persons regarding payment for merchandise allegedly ordered, delivered or performed; 5) collecting, attempting to collect, or causing or assisting others to collect from North Dakota persons any payment for merchandise allegedly ordered, delivered or performed; and 6) using untrue, deceptive or misleading representations or engaging in deceptive acts or practices, fraud, false pretenses, false promises or misrepresentations with the intent that others rely thereon, in connection with the sale or advertisement of merchandise, in violation of N.D.C.C. § 51-15-02. Respondent also shall immediately **CEASE AND DESIST** from issuing or mailing any invoices or bills to North Dakota

persons for the sale of merchandise, as defined by N.D.C.C. § 51-15-01(3), and **CEASE AND DESIST** from taking, collecting, charging, billing or accepting any payment from any North Dakota person, including, but not limited to, cash, check, direct credit, debits or withdrawals from North Dakota person's credit cards, debit cards or bank accounts for any alleged past or future order or sale of merchandise, in the State of North Dakota.

YOU ARE NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if he or she intentionally "alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF CIVIL PENALTIES

YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 51-15-07, any violation of this Cease and Desist Order is subject to civil penalties not to exceed \$1,000 per violation. Any violation of this Order that also is a violation of N.D.C.C. ch. 51-15 may result in additional civil penalties of not more than \$5,000 per violation. Such penalties are separate and in addition to any civil penalties, costs, expenses, investigation fees, and attorney fees pursuant to N.D.C.C. ch. 51-15 or any other applicable statute. Nothing in this Order is intended to limit or waive any rights and remedies available to the State of North Dakota or its residents.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that, pursuant to N.D.C.C. § 51-15-07, you may request a hearing before the Attorney General if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. Respondent has the right to be represented by legal counsel at the hearing at the Respondent's expense.

Dated this 23rd day of November, 2016.

STATE OF NORTH DAKOTA

Wayne Stenehjem
Attorney General

BY:



Parrell D. Grossman, ID No. 04684
Assistant Attorney General
Director, Consumer Protection and
Antitrust Division
Office of Attorney General
Gateway Professional Center
1050 E. Interstate Ave., Suite 200
Bismarck, ND 58503-5574
(701) 328-3404

STATE OF NORTH DAKOTA
BURLEIGH COUNTY

BEFORE THE
ATTORNEY GENERAL

IN THE MATTER OF:

KRYSTLE FAY LESTER,
dba ELITE SUPPLIES;

Respondent.

**AFFIDAVIT OF SERVICE
BY MAIL, CERTIFIED MAIL, AND
EMAIL**

CPAT 160109.003

STATE OF NORTH DAKOTA)
) ss
COUNTY OF BURLEIGH)

1. Alexis Bieber states under oath as follows: I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct and made upon personal knowledge.

2. I am of legal age and on the 23rd day of November, 2016 I served the CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY AND NOTICE OF RIGHT TO REQUEST A HEARING upon the following by placing true and correct copies thereof in an envelope addressed as follows:

FIRST CLASS MAIL

KRYSTLE LESTER
ELITE SUPPLIES
PO BOX 17163
ANAHEIM, CA 92817

CERTIFIED MAIL RECEIPT # 7013 1090 0000 5841 5224

KRYSTLE LESTER
ELITE SUPPLIES
PO BOX 17163
ANAHEIM, CA 92817

FIRST CLASS MAIL

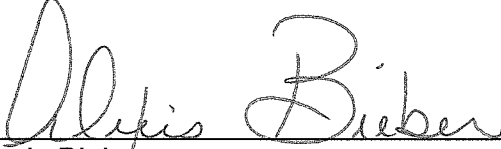
KRYSTLE LESTER
ELITE SUPPLIES
2655 E DEERSPRING WAY #3057
NORTH LAS VEGAS, NV 89086

CERTIFIED MAIL RECEIPT # 7013 1090 0000 5841 5217

KRYSTLE LESTER
ELITE SUPPLIES
2655 E DEERSPRING WAY #3057
NORTH LAS VEGAS, NV 89086

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota, as first class mail and as CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

3. Also on the 23rd day of November, 2016 I served CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY AND NOTICE OF RIGHT TO REQUEST A HEARING upon Respondents via electronic mail by e-mailing the document to elite_supplies@yahoo.com.

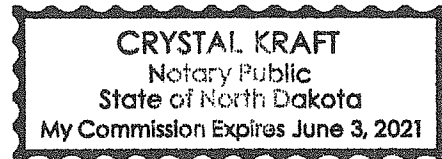


Alexis Bieber

Subscribed and sworn to before me
this 23rd day of November, 2016.



NOTARY PUBLIC



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