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**LODGED**  
MAR 29 2005  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION AT SANTA ANA  
DEPUTY  
UNITED STATES DISTRICT COURT  
BY \_\_\_\_\_  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

13 FEDERAL TRADE COMMISSION,  
14 Plaintiff,

Case No. SA CV04-0474 CJC (JWJx)

15 v.

16 NATIONAL CONSUMER COUNCIL,  
17 INC., et al.,

SETTLEMENT AGREEMENT  
AND [PROPOSED] FINAL ORDER  
WITH DEFENDANT WALTER  
JOSEPH LEDDA

18 Defendants.

NO HEARING REQUESTED

1 Plaintiff Federal Trade Commission ("FTC" or "Commission"), pursuant to  
2 Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.  
3 § 53(b) and § 57, filed a Complaint alleging violations of Section 5(a) of the FTC  
4 Act, 15 U.S.C. § 45(a), of the Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part  
5 310, of Subtitle A of Title V of the Gramm-Leach-Bliley Act ("GLB Act") 15  
6 U.S.C. §§ 6801 through 6809, and of the FTC's Consumer Financial Information  
7 Rule ("Privacy Rule"), 16 C.F.R. Part 313. The Complaint sought an injunction and  
8 other equitable relief. Concurrently, the Commission filed an *ex parte* application  
9 for a Temporary Restraining Order with Asset Freeze, Appointment of Temporary  
10 Receiver, and Order to Show Cause Why a Preliminary Injunction Should Not Issue  
11 And a Permanent Receiver Should Not Be Appointed ("TRO").

12 On May 3, 2004, the Court granted the *ex parte* Application, appointed Robb  
13 Evans and Associates LLC as Temporary Receiver over Defendants **NATIONAL**  
14 **CONSUMER COUNCIL, INC.**, an Arizona corporation ("NCC-AZ");  
15 **NATIONAL CONSUMER COUNCIL, INC.**, a California corporation ("NCC-  
16 CA"); **NATIONAL CONSUMER COUNCIL, INC.**, a Nevada corporation  
17 ("NCC-NV"); **LONDON FINANCIAL GROUP; NATIONAL CONSUMER**  
18 **DEBT COUNCIL, LLC; SOLIDIUM, LLC; J.P. LANDIS, LLC; FINANCIAL**  
19 **RESCUE SERVICES, INC.; SIGNATURE EQUITIES, LLC; M&L**  
20 **SPRINGFIELD TRUST; PC HAILEY TRUST; and VIA LIDO TRUST** and  
21 instituted an asset freeze that applied to both corporate and individual assets. On  
22 May 14, 2004, by stipulation of the parties, and order of the Court, Defendant  
23 **UNITED CONSUMERS LAW GROUP**, was made part of the Receivership and  
24 made subject to the asset freeze.

25 On May 21, 2004, by agreement of all of the parties, the Court entered  
26 Stipulated Preliminary Injunctions and Orders ("PI") against all of the Defendants  
27 which continued the TRO's injunctive provisions and asset freeze and appointed  
28 Robb Evans and Associates LLC as the Permanent Receiver over **NCC-AZ; NCC-**

1 CA; NCC-NV; LONDON FINANCIAL GROUP; NATIONAL CONSUMER  
2 DEBT COUNCIL, LLC; SOLIDIUM, LLC; J.P. LANDIS, LLC; FINANCIAL  
3 RESCUE SERVICES, INC.; SIGNATURE EQUITIES, LLC; UNITED  
4 CONSUMERS LAW GROUP; M&L SPRINGFIELD TRUST; PC HAILEY  
5 TRUST; and VIA LIDO TRUST.

6 Now plaintiff Commission and Defendant WALTER JOSEPH LEDDA  
7 (“LEDDA”), negotiating through their respective counsel, have agreed to a  
8 settlement of this action.

9 Accordingly, the Commission and Defendant LEDDA consent to entry of this  
10 Settlement Agreement and [Proposed] Final Order with Defendant WALTER  
11 JOSEPH LEDDA (“Order”) without adjudication of any issue of fact or law. The  
12 parties further agree that entry of this Order in the docket by the Court will constitute  
13 actual notice to them of the terms and conditions of the Order. Plaintiff and  
14 Defendant LEDDA, having requested the Court to enter this Order, the Court hereby  
15 finds and orders as follows:

16  
17 **STIPULATED FINDINGS OF FACT**

18 1. Defendant LEDDA was properly served with the Complaint, Summons  
19 and TRO in this matter.

20 2. Defendant LEDDA, based on his perception of the economic  
21 circumstances created by this litigation, consented to the entry of the PI against him  
22 and against Defendants **LONDON FINANCIAL GROUP; NATIONAL**  
23 **CONSUMER DEBT COUNCIL, LLC; SOLIDIUM, LLC; J.P. LANDIS;**  
24 **SIGNATURE EQUITIES, LLC; and VIA LIDO TRUST; and was properly**  
25 served with the PI in this matter.

26 3. This Court has jurisdiction over the subject matter of the case and  
27 personal jurisdiction over Defendant LEDDA. Venue in the Central District of  
28 California is proper.

1 4. The alleged actions of Defendant LEDDA are in or affecting  
2 commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

3 5. The allegations of the Complaint state a claim upon which relief can be  
4 granted against Defendant LEDDA under Sections 5(a) and 13(b) of the FTC Act, 15  
5 U.S.C. §§ 45(a) and 53(b); under the TSR, 16 C.F.R. Part 310; under Subtitle A of  
6 Title V of the GLB Act, 15 U.S.C. §§ 6801 through 6809; and under the Privacy  
7 Rule, 16 C.F.R. Part 313.

8 6. Plaintiff has the authority under Sections 13(b) and 19 of the FTC Act,  
9 15 U.S.C. § 53(b) and § 57, to seek the relief it has requested.

10 7. Defendant LEDDA has not admitted, and specifically denies, liability  
11 as to the charges in the Complaint, and his consent to settle and finally resolve this  
12 action is based on his perception of economic conditions and realities and shall not  
13 be interpreted to constitute an admission that he has engaged in any violations of any  
14 law or regulations.

15 8. Defendant LEDDA waives all rights to seek judicial review or  
16 otherwise challenge or contest the validity of this Order.

17 9. Defendant LEDDA waives any claim that he may hold against the  
18 Commission, its employees, representatives or agents.

19 10. Defendant LEDDA waives any claim that he may hold under the Equal  
20 Access to Justice Act, 28 U.S.C. § 2412 (as amended), concerning the prosecution of  
21 this action to the date of this Order, and any rights to attorneys' fees that may arise  
22 under said provision of law.

23 11. All parties shall bear their own costs and attorneys' fees.

24 12. Defendant LEDDA enters into this Order freely, and acknowledges that  
25 he understands the provisions of this Order and is prepared to abide by its terms.

26 13. This Order is remedial in nature and shall not be construed as the  
27 payment of a fine, penalty, punitive assessment, or forfeiture.

28 14. Entry of this Order is in the public interest.

## DEFINITIONS

1  
2 1. "**Assets**" means any legal or equitable interest in, right to, or claim to,  
3 any real and personal property, including but not limited to chattel, goods,  
4 instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or  
5 other deliveries, inventory, checks, notes, accounts, credits, receivables, and all cash,  
6 wherever located.

7 2. "**Document**" is synonymous in meaning and equal in scope to the usage  
8 of the term in Federal Rule of Civil Procedure 34(a), and includes writings,  
9 drawings, graphs, charts, photographs, audio and video recordings, electronic mail  
10 ("email"), computer records, and other data compilations from which information  
11 can be obtained and translated, if necessary, through detection devices into  
12 reasonably usable form. A draft or non-identical copy is a separate "document"  
13 within the meaning of the term.

14 3. "**Defendant**" means **WALTER JOSEPH LEDDA** by whatever names  
15 he might be known.

16 4. "**Corporate Defendants**" or "**Receivership Defendants**" means  
17 Defendants **NCC-AZ; NCC-CA; NCC-NV; LONDON FINANCIAL GROUP;**  
18 **NATIONAL CONSUMER DEBT COUNCIL, LLC; SOLIDIUM, LLC;**  
19 **UNITED CONSUMERS LAW GROUP, A PROFESSIONAL CORP.; J.P.**  
20 **LANDIS, LLC; FINANCIAL RESCUE SERVICES, INC.; SIGNATURE**  
21 **EQUITIES, LLC; M&L SPRINGFIELD TRUST; PC HAILEY TRUST; and**  
22 **VIA LIDO TRUST**, their affiliates, subsidiaries, successors and assigns and any  
23 other corporations or businesses under the control of any of them.

24 5. The terms "**and**" and "**or**" have both conjunctive and disjunctive  
25 meanings to make the meaning more inclusive than exclusive.

26 6. "**Person**" means any individual, natural person, organization, or other  
27 legal entity, including a corporation, partnership, proprietorship, association,  
28 cooperative, government or governmental subdivision or agency, or any other group

1 or combination acting as an entity. For purposes of this Order, a “consumer” is a  
2 person.

3 7. **“Debtor”** means any person indebted to a creditor or creditors.

4 8. **“Debt negotiation”** means:

5 a. the business or practice of receiving, in return for consideration,  
6 or the scheduled receipt, of a debtor’s monies, or evidences thereof, for the  
7 purpose of distribution among certain specified creditors in payment, or partial  
8 payment, of the debtor’s obligations; or

9 b. the business or practice of acting or offering or attempting to act  
10 as an intermediary between a debtor and his creditors for the purpose of  
11 settling, negotiating, or in any way altering the terms of payment of any debt  
12 of a debtor.

13 9. **“Credit-related products, programs or services”** means any product,  
14 program, or service which is advertised, offered for sale, or sold to consumers as a  
15 method by which consumers may establish or obtain any extension of credit or credit  
16 device, including but not limited to credit cards, loans, or financing, or as a method  
17 to consolidate, liquidate, settle or negotiate debts.

18 10. **“Assisting others”** means knowingly providing any of the following  
19 goods or services to another person or entity:

20 a. performing customer service functions, including but not limited  
21 to receiving or responding to consumer complaints; or

22 b. formulating or providing, or arranging for the formulation or  
23 provision of, any telephone sales script or any other marketing material; or

24 c. providing names of, or assisting in the generation of, potential  
25 customers; or

26 d. performing marketing services of any kind.

27 11. The **“Telemarketing Sales Rule”** means the FTC Rule entitled  
28 “Telemarketing Sales Rule,” 16 C.F.R. § 310.

1           12.    “Telemarketing” means a plan, program, or campaign which is  
2 conducted to induce the purchase of goods or services or a charitable contribution,  
3 by use of one or more telephones and which involves more than one interstate  
4 telephone call. The term does not include the solicitation of sales through the  
5 mailing of a catalog which: contains a written description or illustration of the goods  
6 or services offered for sale; includes the business address of the seller; includes  
7 multiple pages of written material or illustrations; and has been issued not less  
8 frequently than once a year, when the person making the solicitation does not solicit  
9 customers by telephone but only receives calls initiated by customers in response to  
10 the catalog and during those calls takes orders only without further solicitation. For  
11 purposes of the previous sentence, the term “further solicitation” does not include  
12 providing the customer with information about, or attempting to sell, any other item  
13 included in the same catalog which prompted the customer’s call or in a substantially  
14 similar catalog.

15           13.    “Outbound telephone call” means a telephone call initiated by a  
16 telemarketer to induce the purchase of goods or services or to solicit a charitable  
17 contribution.

18           14.    “Telemarketer” means any person who, in connection with  
19 telemarketing, initiates or receives telephone calls to or from a customer or donor.

20           15.    In connection with telemarketing, a “customer” means any person who  
21 is or may be required to pay for goods or services offered through telemarketing.

22           16.    “Representatives” means successors, assigns, officers, agents, servants  
23 and employees of Defendant and those persons in active concert or participation with  
24 them who receive actual notice of this Order by personal service or otherwise.

25           17.    “Material” means likely to affect a person's choice of, or conduct,  
26 regarding, goods, services or a charitable contribution.

27           18.    “Clearly and Conspicuously” or “Clear and Conspicuous” means  
28 that:

1 a. in print communications, that the message shall be in a type size  
2 and location sufficiently noticeable for an ordinary consumer to read and  
3 comprehend it, in print that contrasts with the background against which it  
4 appears;

5 b. in communications disseminated orally, that the message shall be  
6 delivered in a volume and cadence sufficient for an ordinary consumer to hear  
7 and comprehend it;

8 c. in communications made through an electronic medium (such as  
9 television, video, radio, and interactive media such as the Internet, online  
10 services and software), that the message shall be presented simultaneously in  
11 both the audio and visual portions of the communication;

12 d. in any communication presented solely through visual or audio  
13 means, that the message may be made through the same means in which the  
14 communication is presented:

15 i. Any audio message shall be delivered in a volume and cadence  
16 sufficient for an ordinary consumer to hear and comprehend it,  
17 and

18 ii. Any visual message shall be of a size and shade, with a degree of  
19 contrast to the background against which it appears and shall  
20 appear on the screen for a duration and in a location, sufficiently  
21 noticeable for an ordinary consumer to read and comprehend it;

22 Regardless of the medium used to disseminate it, the message shall be in  
23 understandable language and syntax. Nothing contrary to, inconsistent with, or in  
24 mitigation of, the message shall be used in any communication.

25 19. **“Established business relationship”** means a relationship between the  
26 seller and a person based on: (a) the person’s purchase, rental, or lease of the  
27 seller’s goods or services or a financial transaction between the person and seller,  
28 within the eighteen months immediately preceding the date of the telemarketing call;



1 or (b) the person's inquiry or application regarding a product or service offered by  
2 the seller, within the three months immediately preceding the date of a telemarketing  
3 call.

4 20. "National Do Not Call Registry" means the National Do Not Call  
5 Registry maintained by the Federal Trade Commission pursuant to 16 C.F.R.  
6 § 310.4(b)(1)(iii)(B).

## 8 ORDER

### 9 I.

#### 10 PROHIBITION AGAINST MATERIAL MISREPRESENTATIONS

11 IT IS THEREFORE ORDERED that Defendant, his successors, assigns,  
12 officers, agents, servants, employees, and attorneys, and those persons or entities in  
13 active concert or participation with any of them who receive actual notice of this  
14 Order by personal service or otherwise, whether acting directly or through any  
15 corporation, subsidiary, division, or other device, in connection with the advertising,  
16 marketing, promoting, offering for sale, or sale of any good or service, including but  
17 not limited to any credit-related products, programs or services, are hereby  
18 permanently restrained and enjoined from misrepresenting, or assisting others in  
19 misrepresenting, expressly or by implication, orally or in writing, any fact material to  
20 a consumer's decision to buy or accept the good or service, including but not limited  
21 to Defendant's ability to reduce the amount owed by a debtor to a creditor or  
22 Defendant's ability to have a positive effect on the debtor's credit report or credit  
23 history.

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II.

**PROHIBITION AGAINST MATERIAL OMISSIONS**

**IT IS FURTHER ORDERED** that Defendant, his successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale or sale of credit-related products, programs or services, are hereby permanently restrained and enjoined from failing to disclose, clearly and conspicuously, prior to the time when a consumer purchases same from Defendant, all information material to a consumer's decision to buy any credit-related products, programs or services, including but not limited to the following information, when appropriate:

A. That while the consumer is using the product, program or services, late fees, penalties, and interest will continue to accrue on the consumer's debt until the consumer's creditors accept a settlement offer and the settlement is paid;

B. That while the consumer is using the product, program or services, the consumer's creditors may still sue to collect on his debts, and further, once a judgment has been obtained, the creditors may garnish the consumer's wages;

C. That while the consumer is using the product, program or services, the consumer's creditors may raise the interest rates applicable to his debt;

D. That to the extent that Defendant may be able to obtain a favorable settlement with a consumer's creditor of the consumer's debt, the consumer is required to treat that debt savings as income for purposes of federal and state income taxes; and

E. That a debt settled for less than the full amount of the amount owed may result in a negative notation on the consumer's credit report.

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III.

PROHIBITION AGAINST  
ABUSIVE TELEMARKETING PRACTICES

**IT IS FURTHER ORDERED** that, in connection with telemarketing, Defendant is hereby permanently restrained and enjoined from engaging in, or causing other persons to engage in, violations of the Telemarketing Sales Rule, including but not limited to:

A. Initiating any outbound telephone call to a person's telephone number on the National Do Not Call Registry to induce the purchase of goods or services unless the seller proves:

1. The seller has obtained the express agreement, in writing, of such person to place calls to that person. Such written agreement shall clearly evidence such consumer's authorization that calls made by or on behalf of a specific party may be placed to that person, and shall include the telephone number to which the calls may be placed and the signature of that person; or
2. The seller has an established business relationship with such person and that person has not stated that he does not wish to receive outbound telephone calls from the seller; or

B. Abandoning any outbound telephone call to a person by failing to connect the call to a representative within two (2) seconds of the person's completed greeting, unless the following four (4) conditions are met:

1. Defendant employs technology that ensures abandonment of no more than three (3) percent of all calls answered by a person, measured per day per calling campaign;
2. For each telemarketing call placed, Defendant allows the telephone to ring for at least fifteen (15) seconds or four (4) rings

1 before disconnecting an unanswered call;

2 3. Whenever a representative is not available to speak with the  
3 person answering the call within two (2) seconds after the  
4 person's completed greeting, the seller or telemarketer promptly  
5 plays a recorded message that states the name and telephone  
6 number of the seller on whose behalf the call was placed; and

7 4. Defendant retains records, in accordance with 16 C.F.R. § 310.5  
8 (b)-(d), establishing compliance with the preceding three  
9 conditions; and

10 C. Initiating any outbound telephone call to a telephone number within a  
11 given area code without first paying the required annual fee for access  
12 to the telephone numbers, within that area code, that are on the National  
13 Do Not Call Registry;

14 *Provided, however;* that if the Commission promulgates rules that modify or  
15 supersede the Telemarketing Sales Rule, in whole or part, Defendant shall comply  
16 fully and completely with all applicable requirements thereof, on and after the  
17 effective date of any such rules.

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19 **IV.**

20 **MONITORING TELEMARKETING COMPLIANCE**

21 **IT IS FURTHER ORDERED** that, in connection with any business that  
22 Defendant directly or indirectly manages, controls or has a majority ownership  
23 interest in, that engages in telemarketing, or assists others engaged in telemarketing,  
24 Defendant is hereby permanently restrained and enjoined from:

25 A. Failing to take reasonable steps to ensure that all of his employees and  
26 independent contractors engaged in telemarketing comply with  
27 Paragraph III of this Order. Such steps shall include:

28 1. Establishing a procedure for receiving and responding to

1 consumer complaints of violations of the TSR or this Order; and  
2 2. Ascertaining the number and nature of consumer complaints in  
3 which each employee or independent contractor is involved;

4 B. Failing promptly to investigate fully any consumer complaint received  
5 by any business to which this Paragraph applies; and

6 C. Failing to take corrective action with respect to any telemarketer whom  
7 Defendant determines is not complying with this Order, which may  
8 include training, disciplining, and/or terminating such sales person;

9 *Provided, however,* that this Paragraph does not authorize or require  
10 Defendant to take any action that violates any federal, state, or local law.

11  
12 **V.**

13 **PROHIBITION ON VIOLATING**  
14 **THE GRAMM-LEACH-BLILEY ACT**

15 **IT IS FURTHER ORDERED** that, when acting as or on behalf of a financial  
16 institution, Defendant is hereby restrained and enjoined from violating any provision  
17 of Subtitle A of Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801-6809,  
18 and implementing regulations promulgated by the Commission at 16 C.F.R. Parts  
19 313 and 314.

20  
21 **VI.**

22 **MONETARY RELIEF**

23 **IT IS FURTHER ORDERED** that:

24 A. Defendant shall pay to the Commission the sum of one million three  
25 hundred fifty-six thousand dollars (\$1,356,000) in the following manner:

26 1. Within five (5) days after entry of this Order, but in any event no  
27 sooner than February 1, 2005, Defendant shall pay eight hundred  
28 thousand dollars (\$800,000) by certified or cashier's check made

1 payable to the Federal Trade Commission or through wire transfer to an  
2 account designated by the Commission or its agent. Payment by  
3 certified or cashier's check shall be remitted to the Federal Trade  
4 Commission, Western Region, 10877 Wilshire Boulevard, Suite 700,  
5 Los Angeles, California 90024;

6 2. No later than sixty (60) days after the initial payment, Defendant  
7 shall make an additional payment of five hundred fifty six thousand  
8 dollars (\$556,000) by certified or cashier's check made payable to the  
9 Federal Trade Commission or by wire transfer to an account designated  
10 by the Commission or its agent. Payment by certified or cashier's  
11 check shall be remitted to the Federal Trade Commission, Western  
12 Region, 10877 Wilshire Boulevard, Suite 700, Los Angeles, California  
13 90024;

14 a. The five hundred fifty six thousand dollar (\$556,000) ~~of the~~  
15 payment shall be secured by a Deed of Trust on the home owned  
16 by Defendant;

17 b. With respect to the second payment only, Defendant may  
18 obtain not more than two extensions of thirty (30) days each in  
19 which to make the second payment by, prior to the due date of  
20 the second payment, providing the Commission with a sworn  
21 statement under penalty of perjury stating that his personal  
22 residence located at 2221 North Catalina Street, Los Angeles,  
23 California 90027-1126, parcel number 5588009015 in the  
24 County of Los Angeles, has been continuously offered for sale  
25 since November, 2004, that the price on the house was approved  
26 by a licensed appraiser and otherwise describing the efforts made  
27 by Defendant to sell the property;

28 c. If Defendant fails to make the second payment to the

1 Commission within 120 days of entry of this Order, Defendant  
2 agrees that the house shall be transferred to the Permanent  
3 Receiver who upon receipt is authorized to take all steps  
4 consistent with the administration of estates in bankruptcy  
5 practice, and in compliance with 28 U.S.C. § 2001, or upon  
6 amended orders from the Court, in order to liquidate the property.  
7 Any proceeds from such liquidation shall be used to pay any  
8 remaining secured interests in the property, including the full  
9 amount of the second payment owed to the Commission, with  
10 any remaining sums being paid to the Defendant;

11 B. If Defendant fails to make the payments under Paragraph VI A of this  
12 Order within the prescribed time periods, the Commission may apply to the  
13 Court for entry of a judgment against Defendant in the amount of **\$84,333,293**  
14 **(eighty-four million, three hundred thirty-three thousand, two hundred**  
15 **ninety-three dollars)** which amount shall be immediately due and payable,  
16 less any amounts already paid. For purposes of this Paragraph, Defendant  
17 waives any right to contest any of the allegations set forth in the Complaint  
18 filed in this matter or the amount of the judgment and agrees that the Court  
19 shall enter the monetary judgment in the amount of \$84,333,293 (eighty-four  
20 million, three hundred thirty-three thousand, two hundred ninety-three dollars)  
21 upon a showing by the Commission that Defendant failed to make the  
22 payments as set forth under Paragraph VI A;

23 *provided*, that Defendant may cure a late payment by delivering such payment to the  
24 Commission within five (5) days of the original payment date;

25 C. Defendant hereby assigns and transfers to the Commission all claims  
26 and causes of action that he may now have, whether known or unknown, or  
27 which he may acquire at a future date, relating to coverage and liability arising  
28 out of this specific litigation only, *FTC v. National Consumer Council, et al.*,

1 SACV04-0474 CJC (JWJx), against any corporate insurance policy;  
2 *provided*, that nothing in this Paragraph shall be interpreted as precluding Defendant  
3 from making a claim against any policy for reimbursement of reasonable defense  
4 fees and costs as may be permitted by the policy;

5 D. All funds paid pursuant to this Paragraph shall be deposited into a fund  
6 administered by the Commission or its agent to be used for equitable relief,  
7 including but not limited to restitution and any attendant expenses for the  
8 administration of any restitution fund. In the event that direct restitution to  
9 consumers is wholly or partially impracticable or funds remain after restitution  
10 is completed, the Commission may apply any remaining funds for such other  
11 equitable relief (including consumer information remedies) as it determines to  
12 be reasonably related to the practices alleged in the Complaint. Any funds not  
13 used for such equitable relief shall be deposited to the Department of the  
14 Treasury as disgorgement and not as a fine or penalty. The Commission shall  
15 have full and sole discretion to:

- 16 1. Determine the criteria for participation by individual claimants in  
17 any consumer restitution program implemented pursuant to this Order;
- 18 2. Determine the manner and timing of any notices to be given to  
19 consumers regarding the existence and terms of such programs; and
- 20 3. Delegate any and all tasks connected with such restitution  
21 program to any individual, partnerships, or corporations; and pay  
22 reasonable fees, salaries, and expenses incurred thereby from the  
23 payments made pursuant to this Order;

24 E. Defendant expressly waives any rights he may possess to litigate the  
25 issue of monetary relief. Defendant acknowledges and agrees that all money  
26 paid pursuant to this Order is irrevocably paid to the Commission for purposes  
27 of settlement between Plaintiff and Defendant; and

28 F. Defendant shall have no right to challenge the Commission's choice of



1 remedies under this Paragraph.  
2

3 **VII.**

4 **RELIANCE ON REPRESENTATIONS**

5 **IT IS FURTHER ORDERED** that:

6 A. The Commission's agreement to, and the Court's approval of, this  
7 Order is expressly premised upon the truthfulness, accuracy, and  
8 completeness of Defendant's financial condition, as represented in the  
9 financial statement dated May 15, 2004, including attachments and in any  
10 other documents submitted by Defendant, including all supplements to that  
11 financial statement, all of which the Commission relied upon in negotiating  
12 and agreeing to the terms of this Order. If, upon motion by the Commission to  
13 the Court, the Court finds that Defendant, in any of the above-referenced  
14 materials, failed to disclose any asset with a value in excess of \$1,000,  
15 materially misrepresented the value of any asset, or made any other material  
16 misrepresentation or omission, monetary judgment will be entered against  
17 Defendant in the amount of \$84,333,293 (eighty-four million, three hundred  
18 thirty-three thousand, two hundred ninety-three dollars), which represents the  
19 approximate amount of payments made by consumers to all of the Defendants  
20 and will become immediately due and payable, less any payments already  
21 made.

22 B. Notwithstanding any other provision of this Order, Defendant agrees  
23 that in any subsequent proceedings to enforce payment, including but not  
24 limited to a non-dischargeability complaint filed in a bankruptcy proceeding,  
25 Defendant waives any right to contest any of the allegations set forth in the  
26 Complaint filed in this matter or the \$84,333,293 (eighty-four million, three  
27 hundred thirty-three thousand, two hundred ninety-three dollars) judgment  
28 referenced above.

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VIII.

CUSTOMER LISTS

**IT IS FURTHER ORDERED** that Defendant, his officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to any of the Defendants in this litigation, *FTC v. National Consumer Council, Inc. et al*, SACV04-0474 CJC (JWJx), or paid money to any of the Corporate Defendants, at any time prior to entry of this order, in connection with telemarketing or with the advertising, promotion, offering for sale or sale of debt negotiation services. *Provided, however*, that such identifying information may be disclosed to a law enforcement agency or as required by any law, regulation, or court order.

IX.

COMPLIANCE MONITORING

**IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order:

- A. Within ten (10) days of receipt of written notice from a representative of the Commission, Defendant shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in Defendant's possession or direct or indirect control for the purpose of inspecting the business operation;
- B. In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the

1 following:

2 1. Obtaining discovery from any person, without further leave of  
3 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34,  
4 36, and 45;

5 2. Posing as consumers and suppliers to Defendant's employees, or  
6 any other entity managed or controlled in whole or in part by  
7 Defendant, without the necessity of identification or prior notice; and

8 C. Defendant shall permit representatives of the Commission to interview  
9 any employer, consultant, independent contractor, representative, agent, or  
10 employee who has agreed to such an interview, relating in any way to any  
11 conduct subject to this Order. The person interviewed may have counsel  
12 present.

13 *Provided, however,* that nothing in this Order shall limit the Commission's  
14 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15  
15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony,  
16 or information relevant to unfair or deceptive acts or practices in or affecting  
17 commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

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19 **X.**

20 **COMPLIANCE REPORTING BY DEFENDANT**

21 **IT IS FURTHER ORDERED** that, in order that compliance with the  
22 provisions of this Order may be monitored:

23 A. For a period of five (5) years from the date of entry of this Order,

24 1. Defendant shall notify the Commission of the following:

25 a. Any changes in his residence, mailing addresses, and  
26 telephone numbers, within ten (10) days of the date of such  
27 changes;

28 b. Any changes in his employment status (including self-

1 employment), and any changes in his ownership of, or interest in,  
2 any business entity, within ten (10) days of the date of such  
3 change: such notice shall include the name and address of each  
4 business that he is affiliated with, employed by, creates or forms,  
5 or performs services for; a statement of the nature of the  
6 business; and a statement of his duties and responsibilities in  
7 connection with the business or employment; and

8 c. Any changes in Defendant's name or use of any aliases or  
9 fictitious names; and

10 2. Defendant shall notify the Commission of any changes in  
11 corporate structure of any business entity that he directly or indirectly  
12 controls, or has an ownership interest in, that may affect compliance  
13 obligations arising under this Order, including but not limited to a  
14 dissolution, assignment, sale, merger, or other action that would result  
15 in the emergence of a successor entity; the creation or dissolution of a  
16 subsidiary, parent, or affiliate that engages in any acts or practices  
17 subject to this Order; the filing of a bankruptcy petition; or a change in  
18 the corporate name or address, at least thirty (30) days prior to such  
19 change, *provided* that, with respect to any proposed change in the  
20 corporation about which Defendant learns less than thirty (30) days  
21 prior to the date such action is to take place, he shall notify the  
22 Commission as soon as is practicable after obtaining such knowledge.

23 B. One hundred eighty (180) days after the date of entry of this Order,  
24 Defendant shall provide a written report to the Commission, sworn to under  
25 penalty of perjury, setting forth in detail the manner and form in which he has  
26 complied and is complying with this Order. This report shall include, but not  
27 be limited to:

28 1. His then-current residence address, mailing addresses, and

1 telephone numbers;

2 2. His then-current employment and business addresses and  
3 telephone numbers, a description of the business activities of each such  
4 employer or business, and his title and responsibilities for each such  
5 employer or business;

6 3. A copy of each acknowledgment of receipt of this Order,  
7 obtained pursuant to Paragraph XII, below; and

8 4. Any other changes required to be reported under Subparagraph A  
9 of this Paragraph X, above.

10 C. For the purposes of this Order, Defendant shall, unless otherwise  
11 directed by the Commission's authorized representatives, mail all written  
12 notifications to the Commission to:

13 Assistant Regional Director  
14 Western Region, Los Angeles  
15 Federal Trade Commission  
16 10877 Wilshire Blvd, Suite 700  
17 Los Angeles, CA 90024  
18 Re: FTC v. National Consumer Council et al.,  
19 Case No. CV-04-0474 CJC (JWJx)

20 D. For purposes of the compliance reporting and monitoring required by  
21 this Order, the Commission is authorized to communicate directly with  
22 Defendant. The Defendant may have counsel present if desired.

## 23 XI.

### 24 RECORD KEEPING PROVISIONS

25 **IT IS FURTHER ORDERED** that, for a period of eight (8) years from the  
26 date of entry of this Order, Defendant and his agents, employees, officers,  
27 corporations, successors, and assigns, and those persons in active concert or  
28 participation with any of them who receive actual notice of this Order by personal  
service or otherwise, in connection with any business engaged in telemarketing or  
the advertising, marketing, promoting, offering for sale, or sale of credit-related

1 products, goods or services and where Defendant is the majority owner of the  
2 business or directly or indirectly manages or controls the business, are hereby  
3 restrained and enjoined from failing to create and retain the following records:

4 A. Accounting records that reflect the cost of goods or services sold,  
5 revenues generated, and the disbursement of such revenues;

6 B. Personnel records accurately reflecting: the name, address, email (if  
7 any) and telephone number of each person employed in any capacity by such  
8 business, including as an independent contractor; that person's job title or  
9 position; the date upon which the person commenced work; and the date and  
10 reason for the person's termination, if applicable;

11 C. Customer files containing the names, addresses, phone numbers, dollar  
12 amounts paid, quantity of items or services purchased, and description of  
13 items or services purchased, to the extent such information is obtained in the  
14 ordinary course of business;

15 D. Complaints and refund requests (whether received directly, indirectly or  
16 through any third party) and any responses to those complaints or requests;

17 E. Copies of all sales scripts, training materials, advertisements, website  
18 printouts, or other marketing materials; and

19 F. All records and documents necessary to demonstrate full compliance  
20 with each provision of this Order, including but not limited to copies of  
21 acknowledgments of receipt of this Order required by Paragraph XII, below,  
22 and all reports submitted to the FTC pursuant to Paragraph X, above.

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**XII.**

**DISTRIBUTION OF ORDER BY DEFENDANT**

3     **IT IS FURTHER ORDERED** that, for a period of five (5) years from the  
4 date of entry of this Order, Defendant shall deliver copies of this Order as directed  
5 below:

6     A.     For any business that he controls, directly or indirectly, or in which he  
7 has a majority ownership interest, he must deliver a copy of this Order to all  
8 principals, officers, directors, and managers of that business. Defendant must  
9 also deliver copies of this Order to all employees, agents, and representatives  
10 of that business who engage in conduct related to the subject matter of this  
11 Order. For current personnel, delivery shall be within (5) days of service of  
12 this Order upon each of the Defendants. For new personnel, delivery shall  
13 occur prior to them assuming their responsibilities.

14     B.     For any business where Defendant is not a controlling person of a  
15 business but he otherwise engages in conduct related to the subject matter of  
16 this Order, he must deliver a copy of this Order to his immediate supervisor or  
17 manager of such business before engaging in such conduct.

18     C.     Defendant must secure a signed and dated statement acknowledging  
19 receipt of the Order, within thirty days of delivery, from all persons receiving  
20 a copy of the Order pursuant to this Paragraph.

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**XIII.**

23     **ACKNOWLEDGMENT OF RECEIPT OF ORDER**  
24     **BY DEFENDANT**

25     **IT IS FURTHER ORDERED** that, within five (5) business days of receipt  
26 of this Order as entered by the Court, Defendant must submit to the Commission a  
27 truthful sworn and notarized statement, or a sworn declaration pursuant to 28 U.S.C.  
28 § 1746, acknowledging receipt of this Order.

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XIV.

SEVERABILITY

IT IS FURTHER ORDERED that the provisions of this Order are separate and severable from one another. If any provision is stayed or determined to be invalid, all of the remaining provisions shall remain in full force and effect.

XV.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification and enforcement of this Order.

SO STIPULATED:

Dated: March 29, 2005



Jennifer Larabee  
Faye Chen Barnouw  
Ray McKown  
Kenneth Abbe  
Attorneys for Plaintiff  
Federal Trade Commission

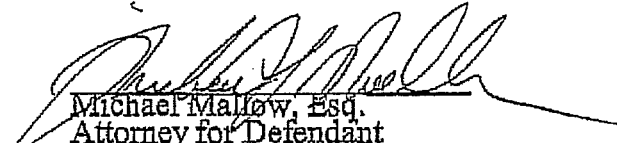
Dated: 12/23, 2004



WALTER JOSEPH LEDDA,  
defendant

APPROVED AS TO FORM:

Dated: 12/23, 2004



Michael Mallow, Esq.  
Attorney for Defendant  
Walter Joseph Ledda

IT IS SO ORDERED, this \_\_\_ day of \_\_\_\_\_, 200\_\_\_, at \_\_\_\_\_,m.

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Cormac J. Carney  
United States District Court Judge