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CENTRAL DISTRICT OF CALIFORNIA
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11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13 WESTERN DIVISION

14 FEDERAL TRADE COMMISSION,
15 Plaintiff,
16 v.

Civ No. 03 0128 NM (CWx)

17 JORDAN MAXWELL, also known as
18 RUSSELL PINE, individually and
doing business as BBCOA aka
19 BBC OF AMERICA aka BETTER BOOKS AND
CASSETTES OF AMERICA; and
20 VIC VARJABEDIAN aka VICTOR
VARJABEDIAN aka VAROUJ VARJABEDIAN,
individually,
21 Defendants.

~~[PROPOSED]~~
DEFAULT JUDGMENT AND
ORDER FOR PERMANENT
INJUNCTION

22
23
24 Plaintiff, the Federal Trade Commission ("Commission"),
25 pursuant to Section 13(b) of the Federal Trade Commission Act
26 ("FTC Act"), 15 U.S.C. § 53(b), filed a Complaint for Injunctive
27 and Other Equitable Relief ("Complaint"), including consumer
28 redress, charging that Defendants Jordan Maxwell, also known as

1 Russell Pine, individually and doing business as BBCOA, aka BBC
2 of America, aka Better Books and Cassettes of America, and Vic
3 Varjabedian, aka Victor Varjabedian, aka Varouj Varjabedian, with
4 violations of Sections 5(a) and 19 of the FTC Act, 15 U.S.C.
5 §§ 45(a) and 57b, and Sections 404(a) & (b) and Section 405(a) of
6 the Credit Repair Organizations Act, 15 U.S.C. §§ 1679b and
7 1679c, in connection with the advertising, promotion, offering
8 for sale, and sale of their international driver's permits,
9 credit repair services, and debt termination programs.

10 Defendant Varjabedian was personally served with the Summons
11 and Complaint for this action at his home on January 13, 2003.
12 Pursuant to this Court's November 4, 2003 Order, Defendant
13 Maxwell was served with process by publication in the Los Angeles
14 Times on November 14, 2003, November 21, 2003, November 28, 2003,
15 and December 5, 2003. Neither Defendant has filed an answer or
16 other responsive pleading to the Commission's Complaint.
17 Pursuant to Rule 55(a) of the Federal Rules of Civil Procedure,
18 the Clerk of Court entered a default against Defendant
19 Varjabedian on November 5, 2003 and entered a default against
20 Defendant Maxwell on January 28, 2004. The Commission now has
21 moved this Court for entry of a default judgment against both
22 Defendants pursuant to Rule 55(b)(2) of the Federal Rules of
23 Civil Procedure. Having considered the memorandum and exhibits
24 filed in support of the Commission's motion, and the entire
25 record in this matter, and now being fully advised in the
26 premises, the Court hereby grants the Commission's motion for a
27 default judgment.

28 //

1 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED as follows:

2 FINDINGS

3 1. This is an action by the Commission instituted under
4 Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b).
5 The Commission's Complaint seeks permanent injunctive relief
6 against Defendants in connection with the advertising, promotion,
7 offering for sale, and sale of their international driver's
8 permits, credit repair services, and debt cancellation services,
9 and equitable monetary relief in the form of consumer redress
10 and/or disgorgement. Pursuant to these sections of the FTC Act,
11 the Commission has the authority to seek the relief contained
12 herein.

13 2. This Court has jurisdiction over the subject matter of
14 this action and the parties.

15 3. Venue is proper as to all parties in the Central
16 District of California.

17 4. Plaintiff's Complaint states a claim upon which relief
18 may be granted against Defendants under Sections 5(a), 13(b), and
19 19 of the FTC Act, 15 U.S.C. §§ 45, 53(b) & 57b, and Sections
20 404(a) & (b) and Section 405(a) of the Credit Repair
21 Organizations Act, 15 U.S.C. §§ 1679b & 1679c.

22 5. The activities of Defendants, as alleged in the
23 Complaint, are in or affecting commerce, as defined in Section 4
24 of the FTC Act, 15 U.S.C. § 44.

25 6. Defendants were properly served with process in this
26 matter. Defendant Varjabedian was served with the Summons and
27 Complaint personally, while Defendant Maxwell was served with the
28 Summons by publication. Defendants failed to answer or otherwise

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1 defend against the Commission's claims. Accordingly, Defendants
2 are in default.

3 7. The Clerk of Court, pursuant to Fed. R. Civ. P. 55(a),
4 entered a default against Defendant Varjabedian on November 5,
5 2003, and entered a default against Defendant Maxwell on January
6 28, 2004.

7 8. To the best of this Court's information and knowledge,
8 Defendants are not infants, have not been declared incompetent,
9 nor are currently in the military or otherwise exempted from
10 default judgment under the Soldiers' and Sailors' Civil Relief
11 Act of 1940.

12 9. The factual allegations in the Commission's Complaint
13 are taken as true against Defendants. Those allegations and the
14 evidence supporting them establish that Defendants violated
15 Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and Sections
16 404(a) & (b) and Section 405(a) of the Credit Repair
17 Organizations Act, 15 U.S.C. §§ 1679b & 1679c.

18 10. Defendants are likely to continue to engage in the acts
19 and practices alleged in the Complaint unless they are
20 permanently enjoined from such acts and practices.

21 11. The Commission is entitled to equitable monetary relief
22 against Defendants in the amount of \$444,554.66.

23 12. This Order is in addition to, and not in lieu of, any
24 other civil or criminal remedies that may be provided by law.

25 13. Entry of this Order is in the public interest.

26 14. Pursuant to Federal Rule of Civil Procedure 65(d), the
27 provisions of this Order are binding upon Defendants, their
28 officers, agents, servants, employees, attorneys, corporations,

1 successors and assigns, and upon those persons or entities in
2 active concert or participation with them who receive actual
3 notice of this Order by personal service or otherwise.

4 **DEFINITIONS**

5 For purposes of this Order, the following definitions shall
6 apply:

7 1. **"Assets"** means any legal or equitable interest in,
8 right to, or claim to, any real or personal property, including
9 but not limited to chattels, goods, instruments, money, funds,
10 equipment, fixtures, general intangibles, effects, leaseholds,
11 mail or other deliveries, inventory, checks, notes, accounts,
12 credits, receivables (as those terms are defined in the Uniform
13 Commercial Code), and all cash, wherever located.

14 2. **"Customer"** means any person who is, has been, or may be
15 required to pay for goods or services offered for sale or sold by
16 any Defendant.

17 3. **"Defendants"** means Jordan Maxwell, also known as
18 Russell Pine, individually and doing business as BBCOA, aka BBC
19 of America, aka Better Books and Cassettes of America; and Vic
20 Varjabedian, aka Victor Varjabedian, aka Varouj Varjabedian, and
21 each of them, by whatever names each may be known.

22 4. **"Document(s)"** or **"record(s)"** is synonymous in meaning
23 and equal in scope to the usage of the term in Federal Rule of
24 Civil Procedure 34(a) and means:

25 A. The original or a true copy of any written, typed,
26 printed, electronically stored, transcribed, taped, recorded,
27 filmed, punched, or graphic matter or other data compilations of
28 any kind, including, but not limited to, letters, e-mail or other

1 correspondence, messages, memoranda, interoffice communications,
2 notes, reports, summaries, manuals, magnetic tapes or discs,
3 tabulations, books, records, checks, invoices, work papers,
4 journals, ledgers, statements, returns, reports, schedules, or
5 files; and

6 B. Any information stored on any desktop personal
7 computer ("PC") and workstations, laptops, notebooks, and other
8 portable computers, whether assigned to individuals or in pools
9 of computers available for shared use; and home computers used
10 for work-related purposes; backup disks and tapes, archive disks
11 and tapes, and other forms of offline storage, whether stored
12 onsite with the computer used to generate them, stored offsite in
13 another company facility or stored offsite by a third-party, such
14 as in a disaster recovery center; and computers and related
15 offline storage used by Defendants' participating associates,
16 which may include persons who are not employees of the company or
17 who do not work on company premises.

18 5. **"Material"** means likely to affect a person's choice of,
19 or conduct regarding, goods or services.

20 6. **"International driving permit"** means any document
21 called an international driving permit, international driver's
22 permit, international driver's license, or any variation thereof.

23 7. **"Identification document"** means a document made or
24 issued by or under the authority of the United States Government,
25 a State, political subdivision of a State, a foreign government,
26 political subdivision of a foreign government, an international
27 governmental or international quasi governmental organization
28 which, when completed with information concerning a particular

1 individual, is of a type intended or commonly accepted for the
2 purpose of identification of individuals, including, but not
3 limited to, driver's licenses, birth certificates, social
4 security cards, work permits, diplomas, school transcripts,
5 identification cards, and passports.

6 8. **"False identification document"** means any document that
7 could reasonably be confused for an identification document.

8 9. **"Identification template"** means any implement,
9 impression, electronic device or computer hardware or software
10 that is specifically configured or primarily used for making an
11 identification document or false identification document.

12 10. **"Credit repair organization"** means any person who uses
13 any instrumentality of interstate commerce or the mails to sell,
14 provide, or perform (or represent that such person can or will
15 sell, provide, or perform) any service, in return for the payment
16 of money or other valuable consideration, for the express or
17 implied purpose of: (1) improving any consumer's credit record,
18 credit history, or credit rating; or (2) providing advice or
19 assistance to any consumer with regard to any activity or service
20 the purpose of which is to improve a consumer's credit record,
21 credit history, or credit rating. See 15 U.S.C. § 1679a(3).

22 11. **"Credit repair service"** means any service, in return
23 for the payment of money or other valuable consideration, for the
24 express or implied purpose of: (1) improving any consumer's
25 credit record, credit history, or credit rating; or (2) providing
26 advice or assistance to any consumer with regard to any activity
27 or service the purpose of which is to improve a consumer's credit
28 record, credit history, or credit rating.

1 12. "Assisting others" means providing any of the following
2 goods or services to any person or entity: (a) performing
3 customer service functions, including but not limited to
4 receiving or responding to consumer complaints; (b) formulating
5 or providing, or arranging for the formulation or provision of,
6 any telephone sales script or any other written marketing
7 material, including, but not limited to, the text of any Internet
8 website, email or other electronic communication; (c) providing
9 names of, or assisting in the generation of, potential customers;
10 (d) performing marketing services of any kind; (e) acting as an
11 officer or director of a business entity; or (f) supplying an
12 international driving permit, identification document, false
13 identification document, identification template, or related
14 material or information, whether denoted as a real or novelty
15 item.

16 13. "Person" means a natural person, an organization or
17 other legal entity, including a corporation, partnership, sole
18 proprietorship, limited liability company, association,
19 cooperative, or any other group or combination acting as an
20 entity.

21 14. "Plaintiff" means the Federal Trade Commission.

22 I. BAN ON CERTAIN ACTIVITIES

23 IT IS THEREFORE ORDERED that Defendants, whether acting
24 directly or through any person or entity, are hereby permanently
25 restrained and enjoined from (A) marketing, advertising,
26 promoting, offering for sale, distributing, or selling any
27 international driving permit, or any other identification
28 document, false identification document, identification template,

1 or related material or information, whether denoted as a real or
2 novelty item; and (B) assisting others who Defendant knows or
3 consciously avoids knowing are engaged in the marketing,
4 advertising, promotion, offering for sale, distributing, or
5 selling of any international driving permit, or any other
6 identification document, false identification document,
7 identification template, or related material or information,
8 whether denoted as a real or novelty item. Nothing in this Order
9 shall be read as an exception to this Section.

10 **II. PROHIBITED BUSINESS ACTIVITIES**

11 **IT IS FURTHER ORDERED** that, in connection with the
12 advertising, promotion, offer for sale, or sale of any item,
13 product, good, service, investment opportunity, business
14 opportunity, partnership interest, trust interest, or other
15 beneficial interest, Defendants and any entity through which they
16 do business, and their successors, assigns, officers, agents,
17 servants, employees, attorneys, and those other persons or
18 entities in active concert or participation with them who receive
19 actual notice of this Order by personal service or otherwise, are
20 hereby permanently restrained and enjoined from:

21 A. Making, or assisting others in making, directly or by
22 implication, any false or misleading oral or written statement or
23 representation in connection with the advertising, marketing,
24 promotion, offering for sale, distribution, or sale of any
25 international driving permit or other identification document,
26 including but not limited to:

27 1. Misrepresenting or assisting others in
28 misrepresenting, directly or by implication, that any

1 international driving permit or other identification document
2 authorizes consumers to drive legally in the United States or any
3 other country;

4 2. Misrepresenting or assisting others in
5 misrepresenting, directly or by implication, that consumers who
6 purchase any international driving permit or other identification
7 document may use it to avoid points for traffic violations;

8 3. Misrepresenting or assisting others in
9 misrepresenting, directly or by implication, that consumers who
10 purchase any international driving permit or other identification
11 document may use it to avoid sanctions for driving with a
12 suspended or revoked government-issued driver's license;

13 4. Misrepresenting or assisting others in
14 misrepresenting, directly or by implication, that any
15 international driving permit or other identification document can
16 be used in the United States or any other country as an
17 identification document in the same ways a person can use a
18 government-issued photo identification document;

19 5. Misrepresenting or assisting others in
20 misrepresenting, directly or by implication, that any
21 international driving permit or other identification document has
22 been issued by or under the authority of the United States
23 Government, a State, political subdivision of a State, a foreign
24 government, political subdivision of a foreign government, an
25 international governmental or international quasi governmental
26 organization;

27 6. Misrepresenting or assisting others in
28 misrepresenting, directly or by implication, any information

1 relating to any holder of any international driving permit or
2 other identification document, including, but not limited to, the
3 identity, name, address, nationality, citizenship, or vital
4 statistic of the holder; and

5 7. Misrepresenting or assisting others in
6 misrepresenting, directly or by implication, any other fact
7 material to a consumer's decision to purchase any international
8 driving permit or any other identification document, false
9 identification document, identification template, or related
10 material or information, whether denoted as a real or novelty
11 item.

12 B. Making, or assisting others in making, directly or by
13 implication, any false or misleading oral or written statement or
14 representation in connection with the advertising, marketing,
15 promotion, offering for sale, distribution, or sale of any credit
16 repair or debt cancellation product or service, including but not
17 limited to, the following:

18 1. That consumers can improve substantially
19 consumers' credit reports or profiles by permanently removing
20 bankruptcies, late payments, foreclosures, or other negative
21 information from consumers' credit reports, even where such
22 information is accurate and not obsolete;

23 2. That Defendants can legally terminate consumers'
24 credit card or loan debt; and

25 3. Any other fact material to a consumer's decision
26 to purchase or use Defendants' credit repair or debt cancellation
27 products or services.

28 C. Making, or assisting others in making, directly or by

1 implication, any false or misleading oral or written statement or
2 representation, or taking any action in connection with the
3 advertising, marketing, promotion, offering for sale,
4 distribution, or sale of any credit repair product or service
5 which violates any provision of the Credit Repair Organizations
6 Act, including but not limited to, the following:

7 1. The charging or receiving of any money or other
8 valuable consideration for the performance of any service which
9 the credit repair organization has agreed to perform for any
10 consumer before such service is fully performed;

11 2. Failing to provide the written statement required
12 by Section 405(a) of the Credit Repair Organizations Act, 15
13 U.S.C. § 1679c(a), in the form and manner required by that Act,
14 to each consumer before any contract or agreement between the
15 consumer and Defendants is executed; and

16 3. Representing that Defendants can improve
17 substantially most consumers' credit reports or profiles by
18 permanently removing bankruptcies, liens, judgments, charge-offs,
19 late payments, foreclosures, repossessions, or other negative
20 information from consumers' credit reports, even where such
21 information is accurate and not obsolete.

22 D. Misrepresenting or assisting others in misrepresenting,
23 directly or by implication, any material fact regarding any item,
24 product, good, or service sold or offered for sale.

25 **III. PROHIBITIONS REGARDING CONSUMER INFORMATION**

26 **IT IS FURTHER ORDERED** that Defendants, their officers,
27 agents, servants, employees, attorneys, corporations, successors
28 and assigns, and any other person or entity through which they do

1 business, and any other person or entity in active concert or
2 participation with them who receives actual notice of this Order
3 by personal service or otherwise, are hereby permanently
4 restrained and enjoined from selling, renting, leasing,
5 transferring, or otherwise disclosing the name, address,
6 telephone number, social security number, credit card number,
7 bank account number, e-mail address, or other identifying
8 information of any person who paid money to any Defendant at any
9 time prior to the entry date of this Order in connection with the
10 sale of the products or services referenced in the Commission's
11 Complaint, or whose identifying information was obtained for the
12 purpose of soliciting them to pay money to any Defendant in
13 connection with the sale of the products or services referenced
14 in the Commission's Complaint; provided, however, that Defendants
15 may disclose such identifying information (i) with the express
16 written consent of the person whose information is disclosed,
17 (ii) to a law enforcement agency, or (iii) as required or
18 authorized by any law, regulation, or court order.

19 **IV. MONETARY RELIEF**

20 **IT IS FURTHER ORDERED** that:

21 A. Judgment is hereby entered against Defendants jointly
22 and severally in the amount of four hundred forty-four thousand,
23 five hundred fifty-four dollars and sixty-six cents
24 (\$444,554.66). This amount shall become immediately due and
25 payable by Defendants upon entry of this Order, and interest
26 computed at the rate prescribed under 28 U.S.C. § 1961, as
27 amended, shall immediately begin to accrue on the unpaid balance;

28 B. Defendants shall make the payment required by

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1 Subsection A of this Section in United States funds by certified
2 or cashier's check, made payable to the Federal Trade Commission,
3 and delivered to the Regional Director, Federal Trade Commission,
4 55 East Monroe Street, Suite 1860, Chicago, Illinois 60603;

5 C. The funds paid pursuant to this Section shall be
6 deposited into a redress fund, administered by the Commission or
7 its agent, to be used for equitable relief, including but not
8 limited to, consumer redress and any attendant expenses for the
9 administration of any redress fund. In the event that direct
10 redress to consumers is wholly or partially impracticable or
11 funds remain after redress is completed, the Commission may apply
12 any remaining funds for such other equitable relief (including
13 consumer information remedies) as it determines to be reasonably
14 related to the Defendants' practices alleged in the Complaint.
15 Any funds not used for such equitable relief shall be deposited
16 to the Treasury as disgorgement. Defendants shall have no right
17 to challenge the Commission's choice of remedies or the manner of
18 distribution under this Section. The Commission, in its sole
19 discretion, may use a designated agent to administer consumer
20 redress;

21 D. Defendants are hereby required, in accordance with 31
22 U.S.C. § 7701, to furnish to the Commission their Social Security
23 Numbers and/or taxpayer identification numbers, which shall be
24 used for purposes of collecting and reporting on any delinquent
25 amount arising out of this Order; and

26 E. The judgment entered pursuant to Subsection A of this
27 Section for equitable monetary relief is solely remedial in
28 nature and is not a fine, penalty, punitive assessment, or

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1 forfeiture.

2 V. RECEIVERSHIP

3 IT IS FURTHER ORDERED that the appointment of Robb Evans as
4 Receiver pursuant to the Preliminary Injunction Order entered by
5 the Court on January 23, 2003, is hereby continued as modified by
6 this Section.

7 A. The Receiver shall complete the liquidation authorized
8 by the Court's May 27, 2003 order of ~~all the assets~~ of BBCOA, aka
9 BBC of America, aka Better Books and Cassettes of America

10 ("BBCOA"), including all furniture, equipment, and ~~other contents~~ ^{fixtures}
11 ~~at~~ BBCOA's premises ~~at~~ 19512 Ventura Boulevard, Suite 102,
12 Tarzana, California 91356, 19510 Ventura Boulevard, Suite 206,
13 Tarzana, California 91356, and 19562 Ventura Boulevard, Suite

14 213, Tarzana, California 91335.* The proceeds of said liquidation
15 shall be included in the receivership estate along with all other
16 assets of BBCOA. Upon liquidation of the assets of BBCOA, the
17 Receiver shall submit a report and application for fees and
18 expenses, and upon approval of the same shall pay:

19 1. To the Receiver the amounts allowed by the Court
20 pursuant to the Receiver's application for fees and expenses; and

21 2. Any remaining funds to the Commission for deposit
22 into the consumer redress fund. Any funds transferred to the
23 Commission pursuant to this Section shall be applied against the
24 amounts owed to the Commission under Section IV.

25 B. Upon the filing of the Receiver's report, the Court's
26 approval of the same, and the Receiver's fulfillment of his
27 payment obligations under this Section, the Receivership over
28 BBCOA pursuant to the Preliminary Injunction Order entered by the

The Receiver shall then return all add'l personal property consisting of books and personal items to Receivership Defendants.

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1 Court on January 23, 2003, shall be terminated. Defendants shall
2 indemnify and hold harmless the Receiver for any claim made
3 against the Receiver arising out of the Receiver's activities
4 pursuant to this Order or previous orders of the Court.

5 **VI. DISSOLUTION OF ASSET FREEZE**

6 **IT IS FURTHER ORDERED** that:

7 A. Upon payment to the Commission of the amount required
8 by Section IV of this Order, the freeze against the assets of
9 Defendants pursuant to Section II of the Preliminary Injunction
10 Order entered by the Court on January 23, 2003, shall be lifted
11 permanently; and

12 B. The freeze against the assets of BBCOA pursuant to
13 Section II of the Preliminary Injunction Order entered by the
14 Court on January 23, 2003, shall be lifted permanently upon
15 termination of the Receivership pursuant to Section ~~VI~~^V of this
16 Order.

17 **VII. COMPLIANCE MONITORING**

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

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

27 B. In addition, the Commission is authorized to monitor
28 compliance with this Order by all other lawful means, including

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1 but not limited to the following:

2 1. obtaining discovery from any person, without
3 further leave of court, using the procedures prescribed by Fed.
4 R. Civ. P. 30, 31, 33, 34, 36, and 45;

5 2. Posing as consumers and suppliers to Defendants,
6 Defendants' employees, or any other entity managed or controlled
7 in whole or in part by any Defendant, without the necessity of
8 identification or prior notice;

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

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

21 **VIII. COMPLIANCE REPORTING BY DEFENDANTS**

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

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

26 1. Defendants shall notify the Commission of the
27 following:

28 a. Any changes in Defendant's residence, mailing

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1 addresses, and telephone numbers, within ten (10) days of the
2 date of such change;

3 b. Any changes in Defendant's employment status
4 (including self-employment) within ten (10) days of the date of
5 such change. Such notice shall include the name and address of
6 each business that Defendant is affiliated with, employed by, or
7 performs services for; a statement of the nature of the business;
8 and a statement of Defendant's duties and responsibilities in
9 connection with the business; and

10 c. Any changes in Defendant's name or use of any
11 aliases or fictitious names; and

12 2. Defendants shall notify the Commission of any
13 changes in corporate structure that may affect compliance
14 obligations arising under this Order, including but not limited
15 to a dissolution, assignment, sale, merger, or other action that
16 would result in the emergence of a successor corporation; the
17 creation or dissolution of a subsidiary, parent, or affiliate
18 that engages in any acts or practices subject to this Order; the
19 filing of a bankruptcy petition; or a change in the corporate
20 name or address, at least thirty (30) days prior to such change,
21 provided that, with respect to any proposed change in the
22 corporation about which the Defendant learns less than thirty
23 (30) days prior to the date such action is to take place,
24 Defendant shall notify the Commission as soon as is practicable
25 after obtaining such knowledge.

26 B. One hundred eighty (180) days after the date of entry
27 of this Order, Defendants shall provide a written report to the
28 Commission, sworn to under penalty of perjury, setting forth in

1 detail the manner and form in which they have complied and are
2 complying with this Order. This report shall include, but not be
3 limited to:

4 1. Any changes required to be reported pursuant to
5 Subsection A above; and

6 2. A copy of each acknowledgment of receipt of this
7 Order obtained by Defendant pursuant to Section XI of this Order;

8 C. For the purposes of this Order, Defendants shall,
9 unless otherwise directed by the Commission's authorized
10 representatives, mail all written notifications to the Commission
11 to:

12 Regional Director
13 Federal Trade Commission
14 55 East Monroe Street, Suite 1860
15 Chicago, Illinois 60603
16 Re: FTC v. Jordan Maxwell, et al., Civ. No. 03
17 0128 NM (CWx)

18 D. For purposes of the compliance reporting required by
19 this Section, the Commission is authorized to communicate
20 directly with Defendants.

21 IX. RECORD KEEPING PROVISIONS

22 IT IS FURTHER ORDERED that, for a period of eight (8) years
23 from the date of entry of this Order, in connection with any
24 business where a Defendant is the majority owner of the business
25 or directly or indirectly manages or controls the business,
26 Defendant and his agents, employees, officers, corporations,
27 successors, and assigns, and those persons in active concert or
28 participation with them who receive actual notice of this Order
by personal service or otherwise, are hereby restrained and
enjoined from failing to create and retain the following records:

A. Accounting records that reflect the cost of goods or

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1 services sold, revenues generated, and the disbursement of such
2 revenues;

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

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

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

17 E. Copies of all sales scripts, training materials,
18 advertisements, or other marketing materials.

19 **X. DISTRIBUTION OF ORDER BY DEFENDANTS**

20 **IT IS FURTHER ORDERED** that, for a period of five (5) years
21 from the date of entry of this Order, Defendants shall deliver a
22 copy of this Order to the principals, officers, directors,
23 managers, and employees under Defendant's control for any
24 business that (1) employs or contracts for personal services from
25 Defendant and (2) has responsibilities with respect to the
26 subject matter of this Order. Defendants shall secure from each
27 such person a signed and dated statement acknowledging receipt of
28 the Order within thirty (30) days after the date of service of

1 the Order or the commencement of the employment relationship.

2 **XI. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

3 **IT IS FURTHER ORDERED** that Defendants, within five (5)
4 business days of receipt of this Order as entered by the Court,
5 must submit to the Commission a truthful sworn statement, in the
6 form shown at **Appendix A**, acknowledging receipt of this Order.

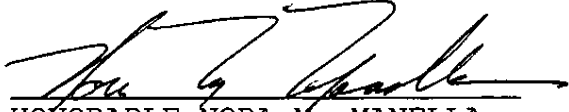
7 **XII. FEES AND COSTS**

8 **IT IS FURTHER ORDERED** that each party to this Order shall
9 bear its own costs and attorney's fees in connection with this
10 action.

11 **XIII. RETENTION OF JURISDICTION**

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

15
16 **SO ORDERED**, this 27th day of April.

17
18 Dated: _____
19 
20 HONORABLE NORA M. MANELLA
UNITED STATES DISTRICT JUDGE

21 Presented By:
22 Katherine Romano Schnack
23 KATHERINE ROMANO SCHNACK
TODD M. KOSSOW
24 Federal Trade Commission
55 East Monroe Street, Suite 1860
25 Chicago, Illinois 60603
26 (312) 960-5634 [Ph.]
(312) 960-5600 [Fax]

27 Attorneys for Plaintiff
28 FEDERAL TRADE COMMISSION

APPENDIX A

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 03 0128 NM (Cwx)

SCANNED

FEDERAL TRADE COMMISSION,
 Plaintiff,
 v.
 JORDAN MAXWELL, also known as
 RUSSELL PINE, individually and
 doing business as BBCOA aka
 BBC OF AMERICA aka BETTER BOOKS AND
 CASSETTES OF AMERICA; and
 VIC VARJABEDIAN aka VICTOR
 VARJABEDIAN aka VAROUJ VARJABEDIAN,
 individually,
 Defendants.

**AFFIDAVIT ATTESTING TO
RECEIPT OF ORDER**

I, _____, being duly sworn, hereby state and affirm as follows:

1. My name is _____. I am a defendant in the above-captioned civil action. I am a citizen of _____ and am over the age of eighteen. I have personal knowledge of the facts set forth in this Affidavit.
2. My current business address is _____. My current business telephone number is _____. My current residential address is _____. My current residential telephone number is _____.
3. On _____, I received a copy of the Default Judgment and Order for Permanent Injunction ("Order"), which was signed by the Honorable Nora M. Manella and entered by

1 the Court on _____. A true and correct copy
2 of the Order that I received is appended to this Affidavit.

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

[City, State]

[Full Name of Defendant]

State of _____, City of _____

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

Notary Public
My Commission Expires:

CERTIFICATE OF SERVICE

SCANNED

I, Katherine Romano Schnack, hereby certify as follows:

I am over the age of eighteen and am employed by the Federal Trade Commission. My business address is 55 East Monroe Street, Suite 1860, Chicago, Illinois 60603. On this day, I caused to be served true copies of the Federal Trade Commission's: (1) Motion for Default Judgment; (2) Memorandum of Points and Authorities in Support of Plaintiff's Motion for Default Judgment and Exhibits Thereto; and (3) [Proposed] Default Judgment and Order for Permanent Injunction on the following via Federal Express:

Jordan Maxwell
19525 Ventura Blvd., Suite C
Tarzana, California 91356
DEFENDANT

Vic Varjabedian
6343 Geyser Ave
Tarzana, California 91335
DEFENDANT

Brick Kane
Robb Evans & Associates
11450 Sheldon Street
Sun Valley, CA 91352
RECEIVER

Byron Z. Moldo
Rein Evans & Sestanovich
1925 Century Park East, 16th Fl.
Los Angeles, CA 90025
ATTORNEY FOR RECEIVER

I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 22, 2004

Katherine Romano Schnack
Katherine Romano Schnack
Attorney for Plaintiff
Federal Trade Commission

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