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13 UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
14

15 FEDERAL TRADE COMMISSION,  
16  
Plaintiff  
17 v.  
18 NATIONAL SUPPLY & DISTRIBUTION  
CENTER, INC., a corporation, et al.,  
19 Defendants.

CV-99-12828 HLH (AJWx)  
  
STIPULATED FINAL  
JUDGMENT AND ORDER FOR  
PERMANENT INJUNCTION  
AND OTHER EQUITABLE  
RELIEF AS TO DEFENDANT  
LEE SIEGEL

20  
21 Plaintiff, the Federal Trade Commission ("FTC" or  
22 "Commission"), filed a complaint on December 7, 1999 for permanent  
23 injunction and other relief, pursuant to Sections 13(b) and 19 of  
24 the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b),  
25 57(b), and Section 6(b) of the Telemarketing and Consumer Fraud  
26 and Abuse Prevention Act, 15 U.S.C. § 6105(b), charging defendants  
27 National Supply and Distribution Center Inc. ("NSDC"), Data  
28 Distribution Services, Inc. ("DDS"), and Steven Rayman with

1 engaging in unfair or deceptive acts or practices in connection  
2 with the sale, offering for sale, or distribution of nondurable  
3 office supplies, including photocopier toner, in violation of  
4 Section 5 of the FTC Act, 15 U.S.C. § 45, and the FTC's  
5 Telemarketing Sales Rule, 16 C.F.R. Part 310. On April 25, 2000,  
6 plaintiff filed a second amended complaint naming Larry Ellis, Lee  
7 Siegel ("Siegel"), and Scott Earl as additional defendants.

8 Now the Commission and defendant Siegel agree to a settlement  
9 of this action without trial or adjudication of any issue of law  
10 or fact herein. Without making any admission of liability, Siegel  
11 consents to entry of this Stipulated Final Judgment and Order for  
12 Permanent Injunction and Other Equitable Relief("Order").

#### 13 **FINDINGS**

14 1. This is an action by the Commission instituted under  
15 Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b,  
16 and Section 6(b) of the Telemarketing and Consumer Fraud and Abuse  
17 Prevention Act, 15 U.S.C. § 6105(b). The Second Amended Complaint  
18 ("complaint") seeks both permanent injunctive relief and equitable  
19 monetary relief in the form of consumer redress and/or  
20 disgorgement.

21 2. The Court has jurisdiction over the subject matter of  
22 this case, and jurisdiction over Siegel. Venue in the Central  
23 District of California is proper as to Siegel.

24 3. The complaint states a claim upon which relief can be  
25 granted as to Siegel.

26 4. The Commission has the authority under Sections 13(b)  
27 and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, and Section  
28 6(b) of the Telemarketing and Consumer Fraud and Abuse Prevention

1 Act, 15 U.S.C. § 6105(b), to seek the relief it has requested  
2 against Siegel.

3 5. The activities of Siegel described in the complaint are  
4 in or affecting commerce, as defined in Section 4 of the FTC Act,  
5 15 U.S.C. § 44.

6 6. By stipulating and consenting to the entry of this  
7 Order, Siegel does not admit any of the allegations in the  
8 complaint, except those contained in Paragraphs 1 through 5 above.

9 7. Entry of this Order is in the public interest.

10 8. Pursuant to Federal Rule of Civil Procedure 65(d), the  
11 provisions of this Order are binding upon Siegel, and his agents,  
12 servants, employees and attorneys, and all other persons or  
13 entities in active concert or participation with him, who receive  
14 actual notice of this Order by personal service or otherwise.

#### 15 **DEFINITIONS**

16 A. "Document" is synonymous in meaning and equal in scope  
17 to the usage of the term in Federal Rule of Civil Procedure 34(a),  
18 and includes writings, drawings, graphs, charts, photographs,  
19 audio and video recordings, computer records, and other data  
20 compilations from which information can be obtained and  
21 translated, if necessary, through detection devices into  
22 reasonably usable form. A draft or non-identical copy is a  
23 separate document within the meaning of the term.

24 B. "Consumer" means any person, including any individual,  
25 group, unincorporated association, limited or general partnership,  
26 corporation or other business entity, or government entity.

27 C. "Telemarketing" means any business activity which  
28 involves, among other things, initiating or receiving telephone

1 sales calls, managing others who initiate or receive telephone  
2 sales calls, operating an enterprise that initiates or receives  
3 telephone sales calls, owning an enterprise that initiates or  
4 receives telephone sales calls, or otherwise participating as an  
5 officer, director, employee or independent contractor in an  
6 enterprise that initiates or receives telephone calls), that  
7 involves attempts to induce consumers to purchase any item, good,  
8 service, partnership interest, trust interest or other beneficial  
9 interest, or to enter a contest for a prize, by means of telephone  
10 sales presentations, either exclusively or in conjunction with the  
11 use of other forms of marketing. It is understood that the term  
12 "telemarketing" shall not include transactions that are not  
13 completed until after a face-to-face contact between the seller or  
14 solicitor and the consumer solicited.

15 D. "Assisting others" means knowingly providing any of the  
16 following goods or services to another entity: (1) performing  
17 customer service functions, including, but not limited to,  
18 receiving or responding to consumer complaints; (2) formulating  
19 or providing, or arranging for the formulation or provision of,  
20 any telephone sales script or any other marketing material;  
21 (3) providing names of, or assisting in the generation of,  
22 potential customers; or (4) performing marketing services of any  
23 kind.

24 E. The terms "and" and "or" have both conjunctive and  
25 disjunctive meanings.

26 F. "Employment" includes any affiliation with any business,  
27 including the performance of services as an officer, owner,  
28 manager, supervisor, employee, consultant, or independent

1 contractor; and "Employer" includes any and all individuals or  
2 entities for whom Siegel performs services as an employee,  
3 consultant, or independent contractor.

4 G. A requirement that any defendant "notify the Commission"  
5 shall mean that the defendant shall send the specified information  
6 via first-class mail, costs prepaid, to the Associate Director for  
7 Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue NW,  
8 Washington, D.C. 20580. Attn: FTC v. NSDC, Inc. et al., No. 99-  
9 12828 HLH (ANx) (U.S. Dist. Ct., C.D. Cal.).

10 **I. BAN ON TELEMARKETING**

11 **IT IS HEREBY ORDERED** that Siegel, whether acting directly or  
12 through any corporation, limited liability company, subsidiary,  
13 division or other device, is hereby permanently restrained and  
14 enjoined from engaging or participating in telemarketing, or  
15 assisting others who are engaging or participating in  
16 telemarketing. It is understood that, for the purposes of this  
17 paragraph of this Order, "telemarketing" shall be construed to  
18 exclude the following situations: (1) those calls that are not the  
19 result of any solicitation by Siegel, directly or indirectly; or  
20 (2) calls that are in response to an advertisement through any  
21 media other than direct mail solicitations; provided, however,  
22 that this exemption does not apply to calls initiated by a  
23 customer in response to an advertisement relating to investment  
24 opportunities, goods or services described in sections 310.4(a)(2)  
25 or (3) of the Telemarketing Sales Rule, or advertisements that  
26 guarantee or make representations of a high likelihood of success  
27 in obtaining or arranging for extensions of credit, if payment of  
28 a fee is required in advance of obtaining the extension of credit;

1 or (3) calls that are in response to a direct mail solicitation  
2 that clearly, conspicuously, and truthfully discloses all material  
3 information listed in section 310.3(a)(1) of the Telemarketing  
4 Sales Rule for any item offered in the direct mail solicitation;  
5 provided, however, that this exemption does not apply to calls  
6 initiated by a customer in response to a direct mail solicitation  
7 relating to prize promotions, investment opportunities, goods or  
8 services described in sections 310.4(a)(2) or (3) of the  
9 Telemarketing Sales Rule, or direct mail solicitations that  
10 guarantee or make representations of a high likelihood of success  
11 in obtaining or arranging for extensions of credit, if payment of  
12 a fee is required in advance of obtaining the extension of credit.

## 13 **II. PROHIBITED BUSINESS ACTIVITIES**

14 **A. IT IS FURTHER ORDERED** that, in connection with the  
15 advertising, marketing, promoting, offering for sale, or sale of  
16 any good or service, Siegel, and his agents, servants, employees,  
17 and all persons or entities directly or indirectly under his  
18 control, and all other persons or entities in active concert or  
19 participation with any one of them, who receive actual notice of  
20 this Order by personal service or otherwise, are hereby  
21 permanently restrained and enjoined from:

22 1. Misrepresenting, expressly or by implication, that  
23 any consumer, or any consumer's employee or other representative,  
24 ordered any good or service that was shipped, provided, and/or  
25 billed to the consumer when in fact such good or service was not  
26 ordered by the consumer;

27 2. Misrepresenting, expressly or by implication, any  
28 association with a consumer's regular supplier or provider of a

1 good or service, or any association with the manufacturer of any  
2 product or equipment used by the consumer in conjunction with a  
3 good or service;

4           3. Misrepresenting, expressly or by implication, any  
5 previous business transactions including any previous sales of any  
6 goods or services;

7           4. Misrepresenting, expressly or by implication, a  
8 consumer's obligation to pay for any goods or services or  
9 attendant charges or fees;

10           5. Misrepresenting, expressly or by implication, the  
11 price of goods or services; or

12           6. Misrepresenting, expressly or by implication, any  
13 other fact material to a consumer's decision to buy or accept a  
14 good or service.

15           B. **IT IS FURTHER ORDERED** that Siegel and his agents,  
16 servants, employees, and all persons or entities directly or  
17 indirectly under his control, and all other persons or entities in  
18 active concert or participation with him, who receive actual  
19 notice of this Order by personal service or otherwise, are hereby  
20 permanently restrained and enjoined from:

21           1. Violating Section 310.3(a)(4) of the Telemarketing  
22 Sales Rule, 16 C.F.R. § 310.3(a)(4), by making false or misleading  
23 statements to induce any consumer to pay for goods or services,  
24 including statements that:

25           a. they are a consumer's regular supplier of  
26 office supplies or associated with the manufacturer or  
27 vendor of a consumer's photocopier;

28           b. the price of the office supplies used by a

1 consumer is about to increase substantially;

2 c. a consumer will be charged the same price for  
3 office supplies that the consumer has been paying;

4 d. a consumer ordered the office supplies that  
5 were shipped or billed to the consumer; and

6 e. if a consumer wants to return an unordered  
7 shipment or a shipment ordered on the basis of false or  
8 misleading statements, the consumer has an obligation to  
9 pay a restocking fee;

10 2. Violating Section 310.4(d)(1) of the Telemarketing  
11 Sales Rule, 16 C.F.R. § 310.4(d)(1), by failing in outbound  
12 telephone calls to disclose promptly and in a clear and  
13 conspicuous manner the identity of the seller;

14 3. Violating Section 310.4(d)(2) of the Telemarketing  
15 Sales Rule, 16 C.F.R. § 310.4(d)(2), by failing in outbound  
16 telephone calls to disclose promptly and in a clear and  
17 conspicuous manner that the purpose of the call is to sell goods  
18 or services;

19 4. Violating Section 310.3(b) of the Telemarketing  
20 Sales Rule, 16 C.F.R. § 310.3(b), by providing substantial  
21 assistance or support to any seller or telemarketer when that  
22 person knows or consciously avoids knowing that the seller or  
23 telemarketer is engaged in any act or practice that violates  
24 Section 310.3(a) or Section 310.4 of the Telemarketing Sales Rule,  
25 16 C.F.R §§ 310.3(a) or 310.4; or

26 5. Violating or assisting others in violating any  
27 other provision of the Telemarketing Sales Rule, 16 C.F.R. Part  
28 310.

1 A copy of the Telemarketing Sales Rule is appended to this  
2 Order as Attachment A and is incorporated herein as if fully  
3 rewritten. In the event that the Telemarketing Sales Rule is  
4 amended by the Commission in a manner which would create a new or  
5 different standard applicable to Siegel's obligations under this  
6 Order, Siegel's compliance with the Telemarketing Sales Rule as so  
7 amended shall not be deemed a violation of this Order.

8 **III. PROHIBITIONS AGAINST DISTRIBUTION OF CUSTOMER LISTS**

9 **IT IS FURTHER ORDERED** that Siegel, and his agents, servants,  
10 employees, and all persons or entities directly or indirectly  
11 under his control, and all other persons or entities in active  
12 concert or participation with him, who receive actual notice of  
13 this Order by personal service or otherwise, are permanently  
14 restrained and enjoined from selling, renting, leasing,  
15 transferring or otherwise disclosing the name, address, telephone  
16 number, credit card number, bank account number or other  
17 identifying information of any person who paid any money to  
18 defendants NSDC or DDS at any time, in connection with the  
19 offering for sale or sale of any good or service; **provided,**  
20 **however,** that Siegel may disclose such identifying information as  
21 requested by any law enforcement agency or as required by any law,  
22 regulation or court order, including to the Commission pursuant to  
23 this Order.

24 **IV. ACKNOWLEDGMENT OF RECEIPT OF ORDER AND REAFFIRMATION OF**  
25 **FINANCIAL STATEMENT**

26 **IT IS FURTHER ORDERED** that, within five (5) business days  
27 after being provided with notice of entry of this Order, Siegel  
28 shall submit to the Commission a truthful sworn statement, in the

1 form shown on Appendix 1, that shall acknowledge receipt of this  
2 Order as entered and shall reaffirm and attest to the  
3 truthfulness, accuracy, and completeness of Siegel's January 31,  
4 2000 financial statement and his October 16, 2000 financial  
5 statement. The Commission is authorized to verify all information  
6 provided in the financial statements with all appropriate third  
7 parties, including, but not limited to, financial institutions.

8 **V. MONETARY JUDGMENT**

9 **IT IS FURTHER ORDERED** that:

10 **A.** Judgment in the amount of \$35,000 is entered in favor of  
11 the Commission against Siegel. Siegel shall pay \$35,000 by wire  
12 transfer or certified or cashier's check to Plaintiff within five  
13 (5) days after receiving notice of entry of this Judgment. In the  
14 event of any default in payment, which default continues for ten  
15 (10) days beyond the due date of payment, the entire unpaid  
16 judgment, together with interest, as computed pursuant to 28  
17 U.S.C. § 1961, from the date of default to the date of payment,  
18 shall immediately become due and payable.

19 **B.** Any assets collected by the Commission pursuant to the  
20 judgment set forth in this Part shall be deposited into an account  
21 to be maintained by the Commission or its agent. Upon the final  
22 disposition of this action, such funds shall be either (1) used to  
23 provide consumer redress and any administrative costs associated  
24 with providing such redress; or (2) paid to the U.S. Treasury as  
25 equitable disgorgement, if the Commission in its sole discretion  
26 deems that consumer redress is impractical. If the Commission in  
27 its sole discretion determines that consumer redress is practical,  
28 it shall submit a plan for the disbursement of funds to the Court

1 for review and approval. Siegel shall have no right to contest  
2 the manner of distribution chosen by the Commission. Siegel  
3 forever disclaims all right, title, and interest in all sums paid  
4 to plaintiff. None of these funds shall be returned to Siegel,  
5 his successors, heirs, or assigns.

6 C. Within five (5) days after receiving notice of entry of  
7 this Order, Siegel is hereby required, in accordance with 31  
8 U.S.C. §7701, to furnish to the Commission his social security  
9 number, which may be used for purposes of collecting and reporting  
10 on any delinquent amount arising out of this Order; and

11 D. Siegel further stipulates for purposes of the settlement  
12 only that the facts as alleged in the Commission's complaint in  
13 this action shall be taken as true in the event of any subsequent  
14 litigation to collect amounts due pursuant to this Order,  
15 including but not limited to a nondischargeability complaint in  
16 any bankruptcy proceeding.

17 **VI. RIGHT TO REOPEN**

18 **IT IS FURTHER ORDERED** that the Commission's agreement to this  
19 Stipulation and Order with respect to Siegel is expressly premised  
20 upon the truthfulness, accuracy and completeness of Siegel's  
21 January 31, 2000 financial statement and his October 16, 2000  
22 financial statement. Said financial statements contains material  
23 information upon which the FTC has relied in negotiating and  
24 agreeing to the terms of this Order. If, upon motion by the  
25 Commission to the Court, the Court finds that defendant Siegel  
26 failed to submit to the Commission the sworn statement required by  
27 Paragraph IV of this Order, or failed to disclose any material  
28 asset with a value exceeding \$1,000, or materially misrepresented

1 the value of any asset, or made any other material  
2 misrepresentation in or omission from his financial statements  
3 described above, the Court shall enter judgment for consumer  
4 redress in the amount of \$7,616,657 against defendant Siegel in  
5 favor of the Commission, less any amount previously received from  
6 any defendant in this action, unless defendant Siegel proves that  
7 any and all such omissions or misrepresentations were  
8 unintentional. Defendant Siegel has no right to contest any of  
9 the allegations in the Commission's complaint in this matter in  
10 any proceeding brought pursuant to this paragraph, but he can  
11 introduce evidence that any alleged material misrepresentation or  
12 omission made by him in his financial statements was  
13 unintentional. If the financial statements failed to disclose a  
14 material asset or materially misrepresented the value of an asset,  
15 and if defendant Siegel proves that any and all such omissions or  
16 misrepresentations were unintentional, the Court shall order that  
17 defendant Siegel turn over to the Commission any and all omitted  
18 assets or the fair market value of such omitted assets, or, if the  
19 value of an asset was materially misrepresented, the difference in  
20 the actual fair market value and the value given in the financial  
21 statements; provided, however, that in all other respects this  
22 Order shall remain in full force and effect unless otherwise  
23 modified by an order of this Court.

#### 24 **VII. RECORD-KEEPING**

25 **IT IS FURTHER ORDERED that**, for a period of seven (7) years  
26 from the date of entry of this Order, Siegel and his agents,  
27 servants, employees, attorneys, and companies or partnerships  
28 subject to Siegel's control, are hereby restrained and enjoined

1 from failing to create, and to retain, in a location under their  
2 control, for a period of three (3) years following the date of  
3 such creation, unless otherwise specified:

4       A. Books, records and accounts that, in reasonable detail,  
5 accurately and fairly reflect the cost of goods or services sold,  
6 revenues generated, and the disbursement of such revenues for all  
7 business entities owned, managed, or controlled by Siegel,  
8 directly or indirectly;

9       B. Records that accurately reflect: the name, address, and  
10 telephone number of each person employed in any capacity by  
11 Siegel, directly or indirectly, or through any business owned,  
12 managed or controlled by Siegel, directly or indirectly, including  
13 as an independent contractor; that person's job title or position;  
14 the date upon which the person commenced work; and the date and  
15 reason for the person's termination, if applicable. The parties  
16 subject to this Section shall retain such records for any  
17 terminated employee for a period of two (2) years following the  
18 date of termination;

19       C. Records about any transaction between (1) Siegel,  
20 directly or indirectly, or through any business owned, managed or  
21 controlled by Siegel, directly or indirectly, and (2) any  
22 customer; such records to include the following: the customer's  
23 name; his or her address; his or her telephone number; a  
24 description of the good, service, or interest purchased; the  
25 dollar amounts the customer paid; the sales agent; and the date of  
26 the sale;

27       D. For every complaint or refund request by any customer of  
28 Siegel or by any customer of any business owned, managed or

1 controlled by Siegel, directly or indirectly, whether such  
2 complaint or refund request is received directly or indirectly or  
3 through any third party, records that reflect:

4 (1) the customer's name, address, telephone number and  
5 the dollar amount paid by the customer;

6 (2) the written complaint, if any, and the date of the  
7 complaint or refund request;

8 (3) the basis of the complaint, including but not  
9 limited to the name of any salesperson or agent  
10 complained against, and the nature and result of any  
11 investigation conducted concerning the validity of the  
12 complaint;

13 (4) each response and the date of the response;

14 (5) any final resolution and the date of the  
15 resolution; and

16 (6) in the event of a denial of a refund request, the  
17 reason for such denial, or if the complaint was cured,  
18 the basis for determining that the complaint was cured;

19 E. Copies of all sales scripts, training materials,  
20 advertisements, or other marketing materials utilized.

#### 21 **VIII. MONITORING OF DEFENDANT SIEGEL**

22 **IT IS FURTHER ORDERED** that, in order to monitor compliance  
23 with this Order:

24 A. Siegel shall notify the Commission within five (5) days  
25 after receiving notice of the entry of this Order, of (1) his  
26 residence address and mailing address; (2) his telephone  
27 number(s); (3) the name, address and telephone number of his  
28 employer, if any; (4) the full names of his employer's principals,

1 if any; (5) the names of his supervisors, if any; and (6) a  
2 description of his employer's activities, if any, and Siegel's  
3 duties and responsibilities;

4 B. One hundred and twenty days (120) days after the date of  
5 entry of this Order, Siegel certify to the Commission, signed  
6 under penalty of perjury, regarding his past and present efforts  
7 to comply with this Order;

8 C. For a period of seven (7) years from the date of entry  
9 of this Order, Siegel shall notify the Commission within ten (10)  
10 days of any changes in his residence or mailing addresses or  
11 employment status. Notice of changes in his employment status  
12 shall include: (1) the new employer's name, address and telephone  
13 number, if any; (2) the full names of the employer's principals,  
14 if any; (3) if applicable, the names of Siegel's supervisors, and  
15 (4) a description of the employer's activities, and Siegel's  
16 duties and responsibilities, if any;

17 D. For a period of seven (7) years from the date of entry  
18 of this Order, Siegel shall notify the Commission of any proposed  
19 change in the structure of any business entity owned or controlled  
20 by Siegel, directly or indirectly, such as creation,  
21 incorporation, dissolution, assignment, sale, merger, creation or  
22 dissolution of subsidiaries, proposed filing of a bankruptcy  
23 petition, or change in the business or corporate name or address,  
24 or any other change that may affect compliance obligations arising  
25 out of this Order, thirty (30) days prior to the effective date of  
26 any proposed change; *provided, however,* that, with respect to any  
27 proposed change in the business entity about which Siegel learns  
28 less than thirty (30) days prior to the date such action is to

1 take place, Siegel shall notify the Commission as soon as is  
2 practicable after learning of such proposed change.

3 **IX. ACCESS TO BUSINESS PREMISES**

4 **IT IS FURTHER ORDERED** that, for a period of seven (7) years  
5 from the date of entry of this Order, Siegel shall permit  
6 representatives of the Commission, within seven (7) days of  
7 receipt of written notice from the Commission:

8 A. Access during normal business hours to any office, or  
9 facility storing documents, of any business owned by Siegel, or of  
10 which Siegel is a principal, director, officer, partner, or other  
11 controlling party, to inspect and copy, at cost to the Commission,  
12 all documents belonging to such business or Siegel, relating in  
13 any way to any matter subject to this Order; and shall permit  
14 Commission representatives to remove documents relating in any way  
15 to any matter subject to this Order for a period not to exceed two  
16 business days so that the documents may be inspected, inventoried,  
17 and copied. It is understood, however, that Siegel and his  
18 counsel may be present during the Commission's access to such  
19 business premises pursuant to this Section, and that Siegel may  
20 apply, with notice to the Commission, for a protective order  
21 limiting the Commission's access to documents pursuant to this  
22 Section based on privilege or other appropriate grounds;

23 B. Refrain from interfering with any duly authorized  
24 representatives of the Commission interviewing employers,  
25 employees (whether designated as employees, consultants,  
26 independent contractors or otherwise), or agents, about any matter  
27 relating in any way to any matter subject to this Order;

28 C. Upon written request by any duly authorized

1 representative of the Commission, submit answers to written  
2 interrogatories (under oath, if requested), and produce documents,  
3 on reasonable notice, relating in any way to any matter subject of  
4 this Order.

5 **X. FTC'S AUTHORITY TO MONITOR COMPLIANCE**

6 **IT IS FURTHER ORDERED** that the Commission is authorized to  
7 monitor the compliance of Siegel with this Order by all lawful  
8 means, including but not limited to the following means:

9 A. The Commission is authorized, without further leave of  
10 court, to obtain discovery from any person in the manner provided  
11 by Chapter V of the Federal Rules of Civil Procedure, Fed. R. Civ.  
12 P. 26-37, including the use of compulsory process pursuant to Fed.  
13 R. Civ. P. 45, for the purpose of monitoring and investigating the  
14 compliance of Siegel with this Order;

15 B. The Commission is authorized to use representatives  
16 posing as consumers and suppliers to Siegel, to the employees of  
17 Siegel, or to any other entity managed or controlled in whole or  
18 in part by Siegel, without the necessity of identification or  
19 prior notice;

20 C. Nothing in this Order shall limit the Commission's  
21 lawful use of compulsory process, pursuant to Sections 9 and 20 of  
22 the FTC Act, 15 U.S.C. §§49, 57b-1, to investigate whether Siegel  
23 has violated any provision of this order or Section 5 of the FTC  
24 Act, 15 U.S.C. §45, or the Commission's Telemarketing Sales Rule,  
25 16 C.F.R. Part 310;

26 D. For purposes of the compliance reporting required by  
27 this section, the Commission is authorized to communicate directly  
28 with Siegel.





APPENDIX 1

DEBRA A. VALENTINE  
General Counsel  
Federal Trade Commission

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PABLO M. ZYLBERGLAIT  
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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff

v.

NATIONAL SUPPLY & DISTRIBUTION  
CENTER, INC., a corporation, et al.,

Defendants.

CV-99-12828 HLH  
(AJWx)

DEFENDANT SIEGEL'S  
DECLARATION RE:  
(1)ACKNOWLEDGMENT OF  
SERVICE OF STIPULATED  
FINAL JUDGMENT AND  
ORDER; AND  
(2)REAFFIRMATION OF  
FINANCIAL STATEMENTS

Lee Siegel, being duly sworn, hereby states and affirms:

1. I am a defendant in the above-entitled action. My current residence address is 5315 Sadring Ave., Woodland Hills, CA 91367. I am a citizen of the United States and over the age of eighteen. I have personal knowledge of the facts set forth in this Declaration.

2. I agreed to entry of a Stipulated Final Judgment and Order

1 ("Stipulated Order") against me to settle the charges in the  
2 Commission's Complaint. I read the provisions of the Stipulated  
3 Order, including Attachment A (the Telemarketing Sales Rule, 16  
4 C.F.R. Part 310) before signing it. I understand all the  
5 provisions of the Stipulated Order. By signing the Stipulated  
6 Order I agreed that I will be bound by the Stipulated Order.

7 3. On \_\_\_\_\_, 2000, I received a copy of the Stipulated Order  
8 which was signed by a United States District Judge and entered by  
9 the Court on \_\_\_\_\_, 2000. A true and correct copy of the  
10 Stipulated Order that I received, including Attachment A (the  
11 Telemarketing Sales Rule), is appended to this declaration. The  
12 Stipulated Order, including Attachment A (the Telemarketing Sales  
13 Rule), was \_\_\_\_\_ pages in length. I reviewed the document and  
14 confirmed it was the document I had previously signed.

15 4. In January 2000 I provided to Plaintiff Federal Trade  
16 Commission ("Commission") a completed and signed document titled  
17 "Financial Statement of Individual Defendant" ("Financial  
18 Statement"), which I dated January 31, 2000. In October 2000, I  
19 provided to an updated copy of my Financial Statement, which I  
20 dated October 16, 2000.

21 5. I understand that my Financial Statements contain material  
22 information upon which the Commission relied in negotiating and  
23 agreeing to the terms in the Stipulated Order related to my  
24 payment of a monetary judgment of \$35,000.

25 6. I hereby reaffirm and attest to the truthfulness, accuracy,  
26 and completeness of my January 31, 2000 Financial Statement and my  
27 October 16, 2000 Financial Statement.

28 7. I understand that if, upon motion by the Commission, the

1 Court finds that the Financial Statements I submitted failed to  
2 disclose any material asset, or materially misrepresented the  
3 value of any asset, or finds that I made any other material  
4 misrepresentation in or omission from these documents, a judgment  
5 amount of \$7,616,657 will be entered by the Court.

6  
7 I declare under penalty of perjury under the laws of the United  
8 States that the foregoing is true and correct. Executed on \_\_\_\_\_,  
9 2000, at \_\_\_\_\_, California.

10  
11 \_\_\_\_\_  
12 Lee Siegel