

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**BUNZAI MEDIA GROUP, INC.,
*et al.***

Defendants.

Case No. CV 15-4527-GW(PLAx)

**STIPULATED ORDER FOR
PERMANENT INJUNCTION
AND MONETARY JUDGMENT
AS TO DEFENDANTS ADAGEO,
LLC, CALENERGY, INC., ZEN
MOBILE MEDIA, INC., ALON
NOTTEA, DORON NOTTEA,
AND IGOR LATSANOVSKI,
ONLY**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief (Dkt #3), subsequently amended as First Amended Complaint (“Complaint,” Dkt #235), seeking a permanent injunction and other equitable relief in this matter, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15

**STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY
JUDGMENT AS TO DEFENDANTS ADAGEO, LLC, CALENERGY, INC., ZEN
MOBILE MEDIA, INC., ALON NOTTEA, DORON NOTTEA, AND IGOR LATSANOVSKI**

1 U.S.C. §§ 53(b) and 57b, Section 5 of the Restore Online Shoppers' Confidence
2 Act ("ROSCA"), 15 U.S.C. § 8404, and Section 917(c) of the Electronic Funds
3 Transfer Act ("EFTA"), 15 U.S.C. § 1693o(c).

4 The Commission and Adageo, LLC, CalEnergy, Inc., Zen Mobile Media,
5 Inc., Alon Nottea, Doron Nottea, and Igor Latsanovski (collectively, "Stipulating
6 Defendants") stipulate to the entry of this Stipulated Order for Permanent
7 Injunction and Monetary Judgment ("Order") to resolve all matters in dispute in
8 this action between them.

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

10 **FINDINGS**

- 11 1. This Court has jurisdiction over this matter.
- 12 2. The Complaint charges that Defendants, through a common
13 enterprise and a unity of ownership and control between Individual Defendants
14 and Corporate Defendants, participated in deceptive and unfair acts or practices in
15 violation of Section 5 of the FTC Act, 15 U.S.C. § 45, Section 4 of ROSCA, 15
16 U.S.C. § 8403, and Section 907(a) of EFTA, 15 U.S.C. §1693e(a), in connection
17 with the online sale of skincare products through a negative option continuity
18 plan.
- 19 3. Stipulating Defendants neither admit nor deny any of the allegations
20 in the Complaint, except as specifically stated in this Order. Only for purposes of

1 this action, Stipulating Defendants admit the facts necessary to establish
2 jurisdiction.

3 4. Stipulating Defendants waive any claim that they may have under the
4 Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this
5 action through the date of this Order, and agree to bear their own costs and
6 attorney fees.

7 5. Stipulating Defendants waive all rights to appeal or otherwise
8 challenge or contest the validity of this Order. Plaintiff and the Stipulating
9 Defendants agree that this Order resolves all allegations and claims in the
10 Complaint against the Stipulating Defendants.

11 **DEFINITIONS**

12 For the purpose of this Order, the following definitions apply:

13 A. **“Acquirer”** means a business organization, financial institution, or an
14 agent of a business organization or financial institution that has authority from an
15 organization that operates or licenses a credit card system (*e.g.*, Visa, MasterCard,
16 American Express, and Discover) to authorize merchants to accept, transmit, or
17 process payment by credit card through the credit card system for money, goods or
18 services, or anything else of value.

1 B. **“Charge”** or **“Charging”** means causing billing information to be
2 submitted for payment, including against a consumer’s credit card, debit card,
3 bank account, phone bill, or other account, or otherwise attempting to collect
4 money or other consideration.

5 C. **“Clear and conspicuous”** means that a required disclosure is
6 difficult to miss (*i.e.*, easily noticeable) and easily understandable by ordinary
7 consumers, including in all of the following ways:

8 1. In any communication that is solely visual or solely audible,
9 the disclosure must be made through the same means through which the
10 communication is presented. In any communication made through both
11 visual and audible means, such as a television advertisement, the disclosure
12 must be presented simultaneously in both the visual and audible portions of
13 the communication even if the representation requiring the disclosure is
14 made in only one means.

15 2. A visual disclosure, by its size, contrast, location, the length of
16 time it appears, and other characteristics, must stand out from any
17 accompanying text or other visual elements so that it is easily noticed, read,
18 and understood.

19 3. An audible disclosure, including by telephone or streaming
20

1 video, must be delivered in a volume, speed, and cadence sufficient for
2 ordinary consumers to easily hear and understand it.

3 4. In any communication using an interactive electronic medium,
4 such as the Internet or software, the disclosure must be unavoidable.

5 5. On a product label, the disclosure must be presented on the
6 principal display panel.

7 6. The disclosure must use diction and syntax understandable to
8 ordinary consumers and must appear in each language in which the
9 representation that requires the disclosure appears.

10 7. The disclosure must comply with these requirements in each
11 medium through which it is received, including all electronic devices and
12 face-to-face communications.

13 8. The disclosure must not be contradicted or mitigated by, or
14 inconsistent with, anything else in the communication.

15 9. When the representation or sales practice targets a specific
16 audience, such as children, the elderly, or the terminally ill, “ordinary
17 consumers” includes reasonable members of that group.

18 **D. “Credit Card Laundering” means:**

19 1. Presenting or depositing into, or causing or allowing another to
20

1 present or deposit into, the credit card system for payment, a Credit Card
2 Sales Draft generated by a transaction that is not the result of a credit card
3 transaction made directly with the cardholder;

4 2. Employing, soliciting, or otherwise causing or allowing a
5 Merchant, or an employee, representative, or agent of a Merchant, to
6 present to or deposit into the credit card system for payment, a Credit Card
7 Sales Draft generated by a transaction that is not the result of a credit card
8 transaction between the cardholder and the Merchant; or

9 3. Obtaining access to the credit card system through the use of a
10 business relationship or an affiliation with a Merchant, when such access is
11 not authorized by the Merchant Account agreement or the applicable credit
12 card system.

13 E. **“Credit Card Sales Draft”** means any record or evidence of a credit
14 card transaction.

15 F. **“Continuity Plan”** means any plan, arrangement, or system in
16 which a consumer is periodically charged for products or services *without* prior
17 notification by the seller before each charge.

18 G. **“Defendants”** means Bunzai Media Group, Inc., d/b/a AuraVie and
19 Miracle Face Kit; Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle Media
20 Brands, Inc.; Agoa Holdings, Inc.; Zen Mobile Media, Inc.; Safehaven Ventures,

1 Inc.; Heritage Alliance Group, Inc., also doing business as AuraVie Distribution;
2 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;
3 Adageo, LLC; Calenergy, Inc.; KAI Media, Inc.; Insight Media, Inc.; Focus
4 Media Solutions, Inc.; Secured Commerce, LLC; Secured Merchants, LLC; USM
5 Products, Inc.; Merchant Leverage Group, Inc.; DMA Media Holding, Inc.;
6 Shalita Holdings, Inc.; All Star Beauty Products, Inc., and their successors and
7 assigns, and Alon Nottea, Motti Nottea, Doron Nottea, Igor Latsanovski, Oz
8 Mizrahi, Roi Reuveni, Kristopher Bond a/k/a Ray Ibbot, Alan Argaman, and Paul
9 Medina individually, collectively, or in any combination.

10 1. **“Corporate Defendants”** means Adageo, LLC; CalEnergy,
11 Inc.; Zen Mobile Media, Inc.; Bunzai Media Group, Inc., d/b/a AuraVie and
12 Miracle Face Kit; Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle
13 Media Brands, Inc.; Agoa Holdings, Inc.; Safehaven Ventures, Inc.;
14 Heritage Alliance Group, Inc., also doing business as AuraVie Distribution;
15 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;
16 KAI Media, Inc.; Insight Media, Inc.; Focus Media Solutions, Inc.; Secured
17 Commerce, LLC; Secured Merchants, LLC; USM Products, Inc.; Merchant
18 Leverage Group, Inc.; DMA Media Holding, Inc.; Shalita Holdings, Inc.;
19 All Star Beauty Products, Inc., and their successors and assigns.

1 2. **“Receivership Defendants”** means Adageo, LLC; CalEnergy,
2 Inc.; Zen Mobile Media, Inc.; Bunzai Media Group, Inc. d/b/a AuraVie and
3 Miracle Face Kit; Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle
4 Media Brands, Inc.; Agoa Holdings, Inc.; Safehaven Ventures, Inc.;
5 Heritage Alliance Group, Inc. also doing business as AuraVie Distribution;
6 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;
7 KAI Media, Inc.; Insight Media, Inc.; Focus Media Solutions, Inc.; USM
8 Products, Inc.; Merchant Leverage Group, Inc.; DMA Media Holding, Inc.;
9 Shalita Holdings, Inc.; All Star Beauty Products, Inc., and their successors
10 and assigns.

11 3. **“Stipulating Defendants”** means Adageo, LLC, CalEnergy,
12 Inc., and Zen Mobile Media, Inc., and their successors and assigns, and
13 Alon Nottea, Doron Nottea, and Igor Latsanovski, individually,
14 collectively, or in any combination.

15 H. **“Electronic Fund Transfer”** means any transfer of funds, other than
16 a transaction originated by check, draft, or similar paper instrument, which is
17 initiated through an electronic terminal, telephonic instrument, or computer or
18 magnetic tape so as to order, instruct, or authorize a financial institution to debit or
19 credit an account. Such term includes point-of-sale transfers, automated teller
20 machine transactions, direct deposits or withdrawals of funds, and transfers

1 initiated by telephone. Such term does not include:

2 1. Any check guarantee or authorization service that does not
3 directly result in a debit or credit to a consumer's account;

4 2. Any transfer of funds, other than those processed by automated
5 clearinghouse, made by a financial institution on behalf of a consumer by
6 means of a service that transfers funds held at either Federal Reserve banks
7 or other depository institutions and that is not designed primarily to transfer
8 funds on behalf of a consumer;

9 3. Any transaction the primary purpose of which is the purchase
10 or sale of securities or commodities through a broker-dealer registered with
11 or regulated by the Securities and Exchange Commission;

12 4. Any automatic transfer from a savings account to a demand
13 deposit account pursuant to an agreement between a consumer and a
14 financial institution for the purpose of covering an overdraft or maintaining
15 an agreed upon minimum balance in the consumer's demand deposit
16 account; or

17 5. Any transfer of funds, which is initiated by a telephone
18 conversation between a consumer and an officer or employee of a financial
19 institution which is not pursuant to a prearranged plan and under which
20

1 periodic or recurring transfers are not contemplated.

2 I. **“Material”** means likely to affect a person’s choice of, or conduct
3 regarding, goods or services.

4 J. **“Merchant”** means a person who is authorized under a written
5 contract with an Acquirer to honor or accept credit cards, or to transmit or process
6 for payment credit card payments, for the purchase of goods or services.

7 K. **“Merchant Account”** means an account with an Acquirer that
8 authorizes and allows a Merchant to honor or accept credit cards, or to transmit or
9 process for payment credit card payments, for the purchase of goods or services or
10 a charitable contribution.

11 L. **“Negative Option Feature”** means, in an offer or agreement to sell
12 or provide any good or service, a provision under which the consumer’s silence or
13 failure to take an affirmative action to reject a good or service or to cancel the
14 agreement is interpreted by the seller or provider as acceptance or continuing
15 acceptance of the offer or agreement.

16 M. **“Preauthorized Electronic Fund Transfer”** as defined by the
17 Electronic Fund Transfer Act, 15 U.S.C. § 1693a(10), means an electronic fund
18 transfer authorized in advance to recur at substantially regular intervals.

1 N. “Receiver” means **Charlene Koonce of Scheef & Stone, LLP**, the
2 person appointed by the Court in this matter to serve as Receiver over
3 Receivership Defendants.

4 **ORDER**

5 **I. BAN ON NEGATIVE OPTION SALES**

6 **IT IS ORDERED** that Stipulating Defendants are permanently restrained
7 and enjoined from advertising, marketing, promoting, or offering for sale any
8 good or service with a Negative Option Feature, whether directly or through an
9 intermediary, including by consulting, planning, participating, facilitating or
10 advising.

11 **II. PROHIBITED BUSINESS ACTIVITY**

12 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
13 Defendants’ officers, agents, and employees, and all other persons in active
14 concert or participation with any of them, who receive actual notice of this Order,
15 whether acting directly or indirectly, in connection with promoting or offering for
16 sale any good or service, are permanently restrained and enjoined from:

17 A. Before a customer consents to pay for such good or service, failing to
18 disclose, or assisting others in failing to disclose, in a clear and conspicuous
19 manner all material terms and conditions of any offer, including:

20 1. The amount, timing, and manner of all fees, charges, or other

1 amounts that a consumer will be charged or billed, including but not limited
2 to the date of the charge and whether it will be a credit card charge or
3 checking account debit;

4 2. The dates that any limited time sales offer begins and ends;

5 3. The identity of the seller, including the seller's name, physical
6 address, and customer service telephone number;

7 4. The total costs to purchase, receive, or use, and the quantity of,
8 any goods or services that are the subject of the sales offer;

9 5. Any material restriction, limitation, or condition to purchase,
10 receive, or use goods or services that are the subject of a sales offer;

11 B. Before a customer consents to pay for such good or service, failing to
12 disclose, or assisting others in failing to disclose, in a clear and conspicuous
13 manner all material terms and conditions of any refund or cancellation policies,
14 including:

15 1. The specific steps and means by which such requests must be
16 submitted;

17 2. The customer service telephone number that a customer must
18 call to cancel or return goods or services;

19 3. The email address, web address, or street address to which
20 such requests must be directed;

1 4. Any mechanism that customers must use to return any goods
2 or services, including any requirement for specific tracking methods or
3 delivery confirmation for a package;

4 5. If there is any policy of not making refunds or cancellations,
5 including any requirement that a product will not be accepted for return or
6 refund unless it is unopened and in re-sellable condition, a statement
7 regarding this policy; and

8 6. The date by which a customer is required to request a refund;

9 C. Misrepresenting, or assisting others in misrepresenting, expressly or
10 by implication, any fact material, including:

11 1. That a good or service is free, a bonus, a gift, a trial, without
12 cost;

13 2. That a good or service is available for a minimal processing,
14 service, or administrative fee or without further obligation;

15 3. That a purchase is “risk free” or offered with a satisfaction
16 guarantee or money-back guarantee;

17 4. That the seller is accredited or rated favorably by the Better
18 Business Bureau;

19 5. A seller’s affiliation with, or endorsement or sponsorship by,
20 any person or entity;

1 6. The amount that a consumer's credit or debit card will be
2 charged and the timing of the charge(s);

3 7. That a transaction has been authorized by a consumer;

4 8. The dates that any limited time sales offer begins and ends;

5 9. The requirements or terms of the seller's refund or cancellation
6 policies;

7 10. The identity of the seller, including the seller's name, physical
8 address, and customer service telephone number;

9 11. The total costs to purchase, receive, or use, and the quantity of,
10 any goods or services that are the subject of the sales offer;

11 12. Any material restriction, limitation, or condition to purchase,
12 receive, or use goods or services that are the subject of a sales offer;

13 13. Any material aspect of the performance, efficacy, nature, or
14 central characteristics of a good or service;

15 D. Providing false information to any bank or other billing entity,
16 directly or indirectly, to contest a consumer's request for a refund, cancellation,
17 chargeback, or reversal of payment;

18 E. Failing to obtain a consumer's express informed consent by causing
19 billing information to be submitted for payment, or collecting or attempting to
20 collect payment for goods or services without the consumer's express verifiable

1 authorization, which shall include: (a) the customer's signature, including an
2 electronic or digital form of signature that is recognized as a valid signature under
3 federal law; or (b) express oral authorization that is audio-recorded and made
4 available to the customer and the customer's bank or other billing entity and that
5 evidences clearly both the customer's authorization of payment and the
6 customer's receipt of the following information: (i) The number of debits,
7 charges, or payments (if more than one); (ii) the date(s) the debit(s), charge(s), or
8 payment(s) will be submitted for payment; (iii) the amounts of the debit(s),
9 charge(s), or payment(s); (iv) the customer's name; (v) the customer's billing
10 information identified with sufficient specificity such that the customer
11 understands what account will be used to collect payment; (vi) identification of
12 the seller's name, physical address, and telephone number; and (vii) the date of
13 the customer's oral authorization;

14 F. Failing to obtaining written authorization signed or similarly
15 authenticated from consumers for Preauthorized Electronic Fund Transfers from
16 the consumer's account; or

17 G. Failing to provide a copy of a written authorization signed or
18 similarly authenticated by a consumer for Preauthorized Electronic Fund
19 Transfers from the consumer's account.

1 **III. PROHIBITIONS RELATED TO MERCHANT ACCOUNTS**

2 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
3 Defendants' officers, agents, and employees, and all other persons in active
4 concert or participation with any of them, who receive actual notice of this
5 Order, whether acting directly or indirectly, in connection with promoting or
6 offering for sale any good or service, are permanently restrained and enjoined
7 from Credit Card Laundering.

8 **IV. MONETARY JUDGMENT AGAINST DEFENDANTS ADAGEO,**
9 **LLC, CALENERGY, INC., ZEN MOBILE MEDIA, INC.,**
10 **ALON NOTTEA, DORON NOTTEA, AND IGOR**
11 **LATSANOVSKI AND PARTIAL SUSPENSION**

12 **IT IS FURTHER ORDERED** that:

13 A. Judgment in the amount of SEVENTY-TWO MILLION SIX
14 HUNDRED NINETY-TWO THOUSAND AND EIGHT HUNDRED AND
15 TWELVE DOLLARS (\$72,692,812) is entered in favor of the Commission
16 against Defendants Adageo, LLC, CalEnergy, Inc., Zen Mobile Media, Inc., Alon
17 Nottea, Doron Nottea, and Igor Latsanovski, jointly and severally, as equitable
18 monetary relief.

19 B. Defendants Alon Nottea and Adageo, LLC are ordered to pay to the
20 Commission FIFTEEN THOUSAND DOLLARS (\$15,000).

1. Such payment must be made within 10 days of entry of this

1 Order by electronic fund transfer in accordance with instructions to be
2 provided by a representative of the Commission. Upon such timely
3 payment, the remainder of the judgment is suspended, subject to the
4 Subsections below.

5 2. The Commission's agreement to the suspension of part of the
6 judgment is expressly premised upon the truthfulness, accuracy, and
7 completeness of sworn financial statements and related documents
8 (collectively, "financial representations") submitted to the Commission,
9 namely:

- 10 a. The Financial Statement of Defendant Alon Nottea
11 signed on June 14 and 27, 2016, including all tax filings,
12 bank statements, and attachments;
- 13 b. The Financial Statement of Defendant Adageo, LLC
14 signed on June 29, 2016, including all tax filings, bank
15 statements, and attachments;
- 16 c. The Financial Statement of Apogee Network, LLC
17 signed on June 2, 2016, including all tax filings, bank
18 statements, and attachments;
- 19 d. The Financial Statement of Defendant BunZai Media
20

1 Group, Inc. signed on June 29, 2016, including all tax
2 filings, bank statements, and attachments;

3 e. The Financial Statement of Zen Mobile Media, Inc.
4 signed on July 12, 2016, including all tax filings, bank
5 statements, and attachments.

6 3. The suspension of judgment will be lifted as to Defendants
7 Alon Nottea and Adageo, LLC, if upon motion by the Commission, the
8 Court finds that Alon Nottea, acting individually or as a corporate
9 representative, failed to disclose any material asset, materially misstated the
10 value of any asset, or made any other material misstatement or omission in
11 any of the financial representations identified above.

12 4. If the suspension of the judgment is lifted as to Defendant
13 Alon Nottea and Adageo, LLC, the judgment becomes immediately due as
14 to them in the amount specified in Subsection A above, which Defendants
15 Alon Nottea and Adageo, LLC stipulate only for purposes of this Section
16 represents the consumer injury alleged in the Complaint, less any payment
17 previously made pursuant to this Section, plus interest computed from the
18 date of entry of this Order.

1 C. Defendant Doron Nottea is ordered to pay, as directed below, to the
2 Commission TWO HUNDRED SEVENTY-EIGHT THOUSAND FIVE
3 HUNDRED AND EIGHTY-EIGHT DOLLARS AND SIXTY-SIX CENTS
4 (\$278,588.66) as follows:

5 1. Such payments, listed below, must be made within 10 days of
6 entry of this Order by electronic fund transfer in accordance with
7 instructions to be provided by a representative of the Commission:

8 Bank of American Accounts

9 a. Bank of America, on behalf of Defendant Doron Nottea, is
10 ordered to transfer to the Commission:

- 11 i \$42,017.85 from account ending [REDACTED];
12 ii \$21,285.57 from account ending [REDACTED];
13 iii \$14,095.00 from account ending [REDACTED];
14 iv \$3,469.00 from account ending [REDACTED];
15 v \$6,119.00 from account ending [REDACTED]; and
16 vi \$10,836.86 from his account ending [REDACTED];

17 Wells Fargo Bank Accounts

18 b. Wells Fargo Bank, on behalf of Defendant Doron Nottea, is
19 ordered to transfer to the Commission:
20

- i \$2,682.20 from account ending [REDACTED];
- ii \$25,537.64 from account ending [REDACTED];
- iii \$8,534.14 from account ending [REDACTED];
- iv \$2,206.64 from account ending [REDACTED];
- v \$64,509.00 from account ending [REDACTED]; and
- vi \$20,000.00 from account ending [REDACTED];

Citibank Account

c. Citibank, on behalf of Defendant Doron Nottea, is ordered to transfer to the Commission:

- i \$713.98 from account ending [REDACTED]; and
- ii \$4,744.89 from account ending [REDACTED];

JP Morgan Bank Accounts

d. J.P. Morgan Bank, on behalf of Defendant Doron Nottea, is ordered to transfer to the Commission:

- i \$4,200.06 from account ending [REDACTED]; and
- ii \$1,709.44 from his account ending [REDACTED]; and

HSBC Bank Account

e. HSBC Bank, on behalf of Defendant Doron Nottea, is ordered to transfer to the Commission \$45,927.39 from

1 account ending [REDACTED].

2 2. Defendant Doron Nottea shall cooperate fully with the FTC
3 and/or financial institutions to effectuate the above electronic fund transfers.
4 Upon such payments, the remainder of the judgment against Defendant
5 Doron Nottea is suspended, subject to the Subsections below.

6 3. The Commission's agreement to the suspension of part of the
7 judgment is expressly premised upon the truthfulness, accuracy, and
8 completeness of sworn financial statements and related documents
9 (collectively, "financial representations") submitted to the Commission,
10 namely:

- 11 a. The Financial Statement of Defendant Doron Nottea
12 signed on June 16, 2016, including all tax filings, bank
13 statements, and attachments;
- 14 b. The Financial Statement of NFT Holdings, Inc., signed
15 on July 5, 2016, including all tax filings, bank
16 statements, and attachments;
- 17 c. The Financial Statement of Vertex Holdings Group, Inc.,
18 signed on July 5, 2016, including all tax filings, bank
19 statements, and attachments;
- 20 d. The Financial Statement of Defendant Secured

1 Commerce, LLC signed on July 6, 2016, including all
2 tax filings, bank statements, and attachments;

3 4. The suspension of judgment will be lifted as to Defendant
4 Doron Nottea if, upon motion by the Commission, the Court finds that he,
5 acting individually or as a corporate representative, failed to disclose any
6 material asset, materially misstated the value of any asset, or made any
7 other material misstatement or omission in any of the financial
8 representations identified above.

9 5. If the suspension of the judgment is lifted as to Defendant
10 Doron Nottea, the judgment becomes immediately due as to him in the
11 amount specified in Subsection A above, which Defendant Doron Nottea
12 stipulates only for purposes of this Section represents the consumer injury
13 alleged in the Complaint, less any payment previously made pursuant to this
14 Section, plus interest computed from the date of entry of this Order.

15 D. Defendants Igor Latsanovski, CalEnergy, Inc., and Zen Mobile
16 Media, Inc., are ordered to pay to the Commission ONE MILLION DOLLARS
17 (\$1,000,000).

18 1. Such payment must be made within 21 days of entry of this
19 Order by electronic fund transfer in accordance with instructions to be
20

1 provided by a representative of the Commission. Upon such timely
2 payment, the remainder of the judgment is suspended, subject to the
3 Subsections below.

4 2. The Commission's agreement to the suspension of part of any
5 judgment is expressly premised upon the truthfulness, accuracy, and
6 completeness of sworn financial statements and related documents
7 (collectively, "financial representations") submitted to the Commission,
8 namely:

- 9 a. The Financial Statement of Defendant Igor Latsanovski
10 signed on June 14, 2016, including all tax filings, bank
11 statements, and attachments;
- 12 b. The Financial Statement of Defendant CalEnergy, Inc.
13 signed on June 14, 2016, including all tax filings, bank
14 statements, and attachments;
- 15 c. The Financial Statement of Rilend, Inc., signed on July
16 5, 2016, including all tax filings, bank statements, and
17 attachments;
- 18 d. The Financial Statement of Vastpay, LLC signed on
19 July 5, 2016, including all tax filings, bank statements,
20

1 and attachments;

2 e. The Financial Statement of ComicFix, LLC signed on
3 July 5, 2016, including all tax filings, bank statements,
4 and attachments;

5 f. The Financial Statement of Nexipay, LLC signed on
6 July 5, 2016, including all tax filings, bank statements,
7 and attachments;

8 g. The Financial Statement of Sunset Holdings, LLC
9 signed on June 14, 2016, including all operating
10 agreements, investment contracts, tax filings, bank
11 statements, and attachments;

12 h. The Financial Statement of Zen Mobile Media, Inc.
13 signed on July 12, 2016, including all tax filings, bank
14 statements, and attachments.

15 3. The suspension of judgment will be lifted as to Defendants
16 Igor Latsanovski, CalEnergy, Inc., and Zen Mobile Media, Inc., if upon
17 motion by the Commission, the Court finds that Igor Latsanovski, acting
18 individually or as a corporate representative, or Zen Mobile Media, Inc.,
19 failed to disclose any material asset, materially misstated the value of any
20 asset, or made any other material misstatement or omission in any of the

1 financial representations identified above.

2 4. If the suspension of the judgment is lifted as to Defendants
3 Igor Latsanovski, CalEnergy, Inc., and Zen Mobile Media, Inc., the
4 judgment becomes immediately due as to them in the amount specified in
5 Subsection A above, which Defendants Igor Latsanovski, CalEnergy, Inc.,
6 and Zen Mobile Media, Inc., stipulate only for purposes of this Section
7 represents the consumer injury alleged in the Complaint, less any payment
8 previously made pursuant to this Section, plus interest computed from the
9 date of entry of this Order.

10 E. In addition, Defendants Alon Nottea, Doron Nottea, Igor
11 Latsanovski, Adageo, LLC, CalEnergy, Inc., and Zen Mobile Media, Inc. each
12 relinquish dominion and all legal and equitable right, title, and interest in all assets
13 transferred pursuant to this Order and all assets identified in Attachment A to this
14 Order, and may not seek the return of any assets. Only the assets identified in
15 Attachment A shall be treated as assets of the Receivership for the purposes of this
16 Order, and shall be distributed as provided for in the Section titled “Receivership
17 Termination.”

18 **V. ADDITIONAL MONETARY PROVISIONS**

19 **IT IS FURTHER ORDERED** that:

20 A. The facts alleged in the Complaint will be taken as true, without

1 further proof, in any subsequent civil litigation by or on behalf of the
2 Commission, including in a proceeding to enforce its rights to any payment or
3 monetary judgment pursuant to this Order, such as a nondischargeability
4 complaint in any bankruptcy case.

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

9 C. Stipulating Defendants acknowledge that their Taxpayer
10 Identification Numbers (Social Security Numbers or Employer Identification
11 Numbers), which Defendants previously submitted to the Commission, may be
12 used for collecting and reporting on any delinquent amount arising out of this
13 Order, in accordance with 31 U.S.C. § 7701.

14 D. All money paid to the Commission pursuant to this Order may be
15 deposited into a fund administered by the Commission or its designee to be used
16 for equitable relief, including consumer redress and any attendant expenses for the
17 administration of any redress fund. If a representative of the Commission decides
18 that direct redress to consumers is wholly or partially impracticable or money
19 remains after redress is completed, the Commission may apply any remaining
20 money for such other equitable relief (including consumer information remedies)

1 as it determines to be reasonably related to Defendants' practices alleged in the
2 Complaint. Any money not used for such equitable relief is to be deposited to the
3 U.S. Treasury as disgorgement. Stipulating Defendants have no right to challenge
4 any actions the Commission or its representatives may take pursuant to this
5 Subsection.

6 E. The asset freezes imposed in the preliminary injunctions entered on
7 July 23, 2015 (Dkt. 105), July 24, 2015 (Dkt. 108), August 24, 2015 (Dkt. 182),
8 and September 9, 2015 (Dkt. 200) are modified to permit the payments/transfers
9 identified in the Monetary Judgments and Partial Suspension Sections of this
10 Order at Section IV. Upon completion of those payments/transfers, those asset
11 freezes are dissolved, with the exception that the asset freeze shall remain as to
12 each of the following accounts: Bank of America accounts for Chargeback Armor
13 Inc. (██████), Secured Merchants LLC. (██████), IVR Logix, Inc. (██████), Vbonita
14 Inc. (██████), and Wells Fargo account for Secured Merchants (██████).

15 **VI. CUSTOMER INFORMATION**

16 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
17 Defendants' officers, agents, and employees, and all other persons in active
18 concert or participation with any of them, who receive actual notice of this Order,
19 whether acting directly or indirectly, are permanently restrained and enjoined
20 from directly or indirectly:

1 Defendants Alan Argaman, Secured Merchants, LLC, and Chargeback Armor,
2 Inc., and in any investigation related to or associated with the transactions or the
3 occurrences that are the subject of the Complaint. Such Defendants must provide
4 truthful and complete information, evidence, and testimony. Defendants Adageo,
5 LLC, CalEnergy, Inc., Zen Mobile Media, Inc., and Alon Nottea, Doron Nottea,
6 and Igor Latsanovski must cause their officers, employees, representatives, or
7 agents to appear for interviews, discovery, hearings, trials, and any other
8 proceedings that a Commission representative may reasonably request upon 5
9 days written notice, or other reasonable notice, at such places and times as a
10 Commission representative may designate, without the service of a subpoena.

11 **VIII. RECEIVERSHIP TERMINATION**

12 **IT IS FURTHER ORDERED** that **Charlene Koonce of Scheef & Stone,**
13 **LLP** shall continue to serve as the Court's Receiver and is hereby directed and
14 authorized to accomplish the following:

15 A. Prepare, file, and pay any payroll tax obligations due on or before the
16 date of the Receiver's report described in Subsection C below, for the
17 Receivership Defendants;

18 B. Prepare and file a tax return for the Receivership Estate, and provide
19 all other reports and filings necessary to comply with applicable state or federal
20 law with regard to the Receivership Estate;

1
2 C. Prepare and file with the Court a report describing the Receiver's
3 activities under this Order and the preliminary injunction orders and an
4 application for compensation, expenses, and all other relief necessary to terminate
5 the Receivership Estate and to discharge the Receiver as to the Receivership
6 Defendants;

7 D. Any money that the Court finds should be awarded to the Receiver
8 shall be paid only from the monies or other assets in the possession of, or under
9 the control of, the Receiver. Neither Plaintiff, the Stipulating Defendants, nor the
10 Receivership Defendants shall have an obligation to pay any money to the
11 Receiver for compensation or expenses or claims made or could have been made
12 by the Receiver or the Receivership Estate;

13 E. Upon the Court's approval of the Receiver's final application for
14 compensation and expenses, distribute to the Commission all remaining funds in
15 partial satisfaction of the judgment. Such payment must be made by electronic
16 fund transfer in accordance with instructions to be provided by a representative of
17 the Commission.

18 The Receiver must complete all duties within 120 days after the entry of the
19 final Order entered in this matter disposing of all of the FTC's claims against all
20 parties this Order, but any party or the Receiver may request that the Court extend

1 the Receiver's term for good cause. Upon completion of the above tasks, the
2 duties of the Receivership shall terminate, be satisfied and the Receiver shall be
3 entitled to an order discharging her as to the Receivership Defendants.

4 **IX. ORDER ACKNOWLEDGMENTS**

5 **IT IS FURTHER ORDERED** that Stipulating Defendants obtain
6 acknowledgments of receipt of this Order:

7 A. Each Stipulating Defendant, within 7 days of entry of this Order,
8 must submit to the Commission an acknowledgment of receipt of this Order sworn
9 under penalty of perjury.

10 B. For 5 years after entry of this Order, Defendants Alon Nottea, Doron
11 Nottea, and Igor Latsanovski, for any business that such Defendant, individually
12 or collectively, with any other Defendant is the majority owner or controls directly
13 or indirectly, and Defendants Adageo, LLC, CalEnergy, Inc., and Zen Mobile
14 Media, Inc., must deliver a copy of this Order to: (1) all principals, officers,
15 directors, and LLC managers and members; (2) all employees, agents, and
16 representatives who participate in conduct related to the subject matter of the
17 Order; and (3) any business entity resulting from any change in structure as set
18 forth in the Section titled Compliance Reporting. Delivery must occur within 7
19 days of entry of this Order for current personnel. For all others, delivery must
20 occur before they assume their responsibilities.

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

4 **X. COMPLIANCE REPORTING**

5 **IT IS FURTHER ORDERED** that Stipulating Defendants make timely
6 submissions to the Commission:

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

- 9 1. Each Stipulating Defendant must: (a) identify the primary
10 physical, postal, and email address and telephone number, as designated
11 points of contact, which representatives of the Commission may use to
12 communicate with that Defendant; (b) identify all of that Defendant's
13 businesses by all of their names, telephone numbers, and physical, postal,
14 email, and Internet addresses; (c) describe the activities of each business,
15 including the goods and services offered, the means of advertising,
16 marketing, and sales, and the involvement of any other Defendant (which
17 each Defendant must describe if he knows or should know due to his own
18 involvement); (d) describe in detail whether and how that Defendant is in
19 compliance with each Section of this Order; and (e) provide a copy of each
20 Order Acknowledgment obtained pursuant to this Order, unless previously

1 submitted to the Commission.

2 2. Additionally, Defendants Alon Nottea, Doron Nottea, and Igor
3 Latsanovski must each: (a) identify all telephone numbers and all physical,
4 postal, email and Internet addresses, including all residences; (b) identify all
5 business activities, including any business for which such Defendant
6 performs services whether as an employee or otherwise and any entity in
7 which such Defendant has any ownership interest; and (c) describe in detail
8 such Defendant's involvement in each such business, including title, role,
9 responsibilities, participation, authority, control, and any ownership.

10 B. For 10 years after entry of this Order, each Stipulating Defendant
11 must submit a compliance notice, sworn under penalty of perjury, within 14 days
12 of any change in the following:

13 1. Each Stipulating Defendant must report any change in: (a) any
14 designated point of contact; or (b) the structure of any Corporate Defendant
15 or any entity that Stipulating Defendant has any ownership interest in or
16 controls directly or indirectly that may affect compliance obligations arising
17 under this Order, including: creation, merger, sale, or dissolution of the
18 entity or any subsidiary, parent, or affiliate that engages in any acts or
19 practices subject to this Order.

1 2. Additionally, Defendants Alon Nottea, Doron Nottea, and Igor
2 Latsanovski must report any change in: (a) name, including aliases or
3 fictitious names, or residence address; or (b) title or role in any business
4 activity, including any business for which such Defendant performs services
5 whether as an employee or otherwise and any entity in which such
6 Defendant has any ownership interest, and identify the name, physical
7 address, and any Internet address of the business or entity.

8 C. Each Stipulating Defendant must submit to the Commission notice of
9 the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding
10 by or against such Defendant within 14 days of its filing.

11 D. Any submission to the Commission required by this Order to be
12 sworn under penalty of perjury must be true and accurate and comply with 28
13 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under
14 the laws of the United States of America that the foregoing is true and correct.
15 Executed on: _____” and supplying the date, signatory’s full name, title (if
16 applicable), and signature.

17 E. Unless otherwise directed by a Commission representative in writing,
18 all submissions to the Commission pursuant to this Order must be emailed to
19 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
20 Associate Director for Enforcement, Bureau of Consumer Protection, Federal

1 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The
2 subject line must begin: *FTC v. BunZai Media Group, Inc.*, et al. FTC File No.
3 X150047.

4 **XI. RECORDKEEPING**

5 **IT IS FURTHER ORDERED** that Stipulating Defendants must create
6 certain records for 10 years after entry of the Order, and retain each such record
7 for 5 years. Specifically, Adageo, LLC, CalEnergy, Inc., Zen Mobile Media, Inc.,
8 and Alon Nottea, Doron Nottea, and Igor Latsanovski, for any business that such
9 Defendant, individually or collectively with any other Defendant, is a majority
10 owner or controls directly or indirectly, must create and retain the following
11 records:

12 A. Accounting records showing the revenues from all goods or services
13 sold;

14 B. Personnel records showing, for each person providing services,
15 whether as an employee or otherwise, that person's: name; addresses; telephone
16 numbers; job title or position; dates of service; and (if applicable) the reason for
17 termination;

18 C. Records of all consumer complaints and refund requests, whether
19 received directly or indirectly, such as through a third party, and any response;

20 D. All records necessary to demonstrate full compliance with each

1 provision of this Order, including all submissions to the Commission ; and

2 E. A copy of each unique advertisement or other marketing material,
3 including but not limited to Internet and social media advertising or webpages.

4 **XII. COMPLIANCE MONITORING**

5 **IT IS FURTHER ORDERED** that, for the purpose of monitoring
6 Stipulating Defendants' compliance with this Order, including the financial
7 representations upon which part of any judgment was suspended and any failure to
8 transfer any assets as required by this Order:

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

17 B. For matters concerning this Order, the Commission is authorized to
18 communicate directly with each Stipulating Defendant. Stipulating Defendants
19 must permit representatives of the Commission to interview any employee or
20 other person affiliated with any Defendant who has agreed to such an interview.

1 The person interviewed may have counsel present.

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

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

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 **SO ORDERED** this 26th day of September, 2016.

16 

17 _____
18 **GEORGE H. WU**
19 **UNITED STATES DISTRICT JUDGE**

ATTACHMENT A

Bank:	Account Holder:	Account No.:	Amount:
Wells Fargo	Calenergy, Inc.	[REDACTED]	\$535.66
Wells Fargo	Kai Media, Inc.	[REDACTED]	\$201,627.79
Wells Fargo	Media Solutions, Inc.	[REDACTED]	\$166,825.21
Wells Fargo	Calenegv, Inc.	[REDACTED]	\$61,187.37
Wells Fargo	SBM Management, Inc.	[REDACTED]	\$5,666.26
Wells Fargo	Pinnacle Logistics, Inc.	[REDACTED]	\$3,567.62
Wells Fargo	Agoa Holdings, Inc.	[REDACTED]	\$3,583.69
Wells Fargo	Zen Mobile Media, Inc.	[REDACTED]	\$2,648.95
Wells Fargo	Lifestvle Media Brands, Inc.	[REDACTED]	\$1,586.63
Wells Fargo	Lifestvle Media Brands, Inc.	[REDACTED]	\$931.28
Wells Fargo	Insight Media, Inc.	[REDACTED]	\$597.22
Wells Fargo	Heritage Alliance Group, Inc.	[REDACTED]	\$515.58
Wells Fargo	Focus Media Solutions, Inc.	[REDACTED]	\$2,689.00
Bank of America	Media Urge, Inc.	[REDACTED]	\$574.61
Bank of America	Pinnacle Logistics, Inc.	[REDACTED]	\$567.70
Bank of America	Adageo, LLC.	[REDACTED]	\$7,045.78
Bank of America	Calenergy, Inc.	[REDACTED]	\$493.63
Bank of America	Calenergy, Inc.	[REDACTED]	\$2,254.15
Bank of America	Calenergy, Inc.	[REDACTED]	\$1,937.05
Bank of America	Kai Media, Inc.	[REDACTED]	\$228.00
Bank of America	Insight Media, Inc.	[REDACTED]	\$17,252.00
Bank of America	SBM Management, Inc.	[REDACTED]	\$3,393.58
Bank of America	Focus Media Solutions, Inc.	[REDACTED]	\$22,571.50
Bank of America	Shalita Holdings, Inc.	[REDACTED]	\$500.00
Bank of America	Shalita Holdings, Inc.	[REDACTED]	\$500.00
Global Payments	Bunzai Media Group, Inc.	[REDACTED]	\$16,540.59
Global Payments	Bunzai Media Group, Inc.	[REDACTED]	\$20,753.52
Global Payments	Bunzai Media Group, Inc.	[REDACTED]	\$44,608.67
Global Payments	DMA Media Holdings, Inc.	[REDACTED]	\$3,646.36
Global Payments	Lifestyle Media Brands, Inc.	[REDACTED]	\$1,448.58
Global Payments	Lifestvle Media Brands, Inc.	[REDACTED]	\$1,591.02
Bank of America	Secured Commerce, LLC.	[REDACTED]	\$10,497.71
Bank of America	Secured Commerce, LLC.	[REDACTED]	\$111.72
Bank of America	Secured Commerce, LLC.	[REDACTED]	\$515.54
Bank of America	USM Products, Inc.	[REDACTED]	\$1,206.92
Bank of America	Merchant Leverage Group, Inc.	[REDACTED]	\$900.00

Bank of America	Merchant Leverage Group, Inc.	[REDACTED]	\$100.00
Wells Fargo	Shalita Holdings, Inc.	[REDACTED]	\$7,711.65
Wells Fargo	Merchant Leverage Group, Inc.	[REDACTED]	\$6,844.25
Wells Fargo	Secured Commerce, LLC.	[REDACTED]	\$3,786.60
Wells Fargo	USM Products, Inc.	[REDACTED]	\$1,871.32
Wells Fargo	All Star Beauty Products, Inc.	[REDACTED]	\$808.92
Wells Fargo	All Star Beauty Products, Inc.	[REDACTED]	\$0.02
Wells Fargo	DMA Media Holdings, Inc.	[REDACTED]	\$8,106.27
Wells Fargo	AMD Financial Network, Inc.	[REDACTED]	\$7,809.36
Wells Fargo	DMA Media Holdings, Inc.	[REDACTED]	\$475.17
Cash	From #105 Canby Office	[REDACTED]	\$3,851.00
Bank of America	Safe Deposit Boxes (D.Nottea)	[REDACTED]	\$446,000.00
EVO	All-Star Beauty	[REDACTED]	\$189,490.39
EVO	All-Star Beauty	[REDACTED]	\$11,915.90
SignaPay:	Agoa, DMA, Insight, Lifestyle, Safehaven, Zen	[REDACTED]	\$106,772.64