

DEBRA A. VALENTINE
General Counsel
RUSSELL W. DAMTOFT (RD-5241)
JOHN C. HALLERUD (JH-7073)
Federal Trade Commission
55 East Monroe St., Suite 1860
Chicago, IL 60603
(312) 960-5634 (voice)
(312) 960-5600 (facsimile)

FAITH S. HOCHBERG
United States Attorney
By: MICHAEL A. CHAGARES (MC-5483)
Assistant United States Attorney
United States Attorney's Office
970 Broad St., 7th Floor
Newark, NJ 07102
(973) 645-2700 (voice)
(973) 297-2010 (facsimile)

PETER VERNIERO
ATTORNEY GENERAL OF NEW JERSEY
Gail M. Cookson (GC-9468)
Deputy Attorney General
Division of Law
124 Halsey Street, P. O. Box 45029
Newark, New Jersey 07101
(973) 648-7457 (voice)
(973) 648-3879 (facsimile)

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

In Re NATIONAL CREDIT MANAGEMENT)	
GROUP, LLC; GLEN BUZZETTI,)	Civ. No. 98-936 (AJL)
individually and as an officer of)	
National Credit Management)	Hon. Alfred J. Lechner, Jr.
Group, LLC; and JOSEPH FERGUSON,)	
individually and as an officer of)	
National Credit Management)	
Group, LLC)	

**STIPULATED SETTLEMENT AGREEMENT CONTAINING ORDER
FOR PERMANENT INJUNCTIVE RELIEF
WITH CONSUMER REDRESS AND OTHER EQUITABLE RELIEF**

WHEREAS Plaintiff Federal Trade Commission ("FTC"), having
filed its complaint for a permanent injunction and other relief in

this matter, pursuant to the Credit Repair Organizations Act, 15 U.S.C. § 1679 et seq., ("CROA"); the Telemarketing and Consumer Fraud and Abuse Prevention Act ("TCFA"), 15 U.S.C. § 6101 et seq.; the FTC Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310; and Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b); and

WHEREAS Plaintiff Peter Verniero, Attorney General of New Jersey ("State"), having filed his complaint for a permanent injunction, penalties and other relief in this matter, alleging violations of the CROA, the TCFA, the TSR, and the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq., ("CFA"); and

WHEREAS the Court having consolidated the FTC action and the State action; the FTC and the State having filed their Second Amended Consolidated Complaint ("Amended Complaint"); the Court having entered an opinion on March 25, 1998 and a preliminary injunction and appointed Robert L. Clifford, Esq., as Receiver on April 3, 1998; and

WHEREAS the FTC, the State, and Defendants National Credit Management Group, LLC, Glen Buzzetti, and Joseph Ferguson (collectively "Defendants") having agreed to the entry of this Stipulated Order for Permanent Injunctive Relief with Consumer Redress and Other Equitable Relief ("Order") by this Court in order to resolve all matters of dispute between them in this action;

NOW, THEREFORE, the FTC, the State, the Receiver, and the Defendants having requested the Court to enter this Order, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

FINDINGS

1. This Court has jurisdiction of the subject matter of this case and of all parties hereto;

2. The Amended Complaint states a claim upon which relief may be granted against Defendants under Sections 5 and 19 of the FTC Act, 15 U.S.C. §§ 45 and 57b; Sections 6103(a) and 6105(b) of the TCFA, 15 U.S.C. §§ 6103(a) and 6105(b); Sections 410(b) and (c) of the CROA, 15 U.S.C. § 1679h(b) and (c); and the CFA, N.J.S.A. 56:8-2;

3. Entry of this Order is in the public interest;

4. Defendants have waived all rights to seek appellate review of, or otherwise challenge or contest the validity of, this Order or any prior order of the Court entered in this matter;

5. The Defendants' stipulation is for settlement purposes only; does not constitute an admission of facts, other than jurisdictional facts, or violations of law as alleged in the Second Amended Complaint and in fact Defendants deny same; and may not be used against Defendants in any other proceeding; and

6. Defendants have waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412.

Definitions

1. "Assets" means all real and personal property of any Defendant, or held for the benefit of any Defendant, including, but not limited to "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," or "notes" (as these terms are defined in the Uniform Commercial Code), and all cash, wherever located.

2. "Consumer" means an individual purchasing goods or services primarily for personal, family, household, or agricultural purposes, or a business employing less than ten persons purchasing goods or services for use in such business.

3. "Defendants" means National Credit Management Group, LLC, Glen Buzzetti, Joseph Ferguson, and any corporations owned or controlled by National Credit Management Group, LLC, Glen Buzzetti or Joseph Ferguson and any unincorporated business entities operated by National Credit Management Group, LLC, Glen Buzzetti or Joseph Ferguson or any of them, including but not limited to National Telecommunication Center, LLC; National Credit Learning Center, LLC; American Credit Learning Center, LLC; FYI, LLC; Credit Information Center, LLC; Auto Mortgage Express Center, LLC; Credit Education Center, LLC; Tiger GF Leasehold, Inc.; and Cyber Wars T.B.K., LLC; and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, facsimile, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device.

4. "Material" means likely to affect a person's choice of, or conduct regarding, goods or services;

5. "Net Income" means after tax income from wages, repayment of debts, earnings, income from trust funds, profits, capital distributions, inheritance, lottery or gambling winnings, or any monetary gifts to him or on his behalf (with the exception of gifts on his behalf for payment of legal fees) when all other sources of Income exceed \$10,000 on an annual basis.

6. "Person" means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity;

7. "Telemarketing" has the same meaning as defined in Section 310.2(u) of the TSR, 16 C.F.R. § 310.2(u).

I.

IT IS THEREFORE ORDERED that Defendants Glen Buzzetti and Joseph Ferguson are hereby restrained and enjoined from selling, offering for sale, promoting, advertising, or performing any service, in return for direct or indirect monetary or other compensation, which is sold, offered for sale, promoted, or advertised for the express or implied purpose of:

A. improving any consumer's credit record, credit history, or credit rating;

B. providing advice or assistance to any consumer with regard to any activity or service described in clause(A); or

C. obtaining or arranging for credit cards or other extension of credit for consumers; provided that this clause shall not prohibit said Defendants from obtaining or arranging for extensions of credit when such credit is being extended to a buyer whose purchase of goods or services is from a business in the ordinary course of such business and it is customary for buyers of such goods or services to obtain financing.

II.

IT IS FURTHER ORDERED that in connection with the sale of any product or service in or affecting commerce, Defendants Glen Buzzetti and Joseph Ferguson are hereby restrained and enjoined from obtaining or submitting for payment a check, draft, or other form of negotiable paper drawn on a consumer's checking, savings, share, or similar account unless said check, draft, or other form of negotiable paper contains the original signature of said consumer. This Section shall not be construed to prohibit them from obtaining or submitting for payment a traditional credit, debit, or other substantially similar charge as to which the Fair Credit Billing Act, 15 U.S.C. § 1666-1666j, or any substantially similar provision of state or federal law applies at the time of the transaction.

III.

IT IS FURTHER ORDERED that, in connection with the telemarketing of any product or service, Defendants are hereby restrained and enjoined from violating the TSR, 16 C.F.R. Part 310, as presently promulgated or as it may hereinafter be amended, including, but not limited to, the following:

A. Violating Section 310.3(a)(1)(i) of the TSR, 16 C.F.R. § 310.3(a)(1)(i), by failing to disclose in a clear and conspicuous manner the total costs to purchase, receive, or use, the goods and/or services that are the subject of a sales offer;

B. Violating Section 310.3(a)(1)(ii) of the TSR, 16 C.F.R. § 310.3(a)(1)(ii), by failing to disclose all material restrictions, limitations, or conditions to

purchase, receive, or use the goods and/or services that are the subject of a sales offer;

C. Violating Section 310.3(a)(1)(iii) of the TSR, 16 C.F.R. § 310.3(a)(1)(iii), by failing to clearly and conspicuously disclose all material terms and conditions of any refund policies;

D. Violating Section 310.3(a)(2)(ii) of the TSR, 16 C.F.R. § 310.3(a)(2)(ii), by misrepresenting any material restriction, limitation or condition to purchase, receive or use goods or services that are the subject of a sales offer; and

E. Violating Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii), by misrepresenting any material aspect of the performance, efficacy, nature or central characteristics of goods or services that are the subject of a sales offer.

IV.

IT IS FURTHER ORDERED that Defendants are hereby restrained and enjoined from violating the CROA, 15 U.S.C. §§ 1679 to 1679k, as presently enacted or as it may hereinafter be amended, including, but not limited to:

A. Violating Section 405(a) of the CROA by failing to provide the written statement in the form and manner required by that Section to each consumer before any contract or agreement with the consumer is executed;

B. Violating Section 406 of the CROA by providing services to a consumer prior to obtaining a signed, written and dated contract which meets the requirements of Section 406(b) or prior to the end of the third business day after the date on which the contract is signed;

C. Violating Section 407(b) of the CROA by failing to provide the "Notice of Cancellation" form, in the form and manner required by that Section; and

D. Violating Section 407(b) of the CROA by failing to honor the cancellation requests of consumers made, mailed, or postmarked on any of the first three business days following the date of their agreement to purchase.

V.

IT IS FURTHER ORDERED that, in connection with the advertisement, promotion or sale of any goods or service, Defendants are hereby restrained and enjoined from:

A. Misrepresenting, directly or by implication, that Defendants, their services or their products have been approved or endorsed by any governmental authorities or any consumer protection entities;

B. Misrepresenting, directly or by implication, the objectivity of any entity or individual who provides a positive recommendation for Defendants;

C. Misrepresenting, directly or by implication, that employees of the Defendants have received a

certification approved, conducted or endorsed by any governmental authorities;

D. Failing to disclose the material terms, conditions, and limitations of any refund policy or any policy of nonrefundability;

E. Failing to disclose the material terms, conditions and limitations on any secured, unsecured and catalogue credit card applications offered by Defendants to consumers;

F. Failing, in connection with any business in which the average daily in-bound customer service related calls exceed 25, and in which such Defendant is an owner of the business or directly or indirectly manages or controls the business, to adequately staff consumer service telephone lines such that consumers are able to speak with an employee of Defendants with authority to act upon the request, concern, question or demand after no more than a reasonable period of time on a telephonic hold and without resort to a return telephone call on a different calendar date;

G. Misrepresenting, directly or by implication, any fact material to a consumer's decision to purchase Defendants' services or products;

H. Establishing an unconscionable refund policy, in violation of N.J.S.A. 56:8-2, *i.e.*, one that a reasonable consumer cannot comply with;

I. Charging an unconscionable price for any goods or services in violation of N.J.S.A. 56:8-2;

J. Misrepresenting, directly or by implication, that Defendants will perform a confidential analysis of the credit history or standing of a consumer;

K. Misrepresenting, directly or by implication, that Defendants will provide a service that will assist consumers in establishing or reestablishing credit; and

L. Misrepresenting, directly or by implication, that any application for credit has been pre-approved.

VI.

IT IS FURTHER ORDERED that Defendants are hereby restrained and enjoined from:

A. providing or selling to any person a list which contains the name, address, telephone number, or credit card or bank account number, of any customer who purchased any goods or services from Defendant National Credit Management Group, LLC, unless such disclosure is required by law or court order; and

B. Making any collection efforts on accounts arising from contracts entered into between Defendant National Credit Management Group, LLC, and its customers prior to the date this Order is entered.

VII.

IT IS FURTHER ORDERED that in consideration of this Stipulation, Defendants Glen Buzzetti and Joseph Ferguson agree to pay to the State, the FTC and the Receiver the sum of One Million Three Hundred and Fifty Thousand Dollars (\$1,350,000.00) ("Settlement Amount"). Payment of the Settlement Amount shall be as set forth in Sections VIII through XI infra.

VIII.

IT IS FURTHER ORDERED that Defendant Glen Buzzetti shall pay to the State, the FTC and the Receiver the sum of One Million and Eighty Thousand Dollars (\$1,080,000.00) ("Buzzetti Settlement Amount") as follows:

A. Defendant Glen Buzzetti shall pay the sum of One Hundred and Thirty Thousand Dollars (\$130,000.00) no later than seven (7) days after entry of this Order;

B. Defendant Glen Buzzetti shall pay all proceeds, net of outstanding mortgage debt and bona fide costs of sale, from the sale of real property owned by him at Roc Harbour, 3-D Cove Lane, North Bergen, New Jersey ("the Roc Harbour Property"), no less than one hundred and eighty (180) days after entry of this Order, and shall provide a copy of the HUD-1 settlement sheet to counsel for Plaintiffs; in the event that a sale has not transpired or is not pending under contract within one hundred and eighty (180) days after entry of this Order, Plaintiffs shall have the right to apply to the Court for

the appointment of a trustee with authority to sell the Roc Harbour Property;

C. Defendant Glen Buzzetti shall pay the balance of the difference between the amount of Three Hundred and Ten Thousand Dollars (\$310,000.00) and the net proceeds from Subsections (A) and (B) above in eighteen (18) equal monthly installments of one/eighteenth (1/18) of that balance due and owing as of the first day of the seventh month following entry of this Order, the first installment of which shall be payable no later than the first day of the seventh month following entry of this Order and subsequent installments shall be due on the first day of every month thereafter; in the event that the net proceeds from the sale of the Roc Harbour Property referred to in Subsection (B) exceeds the difference between the amount of Three Hundred and Ten Thousand Dollars (\$310,000.00) and the amount paid pursuant to Subsection (A), said excess proceeds shall be credited to defendant Glen Buzzetti as payment pursuant to Subsection (D); and

D. Defendant Glen Buzzetti shall make monthly payments in the amount of 10% of all Net Income for the month just preceding, commencing no later than the first day of the twenty-fifth month following entry of this Order and subsequent payments shall be due on the first day of every month thereafter for ninety-five (95)

months, unless satisfaction of the Buzzetti Settlement Amount is made sooner.

E. In the event of any default on any obligation to make payment under Subsections (A) and (C) of this Section VIII, interest, computed pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment.

F. Defendant Glen Buzzetti shall pay to the Receiver on behalf of the Receivership Estate and subject to the provisions of Section X the first Sixty Thousand Dollars (\$60,000.00) payable under paragraphs (A), (B), (C), and (E) of this Section VIII. The balance of the payments required by this Section VIII shall be paid in the manner provided in Section XI of this Order.

G. Defendant Glen Buzzetti shall secure the Buzzetti Settlement Amount as follows:

1. Upon entry of this Stipulated Order, Defendant Glen Buzzetti shall immediately execute and deliver to the State his First Promissory Note ("First Buzzetti Note"), in a form acceptable to Plaintiffs' counsel, in the amount of Three Hundred and Ten Thousand Dollars (\$310,000.00). The First Buzzetti Note shall be payable as set forth in paragraphs (A), (B), (C), (E) of this Section VIII.

2. Upon entry of this Stipulated Order, Defendant Glen Buzzetti shall immediately execute and deliver to the State his Second Promissory Note ("Second Buzzetti Note"), in a form reasonably acceptable to counsel for the State, in the amount of Seven Hundred and Seventy Thousand Dollars (\$770,000.00). The Second Buzzetti Note shall be payable as set forth in paragraph (D) of this Section VIII.

3. The First Buzzetti Note shall be secured by delivery to the State of:

a. A Mortgage in favor of the State and the FTC in a form acceptable to Plaintiffs' counsel to the Roc Harbour Property. The State and the FTC shall jointly hold the second security interest and second lien on the Roc Harbour Property and shall be subordinate only to the first mortgagee and such other liens as shall have priority under applicable law; and

b. a Form UCC-1 Financing Statement in favor of the State and the FTC securing the items on that certain list of furniture, equipment and other personal property set

forth in the letter of July 21, 1998, from Albert L. Buzzetti, Esq., to counsel for Plaintiffs ("Buzzetti Assets"). The State and the FTC shall jointly] hold the first security interest and first lien on the Buzzetti Assets and shall be subordinate only to such other liens as shall have priority under applicable law;

c. The Roc Harbour Property and the Buzzetti Assets shall be pledged to secure full payment of the amount due under the First Buzzetti Note.

4. Defendant Glen Buzzetti shall execute and deliver such financing statements, affidavits of title and other collateral security agreements or documents as, in the opinion of Plaintiffs' counsel, are necessary to perfect the State's and the FTC's security interests referred to above.

5. Within ten (10) days of the payment of the full amount required by Subsections (A), (B), (C), and (E) of this Section VIII, all liens and mortgages in favor of the FTC

and the State shall be canceled by the State and the FTC.

H. In the event that Defendant Glen Buzzetti fails to make any payment required by Subsections (A), (B), (C), and (E) of this Section VIII, the FTC and the State may, at their sole joint option, declare Defendant Glen Buzzetti in default of the First Promissory Note, in which case either of the Plaintiffs shall provide Defendant Glen Buzzetti with written notice of said default. Should such default not be cured within ten (10) days of mailing such notice, the First Buzzetti Note shall immediately be due and payable, less any payments made.

I. Defendant Glen Buzzetti agrees not to discharge in bankruptcy the amount equal to the Buzzetti Settlement Amount, less any payments made pursuant to this Agreement with the understanding that nothing herein shall waive Defendant Glen Buzzetti's right or affect his ability to discharge any other debt. For purposes of any subsequent proceedings to enforce payment of the amount required by this Section VIII, including but not limited to a nondischargeability complaint filed in a bankruptcy proceeding, Defendant Glen Buzzetti waives any right to contest any of the allegations of the Second Amended Consolidated Complaint filed herein. This waiver does not constitute an admission of facts or violations of law

and may not be used in any other proceeding except as set forth above.

J. In the event that the entire \$1,080,000.00 Buzzetti Settlement Amount has not been remitted within ten (10) years from the date of entry of the Order, the State shall be entitled to enter judgment for the amount of \$770,000.00 on the Second Buzzetti Note less any principal amounts already paid upon written application of the State with no less than ten (10) days written notice to his counsel, Albert Buzzetti, Esq., supported by an affidavit of accounting. Defendant Glen Buzzetti agrees not to oppose the application except with respect to any discrepancy of accounting. The State shall be entitled to post-judgment interest upon entry by a Court of competent jurisdiction of the deficiency judgment on the Second Buzzetti Note computed pursuant to 28 U.S.C. § 1961(a).

IX.

IT IS FURTHER ORDERED that Defendant Joseph Ferguson shall pay to the FTC and the State the sum of Two Hundred and Seventy Thousand Dollars (\$270,000.00) ("Ferguson Settlement Amount") as follows:

A. Defendant Joseph Ferguson shall pay the sum of Twenty-Five Thousand Dollars (\$25,000.00) no later than ten (10) days after entry of this Order;

B. Defendant Joseph Ferguson shall pay the sum of Fifteen Thousand (\$15,000.00) six (6) months after the date of entry of this Order; and

C. Defendant Joseph Ferguson shall make monthly payments in the amount of 10% of all Net Income for the month just preceding, commencing no later than the first day of the twenty-fifth month following entry of this Order and subsequent payments shall be due on the first day of every month thereafter for ninety-five (95) months. Any monies paid by Defendant Joseph Ferguson in excess of Two Hundred and Thirty Thousand Dollars (\$230,000) pursuant to this Paragraph C shall be credited to Defendant Glen Buzzetti as payment pursuant to Paragraph D of Section VIII.

D. In the event of any default on any obligation to make payment under Subsections (A) through (B) of this Section IX, interest, computed pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment.

E. Defendant Joseph Ferguson shall secure the Ferguson Settlement Amount as follows:

1. Upon entry of this Stipulated Order, Defendant Joseph Ferguson shall immediately execute and deliver to the State his First Promissory Note ("First Ferguson Note"), in a form acceptable to Plaintiffs' counsel, in the amount of Forty Thousand Dollars (\$40,000).

The First Ferguson Note shall be payable as set forth in Subsections (A), (B), and (D) of this Section IX.

2. Upon entry of this Stipulated Order, Defendant Joseph Ferguson shall immediately execute and deliver to the State his Second Promissory Note ("Second Ferguson Note"), in a form acceptable to Plaintiffs' counsel, in the amount of Two Hundred and Thirty Thousand Dollars (\$230,000.00). The Second Ferguson Note shall be payable as set forth in Subsection (C) of this Section IX.

3. The First Ferguson Note shall be secured by delivery to the State of a Mortgage in favor of the State and the FTC in a form reasonably acceptable to Plaintiffs' counsel to real estate located at 39 Revere Road, Ardsley, New York ("the Ardsley Property"). The State and the FTC shall jointly hold the second security interest and second lien on the Ardsley Property and shall be subordinate only to the first mortgagee and such other liens as shall have priority under applicable law. The Ardsley Property shall be pledged to secure full payment of the amount due under the First Ferguson Note.

4. Defendant Joseph Ferguson shall execute and deliver such financing statements, affidavits of title and other collateral security agreements or documents as, in the reasonable opinion of Plaintiffs' counsel, are necessary to perfect the State's and the FTC's security interests referred to above.

5. Within ten (10) days of the payment of the full amount required by Subsections (A), (B), and (D) this Section IX, all liens and mortgages in favor of the FTC and the State shall be canceled by the FTC and the State.

F. In the event that Defendant Ferguson fails to make any payment required by Subsections (A), (B), or (D) of this Section IX, the FTC and the State may, at their sole joint option, declare Defendant Ferguson in default of the First Promissory Note, in which case either of the Plaintiffs shall provide Defendant Ferguson with written notice of said default. Should such default not be cured within ten (10) days of mailing such notice, the First Ferguson Note shall immediately be due and payable, less any payments made.

G. Defendant Joseph Ferguson agrees not to discharge in bankruptcy the amount equal to the Ferguson Settlement Amount, less any payments made pursuant to this Agreement with the understanding that nothing herein

shall waive Defendant Ferguson's right or affect his ability to discharge any other debt. For purposes of any subsequent proceedings to enforce payment of the amount required by this Section IX, including but not limited to a nondischargeability complaint filed in a bankruptcy proceeding, Defendant Ferguson waives any right to contest any of the allegations of the Second Amended Consolidated Complaint filed herein. This waiver does not constitute an admission of facts or violations of law and may not be used in any other proceeding except as set forth above.

H. In the event that the entire \$270,000.00 Ferguson Settlement Amount has not been remitted to the Plaintiffs within ten (10) years from the date of entry of the Order, the State shall be entitled to enter judgment for the amount of \$230,000.00 on the Second Ferguson Note less any principal amounts already paid upon written application of the State with no less than ten (10) days written notice to his counsel, Albert Buzzetti, Esq., supported by an affidavit of accounting. Defendant Joseph Ferguson agrees not to oppose the application except with respect to any discrepancy of accounting. The State shall be entitled to post-judgment interest upon entry by a Court of competent jurisdiction of the deficiency judgment on the Second Ferguson Note computed pursuant to 28 U.S.C. § 1961(a).

X.

IT IS FURTHER ORDERED that the appointment of Robert L. Clifford, Esq., as Receiver for Defendant National Credit Management Group, LLC., pursuant to this Court's Order for Preliminary Injunction entered on April 3, 1998, is hereby continued as modified by this Section. For purposes of this Section X, all assets owned by National Telecommunication Center, LLC; National Credit Learning Center, LLC; American Credit Learning Center, LLC; FYI, LLC; Credit Information Center, LLC; Auto Mortgage Express Center, LLC; Credit Education Center, LLC; Tiger GF Leasehold, Inc.; and Cyber Wars T.B.K., LLC shall be considered to be assets of National Credit Management Group, LLC.

The Receiver shall continue to pay administrative expenses of the Receivership Estate including, but not limited to rent, insurance, utilities, telephone, mail box rental, and storage fees. Upon liquidation of the assets of National Credit Management Group, LLC, if any, and the payment by Defendant Glen Buzzetti of the sum required by Subsection (F) of Section VIII of this Order to the Receivership Estate, the Receiver shall submit his report and his application for fees and expenses, and upon the approval of the same, shall pay:

A. the amounts allowed by the Court pursuant to his application for fees and expenses, including but not limited to, professional fees and auctioneers' fees;

B. to the extent that funds remain, in the order of priority set forth in 11 U.S.C. § 507; *provided that* all claims for commissions by all former employees and

all claims for wages and salaries by managerial employees (which shall be defined as consisting of Defendants and all persons with a title of Vice President, Manager, Executive Assistant or Supervisor) shall be specifically excluded from any 11 U.S.C. § 507(a)(3) and (4) distribution; *and provided further* that claims by the FTC and the State for consumer redress shall be considered within the ambit of any 11 U.S.C. § 507(a)(6) distribution; and

C. to the extent that funds remain, to the FTC and the State.

Upon the filing of the Receiver's final report and the Court's approval of the same, the Receivership over Defendant National Credit Management Group, LLC., pursuant to this Court's Order for Preliminary Injunction entered on April 3, 1998, shall be terminated and the provisions of said Preliminary Injunction related to the appointment of the Receiver contained therein shall be dissolved.

XI.

IT IS FURTHER ORDERED that:

A. For purposes of administration, all payments made under Subsections (A), (B), (C), and (E) of Section VIII and Subsections (A), (B), and (D) of Section IX shall be made by certified check or other guaranteed funds payable to and delivered to the FTC or by wire transfer in accord with directions provided by the FTC.

All payments made under Subsection (D) of Section VIII and Subsection (C) of Section IX shall be made by certified check or other guaranteed funds payable to and delivered to the State or by wire transfer in accord with directions provided by the State. All payments required to be made to the Receiver under Subsection (F) of Section VIII shall be made by certified check or other guaranteed funds payable to "Robert L. Clifford, Esq., Receiver for National Credit Management Group, LLC" and delivered to the Receiver, with a copy of the check or wire transfer instructions being provided to Plaintiffs' counsel at the same time payment is made to the Receiver.

B. The funds to the FTC and/or the State by the Defendants pursuant to Sections VIII and IX of this Order, and by the Receiver pursuant to Subsections (B) and/or (C) of Section X of this Order shall be deposited into a redress fund, administered by the FTC, to be used for equitable relief including but not limited to consumer redress and any attendant expenses for the administration of any redress fund. If the Plaintiffs determine, in their joint sole discretion, that redress to purchasers is wholly or partially impracticable, any funds not so used shall be divided between the State and the United States Treasury, in such proportion as the State and FTC shall agree, to fund consumer education and enforcement activities in the case of funds paid to the State, and as disgorgement in the case of funds paid to

the United States Treasury. Defendants shall be notified as to how the funds are disbursed but shall have no right to contest the manner of distribution chosen by the Plaintiffs. The Plaintiffs in their sole joint discretion may use a designated agent to administer consumer redress. The FTC, the State, and Defendants acknowledge and agree that this order for equitable monetary relief is solely remedial in nature and is not a fine, penalty, punitive assessment, or forfeiture.

C. The Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the FTC their respective taxpayer identifying numbers (social security number or employer identification numbers), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of such persons' relationship with the government.

XII.

IT IS FURTHER ORDERED that:

A. If, upon motion by the FTC or the State, this Court finds that at the time this Order was signed by Defendants, that Defendants have any interest in any material asset other than the following:

1. In the case of Defendant Glen Buzzetti, real estate located at Roc Harbour, 3-D Cove Lane, North Bergen, New Jersey; the sum of approximately \$49,236 cash held in the client trust account of Lustigman Law Firm; jewelry valued at approximately \$50,000; stock in Bridge

View Bank valued at approximately \$75,000; and the items of furniture, equipment, and personal items owned by Glen Buzzetti listed in the letter of July 21, 1998, from Albert L. Buzzetti, Esq., to Russell Damtoft and Gail M. Cookson; and

2. In the case of Defendant Joseph Ferguson, real estate located at 39 Revere Road, Ardsley, New York and 3875 Waldo Ave., #10L, Bronx, New York; an annuity in the amount of approximately \$25,361.30 in the Operating Engineers' Trust Fund; an Individual Retirement Account with a sum value of \$3,585.53 in American Life Partners, and a 401K plan in the vested amount of \$12,154.41;

or if the value of said assets materially exceeds any amount set forth above, the FTC or the State may request that the judgment herein be reopened for the purpose of requiring additional monetary consumer redress in an amount approximately equivalent to any such asset in the case of an asset not listed above, or in an amount approximately equivalent to any resulting understatement of any asset listed above; provided, however, that for purposes of this subsection (A) of Section XII, funds paid by third parties to counsel for Defendants as legal fees on Defendants' behalf shall not be construed as assets.

Provided, that in all other respects this judgment shall remain in full force and effect; and provided further, that proceedings instituted under this Section are in addition to and not in lieu of any other remedies as may be provided by law, including, but not limited to, contempt proceedings, or any other

proceedings the FTC or the State may initiate to enforce this Order.

B. If, upon motion by the Receiver, this Court finds that:

1. any asset of the Receivership Defendant was fraudulently transferred to third parties within 90 days prior to the time the Receiver took control on April 3, 1998;

2. such transfer was made in contemplation of the lawsuits filed by the State and the FTC on March 3, 1998; and

3. such transfer is not reflected on the books and records of the Receivership Defendant,

the Receiver may seek that the Judgment be reopened for the purpose of seeking such asset of the Receivership Defendant or an amount reasonably equivalent to the value of such asset. Any motion by the Receiver does not nullify or void any of the provisions of the Order.

XIII.

IT IS FURTHER ORDERED that the asset freeze provisions contained in Section V(A) of this Court's Order for Preliminary Injunction dated April 3, 1998, shall remain in effect with respect to the real and personal property referred to in Section XII of this Order. Defendants shall be permitted to make such transfers as are necessary to comply with Subsections (A) through (C) of Section VIII and Subsection (A) through (B) of Section IX of this Order and upon such compliance, the asset freeze provisions contained in Section V of this Court's Order for Preliminary

Injunction dated April 3, 1998, shall thereupon be deemed dissolved as to that party.

XIV.

IT IS FURTHER ORDERED that, within five (5) business days after receipt by each Defendant of this Order as entered by the Court, each Defendant shall submit to the FTC and the State a truthful sworn statement, in the form shown on Exhibit A, that shall acknowledge receipt of this Final Order.

XV.

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants shall:

A. Provide a copy of this Order to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, immediately upon employing or retaining any such persons, for any business in which:

1. such Defendant is an owner of the business or directly or indirectly manages or controls the business, and

2. the business is engaged in, or assists others in engaging in (a) telemarketing to consumers, or (b) the sale, offering for sale, or advertising of any credit-related goods or services to consumers;

provided that persons who are required to be given a copy of this Order solely because they are involved in responding to consumer complaints or inquiries or are sales personnel may be provided a summary of this Order in the form attached hereto as Exhibit B in lieu of a copy of the entire Order.

B. Maintain for a period of three (3) years after creation, and upon reasonable notice, make available to representatives of the FTC or the State, the original signed and dated acknowledgments of the receipt of copies of this Order, as required in Subparagraph (A) of this Section.

XVI.

IT IS FURTHER ORDERED that Defendants, in connection with any business in which:

1. such Defendant is an owner of the business or directly or indirectly manages or controls the business, and

2. the business is engaged in, or assists others in engaging in (a) telemarketing to consumers or (b) the sale, offering for sale, or advertising of any credit-related goods or services to consumers;

are hereby permanently restrained and enjoined from:

A. Failing to take reasonable steps sufficient to monitor and ensure that all employees and independent contractors engaged in sales or other customer service functions comply with Sections III, IV, and V of this

Order. Such steps shall include adequate monitoring of sales presentations or other calls with customers, and shall also include, at a minimum, the following: (1) listening to the oral representations made by persons engaged in sales or other customer service functions; (2) establishing a procedure for receiving and responding to consumer complaints; and (3) ascertaining the number and nature of consumer complaints regarding transactions in which each employee or independent contractor is involved; *provided* that this Paragraph does not authorize or require any Defendant to take any steps that violate any federal, state, or local laws;

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

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

XVII.

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants, in connection with any business in which:

1. such Defendant is an owner of the business or directly or indirectly manages or controls the business, and

2. the business is engaged in, or assists others in engaging in (a) telemarketing to consumers or (b) the sale, offering for sale, or advertising of any credit-related goods or services to consumers;

are hereby restrained and enjoined from failing to create, and from failing to retain for a period of three (3) years following the date of such creation, unless otherwise specified:

A. Books, records and accounts that, in reasonable detail, accurately and fairly reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;

B. Records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable. The businesses subject to this Section shall retain such records for any terminated employee for a period of two (2) years following the date of termination;

C. Records containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased for all consumers to whom such business has sold, invoiced or shipped any goods or services;

D. Records that reflect, for every consumer complaint or refund request, whether received directly or indirectly or through any third party:

1. the consumer's name, address, telephone number and the dollar amount paid by the consumer;

2. the written complaint or refund request, if any, and the date of the complaint or refund request;

3. the basis of the complaint, including the name of any salesperson complained against, and the nature and result of any investigation conducted concerning any complaint;

4. each response and the date of the response;

5. any final resolution and the date of the resolution; and

6. in the event of a denial of a refund request, the reason for the denial; and

E. Copies of all sales scripts, training materials, advertisements, or other marketing materials utilized; *provided* that copies of all sales scripts, training materials, advertisements, or other marketing materials utilized shall be retained for (3) years after the last date of dissemination of any such materials.

XVIII.

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

A. For a period of five (5) years from the date of entry of this Order, each Defendant shall notify the Commission and the State of the following:

1. Any changes in Defendant's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;

2. Any changes in Defendant's employment status (including self-employment) within ten (10) days of such change. Such notice shall include the name and address of each business that Defendant is affiliated with or employed by, a statement of the nature of the business, and a statement of Defendant's duties and responsibilities in connection with the business or employment; and

3. Any proposed change in the structure of any business entity owned or controlled by Defendant Glen Buzzetti or Joseph Ferguson, such as creation, incorporation, dissolution, assignment, sale, merger, creation, dissolution of subsidiaries, proposed filing of a bankruptcy petition, or change in the corporate name or address, or any other change

that may affect compliance obligations arising out of this Order, thirty (30) days prior to the effective date of any proposed change; *provided*, however, that, with respect to any proposed change in the corporation about which Defendant learns less than thirty (30) days prior to the date such action is to take place, Defendant shall notify the Commission as soon as is practicable after learning of such proposed change.

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

1. Defendant's then current residence address and telephone number;

2. Defendant's then current employment, business addresses and telephone numbers, a description of the business activities of each such employer, and Defendant's title and responsibilities for each employer;

3. A copy of each acknowledgment of receipt of this Order obtained by Defendant pursuant to Section XV; and

4. A statement describing the manner in which Defendant has complied and is complying with Sections III, IV, V, XVI, and XVII of this Order.

C. Upon written request by a representative of the FTC or the State, and subject to any applicable privilege, Defendants shall submit additional written reports (under oath, if requested) and produce documents on fifteen (15) days' notice with respect to Defendants' compliance with this Order.

D. For the purposes of this Order, Defendants shall, unless otherwise directed by the authorized representatives of the FTC or the State, mail all written notifications to the FTC to:

Regional Director
Federal Trade Commission
Chicago Regional Office
55 E. Monroe St., Suite 1860
Chicago, Illinois 60603
Re: In re National Credit Management Group;

and mail all written notifications to the State to:

Gail M. Cookson, Esq.
Deputy Attorney General
Division of Law
P. O. Box 45029
124 Halsey Street
Newark, New Jersey 07101.

Notices required to be sent to Defendant Joseph Ferguson shall be sent to the following addresses unless alternative address(es) are specified in writing to counsel for the plaintiffs:

Joseph Ferguson

39 Revere Road
Ardsley, New York 10502

and

Albert L. Buzzetti
Sekas and Buzzetti, L.L.C.
540 Sylvan Avenue - Suite 21
Englewood Cliffs, New Jersey 07632

Notices required to be sent to Defendant Glen Buzzetti shall be sent to the following addresses unless alternative address(es) are specified in writing to counsel for the plaintiffs:

Glen Buzzetti
8000 River Road - Unit 3D
North Bergen, New Jersey 07047

and

Albert L. Buzzetti
Sekas and Buzzetti, L.L.C.
540 Sylvan Avenue - Suite 21
Englewood Cliffs, New Jersey 07632

E. For the purposes of this Section XVIII, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" include any individual or entity for whom Defendant performs services as an employee, consultant, or independent contractor.

XIX.

IT IS FURTHER ORDERED that the FTC and the State are authorized to monitor Defendants' compliance with this Order by all lawful means, including but not limited to the following means:

A. The FTC and the State are authorized, without further leave of court, to obtain discovery from any person in the manner provided by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ. P. 26 - 37, including the use of compulsory process pursuant to Fed. R. Civ. P. 45, for the purpose of monitoring and investigating any Defendant's compliance with any provision of this Order; and

B. The FTC and the State are authorized to use representatives posing as consumers and suppliers to any Defendant, any Defendant's employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice.

C. Nothing in this Order shall limit the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to investigate whether any Defendant has violated any provision of this Order or Section 5 of the FTC Act, 15 U.S.C. § 45.

D. Nothing in this Order shall limit the State's lawful use of compulsory process, pursuant to N.J.S.A. 56:8-3 and N.J.S.A. 56:8-4 to investigate whether any Defendant has violated any provision of this Order or the CFA.

XX.

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, for the purpose of further determining compliance with this Order, each Defendant shall permit representatives of the FTC or the State, within three (3) business days of receipt of written notice from the FTC or the State:

A. Access during normal business hours to any office, or facility storing documents, of any business in which:

1. such Defendant is an owner of the business or directly or indirectly manages or controls the business, and

2. the business is engaged in, or assists others in engaging in (a) telemarketing to consumers or (b) the sale, offering for sale, or advertising of any credit-related goods or services to consumers.

In providing such access, Defendant shall permit representatives of the FTC or the State to inspect and copy all documents relevant to compliance with this Order; and shall permit FTC or State representatives to remove documents relevant to any matter contained in this Order for a period not to exceed five (5) business days so that the documents may be inspected, inventoried, and copied.

B. To interview the officers, directors, and employees, including but not limited to all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, of any business to which Subparagraph (A) of this Section applies, concerning matters relating to compliance with the terms of this Order. The person interviewed may have counsel present.

Provided that, upon application of the FTC or the State, and for good cause shown, the Court may enter an ex parte order granting immediate access to any Defendant's business premises for the purposes of inspecting and copying all documents relevant to compliance with this Order.

XXI.

IT IS FURTHER ORDERED that, in order that compliance with Subsection (D) of Section VIII and Subsection (C) of Section IX of this Order may be monitored, commencing three (3) years from the date of entry of this Order,

A. Defendants Glen Buzzetti and Joseph Ferguson shall submit Form 1040 and all filed schedules to the State on an annual basis no later than April 15 for the year preceding.

B. The State reserves its right to make all appropriate applications in any court of competent jurisdiction for the right to inspect and copy any books and records or documents evidencing the interest of the Defendants Joseph Ferguson and Glen Buzzetti in any assets.

C. In any annual period where it is determined by the State that either or both of the Defendants Glen Buzzetti and Joseph Ferguson did not make monthly payments in the amount of 10% of all net Income, said Defendant shall make a payment to the State within seven (7) days of written notification of deficiency in the amount equal to the deficiency plus interest from the month to which the deficiency is attributable at a rate of interest computed pursuant to 28 U.S.C. § 1961(a) in effect on the date of the deficiency notice.

XXII.

IT IS FURTHER ORDERED that nothing in this Order shall be construed as a waiver of the Defendants Glen Buzzetti's and Joseph Ferguson's privilege against Self Incrimination under the Fifth Amendment to the United States Constitution.

XXIII.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purpose of interpretation and enforcement of the Orders of this Court.

XXIV.

The parties agree and stipulate to entry of the foregoing Order as a Final Judgment in this action. By signing below, the Commission, the State of New Jersey, National Credit Management Group, LLC, Glen Buzzetti, and Joseph Ferguson hereby stipulate and agree to entry of the foregoing Order, which shall satisfy all claims of the Plaintiffs, the State of New Jersey and the FTC, in this action against the Defendants.

FEDERAL TRADE COMMISSION

Dated: _____

By: _____
Russell W. Damtoft, Esq.
Attorney

PETER VERNIERO
ATTORNEY GENERAL OF NEW JERSEY

Dated: _____

By: _____
Gail M. Cookson, Esq.
Deputy Attorney General

NATIONAL CREDIT MANAGEMENT GROUP, LLC

Dated: _____

By: _____
Glen Buzzetti

GLEN BUZZETTI, INDIVIDUALLY

Dated: _____

Glen Buzzetti

JOSEPH FERGUSON, INDIVIDUALLY

Dated: _____

Joseph Ferguson

LUSTIGMAN LAW FIRM, P.C.

Dated: _____

Sheldon A. Lustigman, Esq.
Attorney for Defendant National Credit
Management Group, LLC,

SEKAS & BUZZETTI, L.L.C.

Dated: _____

Albert L. Buzzetti, Esq.
Attorney for Defendants Glen Buzzetti and
Joseph Ferguson

ROBERT L. CLIFFORD, RECEIVER FOR NATIONAL
CREDIT MANAGEMENT GROUP, LLC

Dated: _____

Robert L. Clifford, Esq.

IT IS SO ORDERED:

Dated: _____, 1999

Honorable Alfred J. Lechner, Jr.
United States District Judge

EXHIBIT A

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

In Re NATIONAL CREDIT MANAGEMENT)
GROUP, LLC; GLEN BUZZETTI,) Civ. No. 98-936 (AJL)
individually and as an officer of)
National Credit Management) Hon. Alfred J. Lechner, Jr.
Group, LLC; and JOSEPH FERGUSON,)
individually and as an officer of)
National Credit Management)
Group, LLC)
_____)

[Name of defendant], being duly sworn, hereby states and affirms as follows:

1. My name is_____. My current residence address is _____. I am a citizen of the United States and am over the age of eighteen. I have personal knowledge of the facts set forth in this Affidavit.

2. I am a Defendant in In re National Credit Management Group, LLC, et al. (United States District Court for the District of New Jersey).

3. On _____, I received a copy of the Stipulated Order for Permanent Injunctive Relief with Consumer Redress and Other Equitable Relief, which was signed by the Honorable Alfred J. Lechner, Jr., and entered by the Court on _____. A true and correct copy of the Order I received is appended to this Affidavit.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on _____, at _____, New Jersey.

[Full name of defendant]

State of New Jersey
County of _____

Subscribed and sworn to before me
this ____ day of _____, 199__.

EXHIBIT B

The United States District Court for the District of New Jersey has entered an injunction that prohibits National Credit Management Group, LLC, Glen Buzzetti, Joseph Ferguson, and any corporation or unincorporated business entity owned or controlled by any of them, and their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by any means, including through this notice, whether acting directly or through any corporation, subsidiary, division, or other device, from the following:

1. Violating the Federal Trade Commission's Telemarketing Sales Rule in any way, including the following:
 - A. failing to disclose in a clear and conspicuous manner the total costs to purchase, receive, or use, the goods and/or services that are the subject of a sales offer;
 - B. failing to disclose all material restrictions, limitations, or conditions to purchase, receive, or use the goods and/or services that are the subject of a sales offer;
 - C. failing to clearly and conspicuously disclose all material terms and conditions of any refund policies;

- D. misrepresenting any material restriction, limitation or condition to purchase, receive or use goods or services that are the subject of a sales offer; and
- E. misrepresenting any material aspect of the performance, efficacy, nature or central characteristics of goods or services that are the subject of a sales offer.

2. Violating the Federal Credit Repair Organizations Act in any way, including the following:

- A. failing to provide the written statement in the form and manner required by that Act to each consumer before any contract or agreement with the consumer is executed;
- B. providing services to a consumer prior to obtaining a signed, written and dated contract which meets the requirements of that Act prior to the end of the third business day after the date on which the contract is signed;
- C. failing to provide the "Notice of Cancellation" form, in the form and manner required by that Act; and
- D. failing to honor the cancellation requests of consumers made, mailed, or postmarked on any of the first three business days following the date of their agreement to purchase.

3. In connection with the advertisement, promotion or sale of any product or service, doing any of the following:

- A. Misrepresenting that they, their services or their products have been approved or endorsed by any governmental authorities or any consumer protection entities;
- B. Misrepresenting the objectivity of any entity or individual who provides a positive recommendation for them;
- C. Misrepresenting that their employees have received a certification approved, conducted or endorsed by any governmental authorities;
- D. Failing to disclose the material terms, conditions and limitations on the refund of any fees obtained for any goods or services;
- E. Failing to disclose the material terms, conditions and limitations on the various secured, unsecured and catalogue credit card applications offered by them to consumers;
- F. In any business owned or controlled by Glen Buzzetti or Joseph Ferguson failing to adequately staff consumer service telephone lines such that consumers are able to speak with an employee with authority to act upon the request, concern, question or demand after no more than a reasonable period of time on a

telephonic hold and without resort to a return telephone call on a different calendar date;

- G. Misrepresenting any fact material to a consumer's decision to purchase their services or products;
- H. Failing to disclose the material terms, conditions, and limitations of any refund policy or any policy of nonrefundability;
- I. Establishing and unconscionable refund policy, i.e., one that a reasonable consumer cannot comply with;
- J. Charging and exorbitant or unconscionable price for any goods or services; and
- K. Misrepresenting that they will perform a confidential analysis of the credit history or standing of a consumer;
- L. Misrepresenting that they will provide a service that will assist consumers in establishing or reestablishing credit; and
- M. Misrepresenting that any application for credit has been pre-approved.

VIOLATION OF THE COURT'S ORDER IS CONTEMPT OF COURT, WHICH IS A CRIME PUNISHABLE BY FINE OR IMPRISONMENT.