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Judge Marsha J. Pechman

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AT SEATTLE  
CLERK U.S. DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
DEPUTY

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JAN 23 2004

AT SEATTLE  
CLERK U.S. DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
DEPUTY

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

D&C NATIONAL HOLDINGS LTD., FIRST  
BRITISH NATIONAL HOLDINGS LTD., OMID  
TAHVILI, DERRICK SQUIRES, AND  
REGINALD PAL,

Defendants.

Civil No. CO2-1134P

STIPULATED ORDER FOR  
PERMANENT INJUNCTION  
AND OTHER EQUITABLE  
RELIEF AS TO DEFENDANTS  
FIRST BRITISH NATIONAL  
HOLDINGS LTD., OMID  
TAHVILI AND REGINALD  
PAL

Plaintiff, the Federal Trade Commission ("Commission" or "FTC"), has filed a complaint for permanent injunction and other equitable relief pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), charging defendants D&C National Holdings Ltd., First British National Holdings Ltd., Omid Tahvili, Derrick Squires, and Reginald Pal, with deceptive acts and practices in connection with the telemarketing of bogus savings bonds to consumers throughout the United States. The Commission's complaint alleges that defendants' deceptive acts and practices violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC's Trade Regulation Rule entitled "Telemarketing Sales Rule" ("TSR"), 16 C.F.R. Part 310.

The Commission and defendants First British National Holdings Ltd. ("FBNH"), Omid Tahvili ("Tahvili"), and Reginald Pal ("Pal") (hereinafter referred to collectively as "defendants"), having been represented by counsel and acting by and through such counsel, have

1 consented to the entry of this Stipulated Order for Permanent Injunction and Other Equitable  
2 Relief without a trial or adjudication of any issue of law or fact herein.

3 NOW, THEREFORE, the Commission and defendants having requested the Court to  
4 enter this Stipulated Order, it is **ORDERED, ADJUDGED, AND DECREED** as follows:

5 **FINDINGS**

6 1. This is an action by the Commission instituted under Section 13(b) of the FTC  
7 Act, 15 U.S.C. § 53(b). Pursuant to this section, the Commission has the authority to seek the  
8 relief contained herein.

9 2. The Commission's complaint states a claim upon which relief may be granted  
10 against defendants under Sections 5(a), 13(b) and 19 of the Federal Trade Commission Act  
11 ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b) and 57b, and the Telemarketing and Consumer Fraud and  
12 Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 *et seq.*

13 3. This Court has jurisdiction over the subject matter of this case and all parties  
14 hereto. Venue in the Western District of Washington is proper.

15 4. The alleged activities of defendants are in or affecting commerce, as defined in  
16 Section 4 of the FTC Act, 15 U.S.C. § 44.

17 5. The parties shall each bear their own costs and attorney's fees incurred in this  
18 action and have waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412,  
19 amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and all rights to seek judicial review,  
20 or otherwise to challenge the validity of this Stipulated Order.

21 6. Entry of this Stipulated Order is in the public interest.

22 **ORDER**

23 **I.**

24 **PROHIBITED PRACTICES**

25 **IT IS THEREFORE ORDERED** that defendants, as well as their successors and  
26 assigns, directors, officers, agents, servants, employees, salespersons, independent contractors,  
27 corporations, subsidiaries, affiliates and other persons directly or indirectly under their control or  
28 in active concert or participation with them who receive actual notice of this Order by personal

1 service, facsimile or otherwise, whether acting directly or through any corporation, subsidiary,  
2 division or other device, are hereby permanently restrained and enjoined from:

3 A. Promoting, offering for sale, selling, or participating in the sale of, directly or  
4 through any agent, tickets, chances, interests, holdings, shares, or registrations in any foreign  
5 lottery or in any bond program with a lottery feature, to any U.S. resident;

6 B. In connection with promoting, offering for sale, selling, or participating in the sale  
7 of any product or service in the U.S., or in the course of billing, attempting to collect, or  
8 collecting money from any consumer in the U.S., misrepresenting or omitting any fact material to  
9 a consumer's decision to purchase the product or service;

10 C. Failing to disclose, promptly and in a clear and conspicuous manner before any  
11 U.S. resident pays for any product or service, all material restrictions, limitations or conditions to  
12 purchase, receive or use the product or service;

13 D. In connection with telemarketing, as defined in the TSR, to any U.S. resident  
14 person, group of persons, or entity, violating any provision of the TSR, including, but not limited  
15 to:

- 16 1. Making a false or misleading statement to induce any person to pay for any  
17 good or service in violation of Section 310.3(a)(4) of the TSR; and
- 18 2. Failing to disclose, in a clear and conspicuous manner, before a customer  
19 pays for any goods or services, all material restrictions, limitations, or  
20 conditions to receive those goods or services, in violation of Section  
21 310.3(a)(1)(ii) of the TSR; and

22 E. Providing substantial assistance or support to sellers or telemarketers who  
23 defendants know or consciously avoid knowing are engaged in acts or practices that violate the  
24 TSR.

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II.

**DISCLOSURE OF CONSUMER LISTS**

**IT IS FURTHER ORDERED** that defendants, and their officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Stipulated Order by personal service or otherwise, are permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to any defendant, at any time prior to entry of this order, in connection with promoting, offering for sale, selling, or participating in the sale of, directly or indirectly, any interests, holdings, or registrations in any foreign lottery or in any bond program with a lottery feature. Provided, however, that defendants may disclose such identifying information to a law enforcement agency or as required by any law, regulation, or court order.

III.

**CONSUMER REDRESS**

**IT IS FURTHER ORDERED** that:

A. Judgment is entered against defendants jointly and severally in the amount of \$1,328,622 (USD). Judgment shall be suspended upon defendants' payment of \$345,000 (CND), and the sale of a 2002 Maserati, VIN number AAMBB18A220005916. The proceeds of the Maserati sale, estimated to be \$140,000 (CND), and the defendants' cash payment of \$345,000 (CND) are payable to the Director of Trade Practices ("Director") of the Ministry of Public Safety and Solicitor General of British Columbia and due on November 30, 2003, or 30 days after the Court enters this Order, whichever is later.

B. Defendants and the Commission agree that the Director may use up to half of the total money received from defendants to give redress to consumers in the U.K. and to cover any costs of his action against defendants and the Director shall transfer the remaining money to the Commission. If the Director determines in his sole discretion that redress to U.K. consumers is wholly or partially impracticable or funds remain after redress to U.K. consumers is completed, the

1 Director may apply any remaining funds in the manner he deems just. Defendants shall have no  
2 right to challenge the Director's choice of remedies under this Paragraph.

3 C. All funds paid to the Commission pursuant to this Paragraph shall be paid to the  
4 Regional Director, Northwest Region, Federal Trade Commission, and shall be deposited into a  
5 fund administered by the Commission or its agent to be used for equitable relief, including but  
6 not limited to consumer redress and any attendant expenses for the administration of any redress  
7 fund. If the Commission determines in its sole discretion that redress to consumers is wholly or  
8 partially impracticable or funds remain after redress is completed, the Commission may apply  
9 any remaining funds for such other equitable relief, including consumer information remedies, as  
10 it determines to be reasonably related to the defendants' practices alleged in the complaint. Any  
11 funds not used for such equitable relief shall be deposited in the United States Treasury as  
12 disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies  
13 under this Paragraph.

14 D. If defendants fail to abide by the agreements set forth in Paragraphs III.A. and B.  
15 of this Stipulated Order within thirty (30) days of notification of such failure by the Federal  
16 Trade Commission by overnight courier to defendants' attorneys, William T. Hines, 800 Fifth  
17 Avenue, Suite 4000, Seattle, WA 98104, and Richard J. Troberman, Suite 1200 Puget Sound  
18 Plaza, 1325 Fourth Avenue, Seattle, WA 98101-2573, the full judgment amount of \$1,328,622  
19 (USD), less the sum of any amount already paid to the Commission and to the Director, shall  
20 immediately become due and payable by defendants to the Director and Commission, and  
21 interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately  
22 begin to accrue on the unpaid balance.

#### 23 IV.

#### 24 RIGHT TO REOPEN

25 **IT IS FURTHER ORDERED** that, by agreeing to this Order, defendants reaffirm and  
26 attest to the truthfulness, accuracy, and completeness of the Financial Disclosure Forms executed  
27 on July 8, 2003 for Pal and August 7, 2003 and July 21, 2003 for Tahvili. Plaintiff's agreement  
28 to this Order is expressly premised upon the truthfulness, accuracy, and completeness of  
defendants' financial condition as represented in the Financial Disclosure Forms referenced

1 above, which contain material information upon which plaintiff relied in negotiating and  
2 agreeing to the terms of this Order. If, upon motion by the Commission, this Court finds that any  
3 defendant failed to disclose any material asset, or materially misrepresented the value of any  
4 asset, or made any other material misrepresentation in or omission from the Financial Disclosure  
5 Forms, the Court shall enter judgment against that defendant in favor of the Commission, in the  
6 amount of \$1,328,622 (USD); *Provided, however*, that in all other respects this Stipulated Order  
7 shall remain in full force and effect unless otherwise ordered by the Court; and provided further,  
8 that proceedings instituted under this Paragraph are in addition to and not in lieu of any other  
9 civil or criminal remedies as may be provided by law, including any other proceedings the  
10 Commission may initiate to enforce this Stipulated Order. Solely for purposes of this Paragraph,  
11 the defendants waive any right to contest any of the allegations in the Commission's complaint.

12 V.

13 **MONITORING COMPLIANCE OF SALES PERSONNEL**

14 **IT IS FURTHER ORDERED** that defendants, in connection with any business where  
15 (1) any defendant is the majority owner of the business or directly or indirectly manages or  
16 controls the business, and (2) the business is engaged in telemarketing to U.S. residents, or in  
17 assisting others engaged in said business, are hereby permanently restrained and enjoined from:

18 A. Failing to take reasonable steps sufficient to monitor and ensure that all  
19 employees and independent contractors engaged in sales or other customer service functions  
20 comply with Paragraph I of this Stipulated Order. Such steps shall include adequate monitoring  
21 of sales presentations or other calls with customers, and shall also include, at a minimum, the  
22 following: (1) listening to the oral representations made by persons engaged in sales or other  
23 customer service functions; (2) establishing a procedure for receiving and responding to  
24 consumer complaints; and (3) ascertaining the number and nature of consumer complaints  
25 regarding transactions in which each employee or independent contractor is involved; *provided*  
26 that this Paragraph does not authorize or require the defendant to take any steps that violate any  
27 federal, state, or local laws;

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

1 C. Failing to take corrective action with respect to any sales person that is not  
2 complying with this Stipulated Order, which may include training, disciplining, and/or  
3 terminating such sales person.

4 VI.

5 COMPLIANCE REPORTING BY DEFENDANT

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

8 A. For a period of five (5) years from the date of entry of this Order,

9 I. Pal and Tahvili shall notify the Commission of the following:

- 10 a. Any changes in defendants' residence, mailing addresses, and  
11 telephone numbers, within ten (10) days of the date of such  
12 change;
- 13 b. Any changes in defendants' employment status (including self-  
14 employment) within ten (10) days of the date of such change. Such  
15 notice shall include the name and address of each business that  
16 defendant is affiliated with, employed by, or performs services for;  
17 a statement of the nature of the business; and a statement of  
18 defendant's duties and responsibilities in connection with the  
19 business; and
- 20 c. Any changes in defendants' name or use of any aliases or fictitious  
21 names; and

22 2. FBNIH, Pal, and Tahvili shall notify the Commission of any changes in  
23 corporate structure that may affect compliance obligations arising under  
24 this Order, including but not limited to a dissolution, assignment, sale,  
25 merger, or other action that would result in the emergence of a successor  
26 corporation; the creation or dissolution of a subsidiary, parent, or affiliate  
27 that engages in any acts or practices subject to this Order; the filing of a  
28 bankruptcy petition; or a change in the corporate name or address, at least  
thirty (30) days prior to such change, *provided* that, with respect to any

1 proposed change in the corporation about which the defendant learns less  
2 than thirty (30) days prior to the date such action is to take place,  
3 defendant shall notify the Commission as soon as is practicable after  
4 obtaining such knowledge.

5 B. One hundred eighty (180) days after the date of entry of this Stipulated Order, Pal,  
6 Tahvili, and FBNH shall provide a written report to the FTC, sworn to under penalty of perjury,  
7 setting forth in detail the manner and form in which they have complied and are complying with  
8 this Order. This report shall include, but not be limited to:

- 9 1. Any changes required to be reported pursuant to subparagraph A. above;  
10 and  
11 2. A copy of each acknowledgment of receipt of this Order obtained by  
12 defendants pursuant to Paragraph IX.

13 C. For the purposes of this Order, defendants shall, unless otherwise directed by the  
14 Commission's authorized representatives, mail all written notifications to the Commission to:

15 Charles A. Harwood, Director  
16 Northwest Region  
17 Federal Trade Commission  
18 915 Second Ave., Suite 2896  
19 Seattle, WA 98174

20 Re: *FTC v. D&C National Holdings Ltd., et al.*, Civil Action No. C02-1134P

21 D. For purposes of the compliance reporting required by this Paragraph, the  
22 Commission is authorized to communicate directly with defendants.

## 23 VII.

### 24 COMPLIANCE MONITORING

25 **IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating  
26 compliance with any provision of this Order,

27 A. Within ten (10) days of receipt of written notice from a representative of the  
28 Commission, defendants shall submit additional written reports, sworn to under penalty of  
perjury; produce documents for inspection and copying; appear for deposition; and/or provide  
entry during normal business hours to any business location in such defendants' possession or  
direct or indirect control to inspect the business operation;

1 B. In addition, the Commission is authorized to monitor compliance with this Order  
2 by all other lawful means, including but not limited to the following:

- 3 1. obtaining discovery from any person, without further leave of court, using  
4 the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;  
5 and  
6 2. posing as consumers and suppliers to defendants or their employees, or  
7 any other entity managed or controlled in whole or in part by defendants,  
8 without the necessity of identification or prior notice;

9 *Provided* that nothing in this Order shall limit the Commission's lawful use of compulsory  
10 process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any  
11 documentary material, tangible things, testimony, or information relevant to unfair or deceptive  
12 acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)); and

13 C. Defendants shall permit representatives of the Commission to interview any  
14 employer, consultant, independent contractor, representative, agent, or employee who has agreed  
15 to such an interview, relating in any way to any conduct subject to this Stipulated Order. The  
16 person interviewed may have counsel present.

### 17 VIII.

#### 18 RECORD KEEPING PROVISIONS

19 **IT IS FURTHER ORDERED** that, for a period of eight (8) years from the date of entry  
20 of this Stipulated Order, defendants, and defendants' agents, employees, officers, servants,  
21 corporations, successors, and assigns, and those persons in active concert or participation with  
22 them who receive actual notice of this Stipulated Order by personal service or otherwise, in  
23 connection with any business where: (1) defendants are the majority owner of the business, or  
24 directly or indirectly manage or control the business, and (2) the business is engaged in  
25 telemarketing to U.S. residents, or in assisting others engaged in said business, are hereby  
26 permanently restrained and enjoined from failing to create and retain, unless otherwise specified:

27 A. Accounting records that reflect the cost of goods or services sold, revenues  
28 generated, and the disbursement of such revenues;

1 B. Personnel records accurately reflecting: the name, address, and telephone number  
2 of each person employed in any capacity by such business, including as an independent  
3 contractor; that person's job title or position; the date upon which the person commenced work;  
4 and the date and reason for the person's termination, if applicable;

5 C. Customer files containing the names, addresses, phone numbers, dollar amounts  
6 paid, quantity of items or services purchased, and description of items or services purchased, to  
7 the extent such information is obtained in the ordinary course of business;

8 D. Complaints and refund requests (whether received directly, indirectly or through  
9 any third party) and any responses to those complaints or requests; and

10 E. Copies of all sales scripts, training materials, advertisements, or other marketing  
11 materials.

## 12 IX.

### 13 DISTRIBUTION OF ORDER BY DEFENDANT

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

16 A. First British National Holdings Ltd., shall deliver a copy of this Order to all  
17 principals, officers, directors, managers, employees, agents, and representatives having  
18 responsibilities with respect to the subject matter of this Order, and shall secure from each such  
19 person a signed and dated statement acknowledging receipt of the Order. FBNH shall deliver this  
20 Order to current personnel within thirty (30) days after the date of service of this Order, and to  
21 new personnel within thirty (30) days after the person assumes such position or responsibilities.

22 B. Tahvili and Pal shall deliver a copy of this Order to the principals, officers,  
23 directors, managers and employees under their control for any business that (a) employs or  
24 contracts for personal services from Tahvili or Pal and (b) has responsibilities with respect to the  
25 subject matter of this Order. Tahvili and Pal shall secure from each such person a signed and  
26 dated statement acknowledging receipt of the Order within thirty (30) days after the date of  
27 service of the Order or the commencement of the employment relationship.  
28

X.

**ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANT**

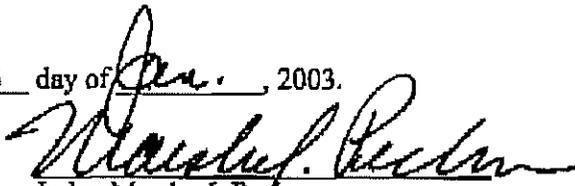
IT IS FURTHER ORDERED that defendants, within five (5) business days of receipt of this Stipulated Order as entered by the Court, shall submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

XI.

**RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification and enforcement of this Order.

SO ORDERED, this 23 day of Jan., 2003.

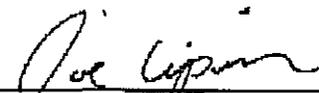
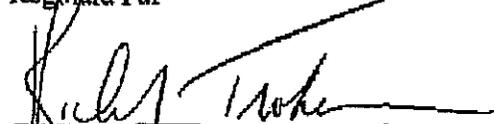


Judge Marsha J. Pechman  
United States District Judge

The parties, by their respective counsel, hereby consent to the terms and conditions of the Stipulated Order as set forth above and consent to the entry thereof.

**FOR PLAINTIFF FEDERAL  
TRADE COMMISSION:**

**FOR DEFENDANTS:**

  
\_\_\_\_\_  
Joe Lipinsky  
Mary T. Benfield  
Attorneys for Plaintiff  
Federal Trade Commission  
\_\_\_\_\_  
Reginald Pal  
  
\_\_\_\_\_  
Richard Troberman  
Attorney for Defendant Reginald Pal

Omid Tahvili, individually and as an officer of First British National Holdings Ltd.

William T. Hines  
Attorney for Defendants Omid Tahvili and First British National Holdings Ltd.

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