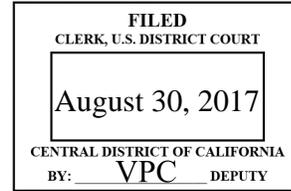


1 MAXINE R. STANSELL, WA Bar No. 9418
2 mstansell@ftc.gov
3 SARAH A. SHIFLEY, WA Bar No. 39394
4 sshifley@ftc.gov
5 Federal Trade Commission
6 915 2nd Ave., Suite 2896, Seattle, WA 98174
7 (206) 220-4474 (Stansell); (206) 220-4475 (Shifley)
8 (206) 220-6366 (fax)



9 LOCAL COUNSEL
10 MARICELA SEGURA, CA Bar No. 225999
11 msegura@ftc.gov
12 10877 Wilshire Blvd., Suite 700, Los Angeles, CA 90024
13 (310) 824-4343 (phone)
14 (310) 824-4330 (fax)

15 ATTORNEYS FOR PLAINTIFF FEDERAL TRADE COMMISSION

16 UNITED STATES DISTRICT COURT
17 CENTRAL DISTRICT OF CALIFORNIA

18 **FEDERAL TRADE COMMISSION,**

19 **Plaintiff,**

20 **vs.**

21 **TELESTAR CONSULTING, INC.,**
22 **also d/b/a Kleritec and United**
23 **Business Supply; and KARL**
24 **WESLEY ANGEL, individually and**
25 **as a principal of Telestar Consulting,**
26 **Inc.,**

27 **Defendants.**

No. CV-16-00555 SJO (SSx)

~~XXXXXX~~ **AMENDED**
[PROPOSED]
STIPULATED ORDER FOR
PERMANENT INJUNCTION AND
MONETARY JUDGMENT

1 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its
2 Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) in
3 this matter pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act
4 (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, the Telemarketing and Consumer Fraud
5 and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and
6 the Unordered Merchandise Statute, 39 U.S.C. § 3009. On February 1, 2016, the
7 Court entered an *Ex Parte* Temporary Restraining Order against Defendants,
8 amended on February 2, 2016 (“TRO”) (Dkts. 17 and 19). The Court entered a
9 Stipulated Preliminary Injunction on March 24, 2016 (Dkt. 38), and an Amended
10 Stipulated Preliminary Injunction on September 27, 2016 (Dkt. 61). Through
11 counsel, the Commission and Defendants Telestar Consulting, Inc., and Karl
12 Wesley Angel (collectively, “Defendants”), stipulate to the entry of this Stipulated
13 Order for Permanent Injunction and Monetary Judgment (“Order”) to resolve all
14 matters in dispute in this action between them.

15 **THEREFORE, IT IS ORDERED** as follows:

16 **FINDINGS**

- 17 1. This Court has jurisdiction over this matter.
- 18 2. The Complaint charges that Defendants participated in deceptive acts
19 or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the
20 Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, and the Unordered
21 Merchandise Statute, 39 U.S.C. § 3009.
- 22 3. Defendants neither admit nor deny any of the allegations in the
23 Complaint, except as specifically stated in this Order. Only for purposes of this
24 action, Defendants admit the facts necessary to establish jurisdiction.
- 25 4. Defendants waive any claim that they may have under the Equal
26 Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action
27 through the date of this Order, and agree to bear their own costs and attorneys’
28 fees.

1 audience, such as children, the elderly, or the terminally ill, “ordinary consumers”
2 includes reasonable members of that group.

3 2. “**Corporate Defendant**” means Telestar Consulting, Inc. (“Telestar”),
4 including doing business as Kleritec, United Business Supply, Natureplay Art
5 Company, and any other name used by Telestar, and its successors and assigns.

6 3. “**Defendants**” means the Individual and Corporate Defendants,
7 individually or collectively.

8 4. “**Individual Defendant**” means Karl Wesley Angel.

9 5. “**Person**” means a natural person or an organization or other legal
10 entity, including a corporation, partnership, sole proprietorship, limited liability
11 company, association, cooperative, or any other group or combination acting as an
12 entity.

13 6. “**Telemarketing**” means any plan, program, or campaign which is
14 conducted to induce the purchase of goods or services by use of one or more
15 telephones, and which involves a telephone call, whether or not covered by the
16 TSR.

18 **ORDER**

19 **I. BAN ON CERTAIN TELEMARKETING**

20 **IT IS ORDERED** that Defendants are permanently restrained and enjoined
21 from participating in Telemarketing, directly or through an intermediary, to induce
22 the purchase of nondurable supplies, including but not limited to office, cleaning,
23 educational, and art supplies, except to induce wholesale purchases by retail stores.

25 **II. PROHIBITIONS RELATING TO UNORDERED MERCHANDISE**

26 **IT IS FURTHER ORDERED** that Defendants, Defendants’ officers,
27 agents, and employees, and all other persons in active concert or participation with
28 any of them, who receive actual notice of this Order, whether acting directly or

1 indirectly, in connection with the sale of any merchandise, are permanently
2 restrained and enjoined from (A) sending any merchandise without the recipient’s
3 prior expressed request or consent, unless the merchandise is clearly and
4 conspicuously marked as a free sample; (B) sending a bill otherwise requesting
5 payment for merchandise that was sent without the recipient’s prior expressed
6 request or consent; or (C) violating the Unordered Merchandise Statute, 39 U.S.C.
7 § 3009 (annexed hereto as Attachment A). *Provided that*, “prior expressed request
8 or consent” requires an agreement with the recipient, before merchandise is sent or
9 billed for, as to the total amount Defendants will charge consumers, including tax,
10 shipping, freight, insurance or other costs or fees, and quantity of merchandise to
11 be received.

12
13 **III. PROHIBITION AGAINST MISREPRESENTATIONS**

14 **IT IS FURTHER ORDERED** that Defendants, Defendants’ officers,
15 agents, and employees, and all other persons in active concert or participation with
16 any of them, who receive actual notice of this Order, whether acting directly or
17 indirectly, in connection with the advertising, marketing, promotion, offering for
18 sale, sale, or distribution of, any good or service, are permanently restrained or
19 enjoined from misrepresenting, or assisting others in misrepresenting, expressly or
20 by implication, any material fact, including, but not limited to, the following:

21 A. Misrepresenting that consumers have ordered, agreed to pay for, or
22 are otherwise obligated to pay for goods shipped, or goods or services billed, to
23 consumers by Defendants;

24 B. Misrepresenting that Defendants were shipping, or have shipped,
25 goods that are part of any consumer’s prior order or agreement, including but not
26 limited to misrepresenting the goods as a “backorder”;

27 C. Misrepresenting that consumers have agreed to accept or pay for
28 multiple shipments of goods from Defendants;

1 D. In connection with collection of any debt or other amount owed or
2 represented as owed to any Defendant, making any false, deceptive, or misleading
3 representation, expressly or by implication, including but not limited to falsely
4 representing:

- 5 1. The character, amount, or legal status of any debt;
- 6 2. That any individual is an attorney or that any communication is
7 from an attorney;
- 8 3. That nonpayment of any debt will result in the arrest or
9 imprisonment of any person or the seizure, garnishment,
10 attachment, or sale of any property or wages of any person
11 unless such action is lawful and the debt collector or creditor
12 intends to take such action;
- 13 4. That any action that cannot legally be taken or that is not
14 intended to be taken will be taken, including but not limited to
15 representing that a debt or account has been or will be referred
16 or assigned to a third party for collection, unless true or unless
17 such referral or assignment is intended; or
- 18 5. That the consumer committed any crime or engaged in other
19 conduct, intending to disgrace the consumer.

20
21 **IV. REQUIRED DISCLOSURES**

22 **IT IS FURTHER ORDERED** that Defendants, Defendants' officers,
23 agents, and employees, and all other persons in active concert or participation with
24 any of them, who receive actual notice of this Order, whether acting directly or
25 indirectly, in connection with the advertising, marketing, promotion, offering for
26 sale, sale, or distribution of, any good or service, are permanently restrained or
27 enjoined from failing to disclose, truthfully and clearly and conspicuously, when
28

1 Defendants offer goods for use in connection with the consumer’s business at a
2 particular price:

- 3 A. The total amount Defendants will charge consumers;
- 4 B. The quantity of goods consumers will receive; and
- 5 C. All material restrictions, limitations, or conditions to purchase,
6 receive, or use the goods that are the subject of Defendants’ sales offer.

7
8 **V. MONETARY JUDGMENT**

9 **IT IS FURTHER ORDERED** that:

10 A. Judgment in the amount of Seven Million Dollars (\$7,000,000) is
11 entered in favor of the FTC against Defendants, jointly and severally, as equitable
12 monetary relief (“Judgment”).

13 B. Defendants and financial institutions holding Defendants’ frozen
14 funds are ordered to pay to the FTC Seven Million Dollars (\$7,000,000), as
15 follows:

- 16 1. In partial satisfaction of the Judgment against the Defendants,
17 Merrill Edge/Bank of America shall, within seven (7) business
18 days from receipt of a copy of this Order, transfer \$1,026,151 to
19 the FTC from the account ending in 5298. Defendants waive
20 and release any rights and claims to these funds.
- 21 2. In partial satisfaction of the Judgment against the Defendants,
22 Community Bank of America shall, within seven (7) business
23 days from receipt of a copy of this Order, transfer \$573,849 to
24 the FTC, from the account ending in 2556. Defendants waive
25 and release any rights and claims to these funds.
- 26 3. In partial satisfaction of the Judgment against Defendants,
27 Defendants hereby grant to the FTC any rights and claims to the
28 Bank of America account ending in 6232, titled in the name of

1 Kleritec Receivership, the balance of which was \$469,649.47
2 on June 15, 2017, subject to any withdrawals authorized by the
3 Court to pay fees and expenses incurred by the Monitor
4 pursuant to Section VIII below (“Account 6232 Net Value”).
5 The Account 6232 Net Value shall be used to satisfy the
6 Judgment. Defendants waive and release any rights and claims
7 to these funds.

8 4. Within one hundred eighty (180) days of the date of entry of
9 this Order, Defendants shall pay Two Million Dollars
10 (\$2,000,000) to the FTC by electronic fund transfer in
11 accordance with instructions previously provided by a
12 representative of the FTC. This payment is in addition to the
13 money paid pursuant to Section V.B.1-2 above.

14 5. Within three hundred sixty-five (365) days of the date of entry
15 of this Order, Defendants shall pay to the FTC by electronic
16 fund transfer in accordance with instructions previously
17 provided by a representative of the FTC, the balance of the
18 Judgment owed to the FTC after deduction of the money paid
19 pursuant to Section V.B.1-4 above.

20 C. Defendants understand that the FTC may file one or more judgment
21 liens with appropriate government offices, as allowed by applicable state or federal
22 law, to secure the payments required by Section V.B.1-5.

23 D. Defendants represent and acknowledge that the FTC is relying on the
24 material representation that Defendants are the sole owners of the property located
25 at 15823 West Monte Street, units F101, 102, and 103, Sylmar, California 91342
26 (“Sylmar property”) and that Defendant Angel and his spouse are the sole owners
27 of the property located at 519 N. Alta Drive, Beverly Hills, California 90210
28 (“Beverly Hills residence”) (collectively, “the Real Properties”); that titles to all

1 the Real Properties are marketable; and that the Real Properties are not
2 encumbered by any other lien, mortgage, deed of trust, assignment, pledge,
3 security interest, or other interest not identified to the FTC in Defendants'
4 Financial Statements and attachments provided pursuant to the TRO and dated
5 February 10, 2016, or referenced in the Amended Stipulated Preliminary
6 Injunction entered September 27, 2016, which disclosure includes a home equity
7 line of credit secured by the Beverly Hills residence, on which Defendant Angel
8 currently owes approximately \$437,000 to Bank of America. Defendants represent
9 that no encumbrance on the Real Properties is in default. Defendants further agree
10 that, as of the date on which Defendants sign the Stipulation to this Order until
11 they have made the full payment required under Section V.B., Defendants shall
12 refrain from transferring, converting, encumbering, selling, assigning, or otherwise
13 disposing of the Real Properties, except with the express prior written permission
14 of counsel for the FTC.

15 E. Upon full payment of Defendants' payment obligations under
16 Section V.B of this Order and a subsequent request by Defendant Angel for a
17 release of liens and security interests, the FTC agrees to release the liens and
18 security interests granted herein within fourteen (14) days of such request.
19 Defendant Angel shall be responsible for preparing and filing, at his expense, any
20 termination or other statements reasonably required in connection therewith. In
21 addition, the FTC shall promptly release said liens and security interests to the
22 extent necessary to facilitate the sale or encumbrance of part or all of the Real
23 Properties if the proceeds of such sale or encumbrance are remitted directly to the
24 FTC immediately upon closing of such sale or encumbrance, in partial or complete
25 satisfaction of this Order. Defendants shall pay all fees and costs related to such
26 release, including filing fees.

27 F. In the event that Defendants fail to timely complete any payment
28 required by Section V.B of this Order, the following provisions shall apply:

1 1. The person specified below is appointed as Receiver with all
2 the rights, powers, and privileges of an equity receiver over the
3 Real Properties for the limited purpose of selling the Real
4 Properties in a commercially reasonable fashion without further
5 approval from the Court.

6 a. In the event that Defendants fail to timely complete the
7 payment required by Sections V.B.4, the FTC may
8 foreclose on the liens on the Sylmar Property. Alfredo
9 Daniel Sedo of The Real Estate Consultants in Los
10 Angeles, California, is hereby appointed as Receiver to
11 sell the Sylmar property.

12 b. In the event that Defendants fail to timely complete the
13 payment required by Section V.B.5, the FTC may
14 foreclose on the lien on any of the Real Properties.
15 Alfredo Daniel Sedo of The Real Estate Consultants in
16 Los Angeles, California, is hereby appointed as Receiver
17 to sell the Beverly Hills residence.

18 c. In the event that a person appointed as Receiver above is
19 unable to serve at any time or for any reason, the parties
20 shall stipulate to appointment of a substitute with the
21 same rights, powers, and privileges as specified in this
22 Order or, if the parties are unable to agree on a substitute,
23 the FTC shall move the Court for appointment of a
24 substitute.

25 2. Defendants shall transfer possession of the Real Properties to
26 the Receiver as follows:

27 a. Within ten (10) days of failing to timely complete the
28 payment required by Section V.B.4, Defendants shall

1 take all actions necessary to transfer possession of the
2 Sylmar Property to the Receiver appointed in Section
3 V.F.1.a of this Order for liquidation, provided however
4 that Defendants shall be provided a reasonable time to
5 remove any business or personal property, including
6 inventory, from the Sylmar Property.

7 b. Within ten (10) days of failing to timely complete the
8 payment required by Section V.B.5, Defendants shall
9 take all actions necessary to transfer possession of the
10 Beverly Hills residence to the Receiver appointed in
11 Section V.F.1.b of this Order for liquidation, and to
12 transfer possession of the Sylmar property to the
13 Receiver appointed in Section V.F.1.a of this Order for
14 liquidation, provided however that Defendants shall be
15 provided a reasonable time to remove any personal
16 property from the Beverly Hills residence and any
17 business or personal property, including inventory, from
18 the Sylmar Property.

19 3. In the event that any such transfer to the Receiver is required
20 under this Order, Defendants shall fully cooperate with the
21 Receiver to liquidate the Real Properties. Defendants release
22 and waive any statutory, common law, or other homestead
23 exemption that may apply to the Real Properties and shall not
24 declare or claim any homestead exemption in the Real
25 Properties. Defendants may use and occupy the premises at the
26 sole discretion of, and in accordance with the terms set by the
27 Receiver, which use and occupancy shall not unduly interfere
28 with sale of the Real Properties by the Receiver. Upon written

1 request from the Receiver to vacate the Real Properties,
2 Defendants must do so within five (5) days. Defendants shall
3 maintain and take no action to diminish the value of the Real
4 Properties; they shall remain current on all amounts due and
5 payable on the Real Properties, including but not limited to tax,
6 insurance, reasonable and necessary maintenance, and similar
7 fees; and they shall cause existing insurance coverage for the
8 Real Properties to remain in full force until the Real Properties
9 are liquidated by the Receiver and shall notify insurance
10 carrier(s) immediately of the appointment of the Receiver and
11 request that the Receiver and the FTC be added to the insurance
12 policy or policies and additional insured thereunder.

- 13 4. Upon receipt of the Real Properties, the Receiver is authorized
14 to take all steps necessary to liquidate the Real Properties,
15 *provided that* 28 U.S.C. §§ 2001 and 2002 shall not apply to the
16 sale of any of the Real Properties. The proceeds from such
17 liquidation shall be paid to the FTC by wire transfer, certified
18 check, or money order, less the balance of the secured line of
19 credit on the Beverly Hills residence, commissions, closing
20 costs and, upon approval of the Court, the Receiver's fees and
21 the costs. The costs and expenses of the receivership, including
22 reasonable compensation for the Receiver and personnel
23 retained by the Receiver, shall be paid solely from the proceeds
24 of sale of the Real Properties. *Provided however*, that to the
25 extent that the proceeds of sale minus liens, commissions,
26 closing costs, and Receiver's costs and fees exceed the amount
27 Defendants are required to pay pursuant to Section V.B, the
28 Receiver shall return the excess amount to Defendant Angel.

1 The Receiver shall be the agent of this Court and solely the
2 agent of this Court in acting as Receiver under this Order. The
3 Receiver shall be accountable directly to this Court. The
4 Receiver shall comply with all local rules and laws governing
5 federal equity receivers.

6 G. The asset freeze imposed by the Amended Stipulated Preliminary
7 Injunction is modified to permit the transfers identified in Sections V.B.1 and 2 of
8 the Monetary Judgment Section. Upon completion of those transfers, the asset
9 freeze is dissolved except as to the Sylmar Property and the Beverly Hills
10 residence. The asset freeze on the Sylmar Property and Beverly Hills Residence
11 shall be dissolved upon full satisfaction of the Monetary Judgment. Defendants
12 relinquish dominion and all legal and equitable right, title, and interest in all assets
13 transferred pursuant to this Order and may not seek the return of any assets.

14 H. The facts alleged in the Complaint will be taken as true, without
15 further proof, in any subsequent civil litigation by or on behalf of the Commission,
16 including in a proceeding to enforce its rights to any payment or monetary
17 judgment pursuant to this Order, such as a nondischargeability complaint in any
18 bankruptcy case.

19 I. The facts alleged in the Complaint establish all elements necessary to
20 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the
21 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral
22 estoppel effect for such purposes.

23 J. Defendants acknowledge that their Taxpayer Identification Numbers
24 (Social Security Numbers or Employer Identification Numbers), which Defendants
25 previously submitted to the Commission, may be used for collecting and reporting
26 on any delinquent amount arising out of this Order, in accordance with 31 U.S.C.
27 § 7701.

28

1 K. All money paid to the Commission pursuant to this Order may be
2 deposited into a fund administered by the Commission or its designee to be used
3 for equitable relief, including consumer redress and any attendant expenses for the
4 administration of any redress fund. If a representative of the Commission decides
5 that direct redress to consumers is wholly or partially impracticable or money
6 remains after redress is completed, the Commission may apply any remaining
7 money for such other equitable relief (including consumer information remedies)
8 as it determines to be reasonably related to Defendants' practices alleged in the
9 Complaint. Any money not used for such equitable relief is to be deposited to the
10 U.S. Treasury as disgorgement. Defendants have no right to challenge any actions
11 the Commission or its representatives may take pursuant to this Subsection.
12

13 **VI. PROHIBITION ON COLLECTION OF ACCOUNTS**

14 **IT IS FURTHER ORDERED** that, except as required by a law enforcement
15 agency, law, regulation or court order, Defendants, and their officers, agents, and
16 employees, and all other persons in active concert or participation with any of them
17 who receive actual notice of this Order by personal service or otherwise, are
18 permanently restrained and enjoined from attempting to collect from consumers on
19 any debt or account incurred or created prior to the TRO, directly or through any
20 collection agent.
21

22 **VII. CUSTOMER INFORMATION**

23 **IT IS FURTHER ORDERED** that Defendants, Defendants' officers,
24 agents, employees, and attorneys, and all other persons in active concert or
25 participation with any of them, who receive actual notice of this Order, are
26 permanently restrained and enjoined from directly or indirectly:
27

28 A. Failing to provide sufficient customer information to enable the
Commission to efficiently administer consumer redress. Defendants represent that

1 they have provided this redress information to the Commission. If a representative
2 of the Commission requests in writing any information related to redress,
3 Defendants must provide it, in the form prescribed by the Commission, within 14
4 days.

5 B. Disclosing, using, or benefitting from customer information, including
6 the name, address, telephone number, email address, social security number, other
7 identifying information, or any data that enables access to a customer's account
8 (including a credit card, bank account, or other financial account), that any
9 Defendant obtained prior to entry and service of the TRO in connection with the
10 sale of toner or ink for printers or copiers, art or crafts supplies, or cleaning
11 supplies; and

12 C. Failing to destroy such customer information in all forms in their
13 possession, custody, or control within 30 days after receipt of written direction to
14 do so from a representative of the Commission. *Provided, however,* that customer
15 information need not be disposed of, and may be disclosed, to the extent requested
16 by a government agency or required by law, regulation, or court order.

17

18 **VIII. TERMINATION OF MONITOR**

19 **IT IS FURTHER ORDERED** that Thomas W. McNamara, as Monitor appointed
20 pursuant to the Stipulated Preliminary Injunction (Dkt. 38) and the Amended
21 Stipulated Preliminary Injunction (Dkt. 61), shall endeavor to complete all duties
22 of the Monitor and file a Final Report and Final Fee Application within 30 days
23 after entry of this Order. Upon the ruling of the Court on all pending motions by
24 the Monitor for approval of fees and expenses incurred by the Monitor, the
25 Monitor may withdraw all approved amounts for monitorship fees and expenses
26 from the Receivership account ending in 6232, and transfer the balance remaining
27 in that account to the Commission.

1 **IX. ORDER ACKNOWLEDGMENTS**

2 **IT IS FURTHER ORDERED** that Defendants obtain acknowledgments of
3 receipt of this Order:

4 A. Each Defendant, within seven (7) days of entry of this Order, must
5 submit to the Commission an acknowledgment of receipt of this Order sworn
6 under penalty of perjury.

7 B. For five (5) years after entry of this Order, Defendant Angel, for any
8 business that he, individually or collectively with Defendant Telestar or its
9 successors and assigns, is the majority owner or controls directly or indirectly, and
10 Defendant Telestar and its successors and assigns, must deliver a copy of this
11 Order to:

- 12 1. all principals, officers, directors, and LLC managers and
13 members;
- 14 2. all employees, agents, and representatives who participate in
15 conduct related to the subject matter of the Order; and
- 16 3. any business entity resulting from any change in structure as set
17 forth in the Section titled Compliance Reporting.

18 Delivery must occur within 7 days of entry of this Order for current personnel. For
19 all others, delivery must occur before they assume their responsibilities.

20 C. From each individual or entity to which a Defendant delivered a copy
21 of this Order, that Defendant must obtain, within 30 days, a signed and dated
22 acknowledgment of receipt of this Order.

23
24 **X. COMPLIANCE REPORTING**

25 **IT IS FURTHER ORDERED** that Defendants make timely submissions to the
26 Commission:

27 A. One year after entry of this Order, each Defendant must submit a
28 compliance report, sworn under penalty of perjury:

- 1 1. Each Defendant must: (a) identify the primary physical, postal,
2 and email address and telephone number, as designated points
3 of contact, which representatives of the Commission may use to
4 communicate with Defendant; (b) identify all of that
5 Defendant’s businesses by all of their names (including the
6 name of any corporation, partnership, or sole proprietorship
7 owned in whole or in part by that Defendant, and all assumed or
8 fictitious business names used by that Defendant), telephone
9 numbers, and physical, postal, email, and Internet addresses;
10 (c) describe the activities of each business, including the goods
11 and services offered and the means of advertising, marketing,
12 and sales, and the involvement of any other Defendant (which
13 Defendant Angel must describe if he knows or should know
14 due to his own involvement); (d) describe in detail whether and
15 how the Defendant is in compliance with each Section of this
16 Order, including a discussion of all changes the Defendant
17 made to comply with the Order; and (e) provide a copy of each
18 Order Acknowledgment obtained pursuant to this Order, unless
19 previously submitted to the Commission.
- 20 2. Additionally, Defendant Angel must: (a) identify all telephone
21 numbers and all physical, postal, email, and Internet addresses,
22 including all residences; (b) identify all business activities,
23 including any business for which he or Defendant Telestar
24 performs services whether as an employee or otherwise and any
25 entity in which such Defendant has any ownership interest;
26 (c) disclose all names he has used to communicate with actual
27 or potential customers, law enforcement agencies, and other
28 organizations that solicit or accept consumer complaints,

1 including, but not limited to, the Better Business Bureau and
2 (d) describe in detail such Defendant's involvement in each
3 such business, including title, role, responsibilities,
4 participation, authority, control, and any ownership.

5 B. For ten (10) years after entry of this Order, each Defendant must
6 submit a compliance notice, sworn under penalty of perjury, within 14 days of any
7 change in the following:

- 8 1. Each Defendant must report any change in: (a) any designated
9 point of contact; or (b) the structure of Defendant Telestar, its
10 successors and assigns, or any entity that Defendant has any
11 ownership interest in or controls directly or indirectly that may
12 affect compliance obligations arising under this Order,
13 including: creation, merger, sale, or dissolution of the entity or
14 any subsidiary, parent, or affiliate that engages in any acts or
15 practices subject to this Order.
- 16 2. Additionally, Defendant Angel must report any change in:
17 (a) name, including aliases or fictitious name; (b) residence
18 address; or (c) title or role in any business activity, including
19 any business for which he performs services whether as an
20 employee or otherwise and any entity in which he has any
21 ownership interest, and identify the name, physical address,
22 and any Internet address of the business or entity.
- 23 3. Each Defendant must submit to the Commission notice of the
24 filing of any bankruptcy petition, insolvency proceeding, or
25 similar proceeding by or against such Defendant within 14 days
26 of its filing.
- 27 4. Any submission to the Commission required by this Order to be
28 sworn under penalty of perjury must be true and accurate and

1 comply with 28 U.S.C. § 1746, such as by concluding: “I
2 declare under penalty of perjury under the laws of the United
3 States of America that the foregoing is true and correct.

4 Executed on: [date]” and supplying the date, signatory’s full
5 name, title (if applicable), and signature.

- 6 5. Unless otherwise directed by a Commission representative in
7 writing, all submissions to the Commission pursuant to this
8 Order must be emailed to DEbrief@ftc.gov or sent by overnight
9 courier (not the U.S. Postal Service) to: Associate Director for
10 Enforcement, Bureau of Consumer Protection, Federal Trade
11 Commission, 600 Pennsylvania Avenue NW, Washington, DC
12 20580. The subject line must begin: FTC v. Telestar
13 Consulting, Inc., No. X160022.

14
15 **XI. RECORDKEEPING**

16 **IT IS FURTHER ORDERED** that Defendants must create certain records for ten
17 (10) years after entry of the Order, and retain each such record for five (5) years.
18 Specifically, Defendant Telestar and its successors and assigns, in connection with
19 the advertising, marketing, promotion, offering for sale, sale, or distribution of, any
20 good or service, and Defendant Angel, for any business that he, individually or
21 collectively with Defendant Telestar or its successors and assigns, is a majority
22 owner or controls directly or indirectly, must create and retain the following
23 records:

24 A. accounting records showing the revenues from all goods or services
25 sold;

26 B. personnel records showing, for each person providing services,
27 whether as an employee or otherwise, that person’s: name, addresses, telephone
28 numbers, job title or position, dates of service, and (if applicable) the reason for

1 termination;

2 C. records of all consumer complaints and refund requests concerning
3 the subject matter of the Order, whether received directly or indirectly, such as
4 through a third party, and any response;

5 D. all records necessary to demonstrate full compliance with each
6 provision of this Order, including all submissions to the Commission;

7 E. a copy of each unique advertisement or other marketing material; and

8 F. a copy of each form letter or other correspondence used to seek or
9 request payment from customers and a copy of each script or other written
10 instructions regarding collecting payments from customers.

11
12 **XII. COMPLIANCE MONITORING**

13 **IT IS FURTHER ORDERED** that, for the purpose of monitoring
14 Defendants' compliance with this Order and any failure to transfer any assets as
15 required by this Order:

16 A. Within 14 days of receipt of a written request from a representative of
17 the Commission, each Defendant must: submit additional compliance reports or
18 other requested information, which must be sworn under penalty of perjury; appear
19 for depositions; and produce documents for inspection and copying. The
20 Commission is also authorized to obtain discovery, without further leave of court,
21 using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30
22 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

23 B. For matters concerning this Order, the Commission is authorized to
24 communicate directly with each Defendant. Defendants must permit
25 representatives of the Commission to interview any employee or other person
26 affiliated with any Defendant who has agreed to such an interview. The person
27 interviewed may have counsel present.

1 C. The Commission may use all other lawful means, including posing,
2 through its representatives as consumers, suppliers, or other individuals or entities,
3 to Defendants or any individual or entity affiliated with Defendants, without the
4 necessity of identification or prior notice. Nothing in this Order limits the
5 Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of
6 the FTC Act, 15 U.S.C. §§ 49, 57b-1.

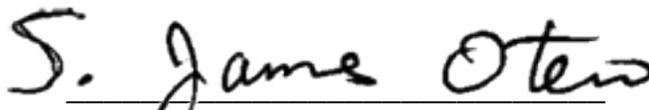
7 D. Upon written request from a representative of the Commission, any
8 consumer reporting agency must furnish consumer reports concerning Defendant
9 Angel, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C.
10 §1681b(a)(1).

11
12 **XIII. RETENTION OF JURISDICTION**

13 **IT IS FURTHER ORDERED** that this Court retains jurisdiction of this
14 matter for purposes of construction, modification, and enforcement of this Order,
15 for the purpose of monitoring Defendants' compliance with this Order and any
16 failure to transfer any assets as required by this Order.

17 **IT IS SO ORDERED.**

18
19 Dated: August 30, , 2017.



20 HON. S. JAMES OTERO
21 UNITED STATES DISTRICT JUDGE
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Attachment A

39 U.S. Code § 3009 - Mailing of unordered merchandise

(a)

Except for (1) free samples clearly and conspicuously marked as such, and (2) merchandise mailed by a charitable organization soliciting contributions, the mailing of unordered merchandise or of communications prohibited by subsection (c) of this section constitutes an unfair method of competition and an unfair trade practice in violation of section 45(a)(1) of title 15.

(b)

Any merchandise mailed in violation of subsection (a) of this section, or within the exceptions contained therein, may be treated as a gift by the recipient, who shall have the right to retain, use, discard, or dispose of it in any manner he sees fit without any obligation whatsoever to the sender. All such merchandise shall have attached to it a clear and conspicuous statement informing the recipient that he may treat the merchandise as a gift to him and has the right to retain, use, discard, or dispose of it in any manner he sees fit without any obligation whatsoever to the sender.

(c)

No mailer of any merchandise mailed in violation of subsection (a) of this section, or within the exceptions contained therein, shall mail to any recipient of such merchandise a bill for such merchandise or any dunning communications.

(d)

For the purposes of this section, "unordered merchandise" means merchandise mailed without the prior expressed request or consent of the recipient.

(Pub. L. 91-375, Aug. 12, 1970, 84 Stat. 749.)