

UNITED STATES DISTRICT COURT FOR THE  
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

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CLERK, U.S. DISTRICT COURT

FEB 12 2007  
CENTRAL DISTRICT OF CALIFORNIA DEPUTY  
FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WORLD TRADERS ASSOCIATION,  
INC., et al.,

Defendants.

CASE NO. CV 05-591 AHM (CTx)

[Proposed]  
STIPULATED JUDGMENT  
AND ORDER FOR PERMANENT  
INJUNCTION AS TO  
DEFENDANT JAIME  
KLOTTHOR

SCANNED  
FAXED

FILED  
CLERK, U.S. DISTRICT COURT  
FEB 14 2007  
CENTRAL DISTRICT OF CALIFORNIA

This matter comes before the Court on a stipulation of Plaintiff Federal Trade Commission ("Commission" or "FTC") and Defendant Jaime Klotthor ("Defendant").

On January 25, 2005, the FTC filed a Complaint for a Permanent Injunction and Other Relief, including redress to consumers, pursuant to Sections 13(b) and 19(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b(a), and applied *ex parte* for a Temporary Restraining Order pursuant to Rule 65 of the Federal Rules of Civil Procedure. The Commission charged that Defendant Jaime Klotthor engaged with other named defendants in deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a), and the Commission's Rule entitled Disclosure Requirements and Prohibitions Concerning Franchise and Business Opportunity Ventures (the "Franchise Rule"), 16 C.F.R. Part 436, in the marketing and sale of an alleged business opportunity to become an affiliate in a network of brokers selling surplus goods. On January 25, 2005 – the same day the Complaint was filed – the Court issued a temporary restraining order with an asset freeze, appointment of a Receiver, and other ancillary equitable relief ("TRO"). On February 22, 2005, upon stipulation of the parties, the Court entered a preliminary injunction. In addition to continuing the relief in the TRO, the preliminary injunction contained a ban against Defendant's

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1 involvement with business ventures involving the sale or purchase of discounted  
2 or surplus goods. On April 6, 2005, the FTC filed an Amended Complaint adding  
3 additional defendants.

4 The Commission and Defendant Jaime Klotthor hereby stipulate to the entry  
5 of, and request the Court to enter, this Stipulated Judgment and Order for  
6 Permanent Injunction ("Final Order") to resolve all matters of dispute between  
7 them in this action.

8 **IT IS THEREFORE STIPULATED, AGREED, AND ORDERED** as  
9 follows:

10 1. This Court has jurisdiction over the subject matter of this case and  
11 jurisdiction over the Defendant.

12 2. Venue in this District is proper under 15 U.S.C. § 53(b) and 28  
13 U.S.C. § 1391(b).

14 3. The activities of Defendant are in or affecting commerce, as defined  
15 in Section 4 of the FTC Act, 15 U.S.C. § 44.

16 4. The Amended Complaint states a claim upon which relief may be  
17 granted against Defendant under Sections 5(a), 13(b), and 19 of the FTC Act, 15  
18 U.S.C. §§ 45(a), 53(b), and 57b, and the Franchise Rule, 16 C.F.R. Part 436.

19 5. Defendant has entered into this Final Order freely and without  
20 coercion. Defendant further acknowledges that she has read the provisions of this  
21 Final Order and is prepared to abide by them.

22 6. The Plaintiff and Defendant have agreed that the entry of this Final  
23 Order resolves all matters of dispute between them arising from the Amended  
24 Complaint in this action, up to the date of entry of this Final Order.

25 7. Defendant waives all rights to seek appellate review or otherwise  
26 challenge or contest the validity of this Final Order. Defendant further waives and  
27 releases any claim she may have against the Commission, its employees,  
28 representatives, or agents.

1 8. Defendant agrees that this Final Order does not entitle Defendant to  
2 seek or to obtain attorneys' fees as a prevailing party under the Equal Access to  
3 Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-  
4 864 (1996), and Defendant further waives any rights to attorneys' fees that may  
5 arise under said provision of law.

6 9. This Final Order is in addition to, and not in lieu of, any other civil or  
7 criminal remedies that may be provided by law.

8 10. This Final Order is for settlement purposes only and does not  
9 constitute an admission by Defendant that the law has been violated as alleged in  
10 the Amended Complaint, or that the facts as alleged in the Amended Complaint,  
11 other than jurisdictional facts, are true.

## 12 DEFINITIONS

13 1. "Assets" means any legal or equitable interest in, right to, or claim to,  
14 any real and personal property, including, but not limited to, chattel, goods,  
15 instruments, equipment, fixtures, general intangibles, inventory, checks, notes,  
16 leaseholds, effects, contracts, mail or other deliveries, shares of stock, lists of  
17 consumer names, accounts, credits, premises, receivables, funds, and cash,  
18 wherever located, whether in the United States or abroad;

19 2. "Business venture" means any written or oral business arrangement,  
20 however denominated, regardless of whether covered by the Franchise Rule,  
21 which consists of the payment of any consideration in exchange for:

22 a. the right or means to offer, sell, or distribute goods or services  
23 (regardless of whether identified by a trademark, service mark, trade name,  
24 advertising, or other commercial symbol); and

25 b. more than nominal assistance to any person or entity in  
26 connection with or incident to the establishment, maintenance, or operation of a  
27 new business or the entry by an existing business into a new line or type of  
28 business;

1 3. "Franchise Rule" means the FTC Trade Regulation Rule entitled  
2 "Disclosure Requirements and Prohibitions Concerning Franchising and Business  
3 Opportunity Ventures," 16 C.F.R. Part 436, as promulgated or as the Rule may  
4 hereinafter be amended or superseded by any future trade regulation rule or rules,  
5 in whole or in part;

6 4. "Defendant" means Jaime L. Klotthor, a/k/a Jaime Valentine;

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

13 6. "Receiver" shall mean Robb Evans and Associates, the Receiver  
14 appointed by the Court in this matter over Receivership Defendants.

15 **ORDER** #

16 **I. BAN AGAINST INVOLVEMENT BY DEFENDANT IN THE OFFER OR  
17 SALE OF A BUSINESS VENTURE**

18 **IT IS THEREFORE ORDERED** that Defendant is hereby permanently  
19 restrained and enjoined from:

20 A. Advertising, marketing, promoting, offering for sale, or selling any  
21 business venture to any person;

22 B. Receiving any remuneration or other consideration of any kind  
23 whatsoever as a result of engaging or assisting in the advertising, marketing,  
24 promoting, offering for sale, or selling of any business venture;

25 C. Holding any ownership interest, share, or stock in any business entity  
26 which engages in or assists in the advertising, marketing, promoting, offering for  
27 sale, or selling of any business venture; and  
28

1 D. Serving as an employee, officer, director, trustee, general manager, or  
2 consultant, or advisor in a position with duties or responsibilities that require  
3 engaging or assisting in the advertising, marketing, promoting, offering for sale, or  
4 selling of any business venture.

5 The prohibitions in Subdivisions A through D of this Section shall not be  
6 construed to prevent Defendant from accepting employment with or receiving  
7 remuneration from a company that advertises, markets, promotes, offers for sale,  
8 or sells business ventures *provided* that the duties and responsibilities of  
9 Defendant's position do not in any way involve accounts connected with these  
10 business ventures, and *provided further* that the company is not engaged in the  
11 advertising, marketing, promotion, or sale of discounted or surplus goods.

12 **II. PROHIBITION AGAINST VIOLATION OF SECTION 5**  
13 **OF THE FEDERAL TRADE COMMISSION ACT**

14 **IT IS FURTHER ORDERED** that, in connection with the offering for sale  
15 or sale of any good or service, Defendant, and her officers, agents, servants,  
16 employees, attorneys, and those persons in active concert or participation with her  
17 who receive actual notice of this Order by personal service or otherwise, are  
18 hereby permanently restrained and enjoined from:

19 A. Misrepresenting, directly or by implication, orally or in writing, to  
20 any potential purchaser of goods or services, any material fact, including, but not  
21 limited to:

22 1. The total cost to purchase, receive, or use, and the quantity of,  
23 any goods or services that are subject to the sales offer;

24 2. Any material restrictions, limitations, or conditions to purchase,  
25 receive, or use the goods or services;

26 3. Any material aspect of the nature or terms of a refund,  
27 cancellation, exchange or repurchase policy for the goods or services; or  
28

1           4.     The income, profits, or sales volume likely to be achieved from  
2 the goods or services.

3           B.     Providing substantial assistance to any third party to make any  
4 material misrepresentation, including, but not limited to, those misrepresentations  
5 prohibited by Paragraph II (A), above.

### 6                           **III. MONETARY JUDGMENT**

7           **IT IS FURTHER ORDERED** that:

8           A.     Defendant is liable to the Commission for one million eight hundred  
9 six thousand fifty-six dollars (\$1,806,056), and the FTC is awarded a monetary  
10 judgment in this amount; *provided, however*, that payment of this judgment shall  
11 be suspended and that the freeze of Defendant's assets shall be lifted permanently  
12 upon the entry of this Final Order; and *provided, further*, that if judgment is  
13 entered against any of the other defendants, the liability created by this judgment  
14 shall be joint and several with the liability of the other defendants.

15          B.     In accordance with 31 U.S.C. § 7701, Defendant is hereby required,  
16 unless she has done so already, to furnish to the Commission her taxpayer  
17 identification numbers (social security numbers and employer identification  
18 numbers) which shall be used for purposes of collecting and reporting on any  
19 delinquent amount arising out of Defendant's relationship with the government.

20          C.     Defendant is further required, unless she has done so already, to  
21 provide the Commission with clear, legible and full-size photocopies of all valid  
22 driver's licenses she possesses, which will be used for reporting and compliance  
23 purposes.

### 24                           **IV. RIGHT TO REOPEN**

25          A.     The Commission's agreement to this Final Order is expressly  
26 premised upon the financial condition of Defendant as represented in the sworn  
27 financial statement and supporting documents she provided to the Commission  
28 dated January 31, 2005, her deposition of November 17, 2005, and her

1 supplemental financial statement provided to the Commission on 12/6/06, all of  
2 which include material information upon which the Commission relied in  
3 negotiating and consenting to this Final Order.

4 B. If, upon motion by the Commission, this Court finds that Defendant  
5 made a material misrepresentation or omitted material information concerning her  
6 financial condition, then the Court shall lift any suspension of the judgment and  
7 direct the Clerk to enter judgment against Defendant and in favor of the  
8 Commission for the full amount of \$1,806,056 immediately due and payable,  
9 together with interest computed at the rate prescribed under 28 U.S.C. § 1961, as  
10 amended, less the sum of any payments previously made pursuant to this Final  
11 Order.

12 C. Any proceedings instituted under this Section IV are in addition to,  
13 and not in lieu of; any other civil or criminal remedies as may be provided by law,  
14 including any other proceedings that the FTC may initiate to enforce this Final  
15 Order.

16 D. Any and all funds paid pursuant to this Order, including this Section  
17 IV, shall be deposited into a fund administered by the Commission or its agent to  
18 be used for equitable relief, including, but not limited to, consumer redress and  
19 any attendant expenses for the administration of any redress fund. In the event  
20 that redress to purchasers is wholly or partially impracticable, or any funds remain  
21 after redress is completed, the Commission may apply any remaining funds to such  
22 other equitable relief (including consumer information remedies) as it determines  
23 to be reasonably related to Defendant's practices alleged in the Amended  
24 Complaint. Any funds not used for such equitable relief shall be deposited in the  
25 United States Treasury as disgorgement. Defendant shall have no right to contest  
26 the manner of distribution chosen by the Commission. The Commission in its sole  
27 discretion may use a designated agent to administer consumer redress.

28

1                   **V. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

2           **IT IS FURTHER ORDERED** that, within ten (10) business days of receipt  
3 of this Final Order as entered by the Court, Defendant must submit to the  
4 Commission a truthful sworn statement acknowledging receipt of this Final Order.

5                   **VI. DISTRIBUTION OF ORDER BY DEFENDANT**

6           **IT IS FURTHER ORDERED** that, for a period of three (3) years from the  
7 date of entry of this Final Order, Defendant shall deliver copies of this Final Order  
8 as directed below:

9           **A. Defendant as Control Person:** For any business that Defendant  
10 controls, directly or indirectly, or in which she has a majority ownership interest,  
11 Defendant must deliver a copy of this Final Order to all principals, officers,  
12 directors and managers of that business. Defendant must also deliver copies of  
13 this Final Order to all employees, agents and representatives of that business who  
14 engage in the offer or sale of income-producing or investment-related goods or  
15 services. For current personnel, delivery shall be within five (5) days of service of  
16 this Final Order upon Defendant. For new personnel, delivery shall occur prior to  
17 their assumption of their responsibilities;

18           **B. Defendant as Employee or Non-Control Person:** For any business  
19 where Defendant is not a controlling person of the business, but for which she  
20 otherwise engages in the offer or sale of income-producing or investment-related  
21 goods or services, Defendant must deliver a copy of this Final Order to all  
22 principals and managers of such business before engaging in such conduct; and

23           **C.** Defendant must secure a signed and dated statement acknowledging  
24 receipt of the Final Order within thirty (30) days of delivery, from all persons  
25 receiving a copy of the Final Order pursuant to this Paragraph VI.  
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SCANNED

