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STIP. PERMANENT INJUNCTION - 1

The Honorable Thomas S. Zilly

UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON AT SEATTLE

FEDERAL TRADE COMMISSION,

Plaintiff,

٧.

9125-8954 QUEBEC INC., D.B.A. GLOBAL MANAGEMENT SOLUTIONS, a Canadian corporation;

9125-8947 QUEBEC INC., D.B.A. COMMUTEL MARKETING, and D.B.A. MARKETING USA, a Canadian corporation;

6050808 CANADA INC., D.B.A. AMERICAN BUSINESS SOLUTIONS, a

Canadian corporation: TY NGUYEN, individually and as a director or officer of Global Management Solutions and

Commutel Marketing/Marketing USA; CORY KORNELSON, individually and as a director or officer of Global Management Solutions:

BYRON STECZKO, individually and as a

director or officer of Commutei Marketing/Marketing USA;

PHONG ANH VO, individually and as a director or officer of Commutel

Marketing/Marketing USA; KELLY NGUYEN, individually and as a

director or officer of American Business Solutions; and

MINH TAM VO, individually and as a director or officer of American Business Solutions.

Defendants.

Case No. C05-0265 TSZ

STIPULATED FINAL JUDGMENT AND ORDER FOR PERMANENT INJUNCTION AS TO DEFENDANTS KELLY NGUYEN AND MINH TAM

Plaintiff Federal Trade Commission ("Commission" or "FTC"), pursuant to Section 13(b)

of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), filed its Complaint for

FEDERAL TRADE COMMISSION 915 Second Ave., Su. 2896 Seattle, Washington 98174 (206) 220-6350

Injunctive and Other Equitable Relief, including consumer redress, alleging that defendants 9125-8954 Quebec Inc., d.b.a. Global Management Solutions; 9125-8947 Quebec Inc., d.b.a. Commutel Marketing; 6050808 Canada, Inc., d.b.a. American Business Solutions; Ty Nguyen, a.k.a. Hiep Manh Nguyen; Cory Kornelson; Byron Steczko; Kelly Nguyen, a.k.a. Phu Minh Huy Nguyen, and Minh Tam Vo engaged in deceptive acts and practices in connection with telemarketing business directories and/or listings in business directories to U.S. consumers, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). The Commission later filed an Amended Complaint adding Phong Anh Vo as a defendant.

The Commission and defendants Kelly Nguyen, a.k.a. Phu Minh Huy Nguyen, and Minh Tam Vo (hereinafter referred to collectively as "defendants") have consented to the entry of this Stipulated Final Judgment and Order for Permanent Injunction ("Order"), which resolves all matters and claims in dispute between them arising from the Complaint up to the date of entry of this Order, on the following terms and conditions, without a trial or adjudication of any issue of law or fact.

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

FINDINGS

- A. This is an action by the Commission instituted under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b). Pursuant to this section, the Commission has the authority to seek the relief contained herein.
- B. The Commission's Complaint states a claim upon which relief may be granted against defendants under Sections 5(a) and 13(b) of the Federal Trade Commission Act, 15 U.S.C. §§ 45(a) and 53(b).
- C. This Court has jurisdiction over the subject matter of this case and all parties hereto. Venue in the Western District of Washington at Seattle is proper.
- D. The alleged activities of defendants are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

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- E. The parties shall each bear their own costs and attorney's fees incurred in this action and have waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and all rights to seek judicial review or otherwise to challenge the validity of this Order.
- F. This Order does not constitute, and shall not be interpreted to constitute, either an admission by defendants or a finding by the Court that defendants have engaged in any violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), or any other law or regulation.
 - G. Entry of this Order is in the public interest.

DEFINITIONS

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

- A. "Asset" means any legal or equitable interest in, right to, or claim to, any real and personal property including, but not limited to, chattels, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, funds, monies, and all cash, wherever located.
- B. "Assisting" means providing substantial assistance or support to any person. For purposes of this Order, providing substantial assistance or support includes, but is not limited to:

 (a) preparing, printing or transmitting invoices; (b) recording or verifying sales solicitations;

 (c) performing customer service functions including, but not limited to, receiving or responding to consumer complaints, obtaining or receiving identifying and financial information from consumers, and communicating with consumers on behalf of the seller or telemarketer;

 (d) developing, providing or arranging for the development or provision of sales scripts or any other marketing material; (e) verifying, processing, fulfilling or arranging for the fulfillment of orders; (f) developing, providing or arranging for the provision of names of potential customers;

 (g) collecting or arranging for the collection of accounts receivable or other amounts owed;

 (h) providing or arranging for the provision of post office boxes or the services of commercial mail receiving agencies; or (i) performing or providing marketing services of any kind,
 - C. "Corporate defendant" means 6050808 Canada Inc., d.b.a. American Business

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D. "Customer" means any person who has paid, or may be required to pay, for goods or services offered for sale or sold by the corporate defendant.

- E. "Defendants" means Kelly Nguyen, a.k.a. Phu Minh Huy Nguyen, and Minh Tam
- F. "Document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
- G. "Material" means likely to affect a person's choice of, or conduct regarding, goods or services.
- H. "Person" means any natural person and any organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, government agency, or any other group or combination acting as an entity.
- I. "Telemarketing" means any business activity (including, but not limited to, initiating or receiving telephone calls, managing others who initiate or receive telephone calls, operating an enterprise that initiates or receives telephone calls, owning an enterprise that initiates or receives telephone calls, or otherwise participating as an officer, director, employee or independent contractor in an enterprise that initiates or receives telephone calls) that involves attempts to induce consumers to purchase any item, good, service, membership, partnership interest, trust interest or other beneficial interest, or to enter a contest for a prize, by means of telephone sales presentations, either exclusively or in conjunction with the use of other forms of marketing. *Provided, however*, that the term "telemarketing" shall not include transactions that are not completed until after a face-to-face contact between the seller or solicitor and the consumer solicited.

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ORDER

I. BAN ON CERTAIN ACTIVITIES

IT IS THEREFORE ORDERED that defendant Kelly Nguyen is hereby permanently restrained and enjoined from engaging, participating or assisting others in the advertising, promoting, telemarketing, offering for sale, selling or distributing of business directories and/or listings in business directories to U.S. residents.

II. PROHIBITED BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that defendants, their successors and assigns, and their officers, agents, directors, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, trust, corporation, subsidiary, division or other device, or any of them, in connection with the advertising, promoting, telemarketing, offering for sale, selling or distributing of any good or service to U.S. residents, are hereby permanently restrained and enjoined from:

- A. Misrepresenting, expressly or by implication:
- 1. That consumers have previously authorized the purchase of a good or service;
 - That consumers have agreed to purchase a good or service;
- That consumers have a trial period during which they can review a good or service without incurring financial obligation;
 - That consumers owe money for a good or service;
 - 5. Any material fact regarding a good or service; and
- 6. Any material fact regarding the terms, conditions, and limitations of any refund or guarantee policy;
- B. Failing to disclose in outbound telemarketing calls to consumers, promptly and in a clear and conspicuous manner: (1) the identity of the seller; (2) that the purpose of the call is to sell goods or services; and (3) the nature of the goods or services;

- C. Failing to disclose in outbound telemarketing calls to consumers, in a clear and conspicuous manner, all material terms, conditions, and limitations of any refund or guarantee policy, or any policy of non-refundability;
- D. Violating the Telemarketing Sales Rule, 16 C.F.R. Part 310, including any amendments thereto; and
 - E. Assisting others who violate any provision of Section II of this Order.

III. PROHIBITED DISCLOSURE OF CUSTOMER INFORMATION

officers, agents, directors, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, trust, corporation, subsidiary, division or other device, or any of them, are hereby permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, Social Security number, credit eard number, bank account number, e-mail address or other identifying information of any person who paid any money to either defendant or the corporate defendant at any time prior to entry of this Order for any business directory and/or any listing in a business directory. *Provided, however*, that defendants may disclose such identifying information to a law enforcement agency or as required by any law, regulation or court order.

IV. CEASING COLLECTION ON ACCOUNTS

IT IS FURTHER ORDERED that defendants, their successors and assigns, and their officers, agents, directors, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any person, trust, corporation, subsidiary, division or other device, or any of them, are hereby permanently restrained and enjoined from collecting or attempting to collect payment for the corporate defendant's business directory and/or listing in the directory, directly or through any third party, on any account established prior to entry of this Order.

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V. RETURN OF MAIL

IT IS FURTHER ORDERED that:

- A. The Commission shall return, or arrange to have returned, to consumers all uncashed checks and other negotiable instruments in the Commission's possession that were sent to defendant American Business Solutions in response to defendants' telemarketing of their business directory and/or listing in the directory to U.S. residents, including all such mail delivered to a U.S. Post Office or private mail box address; and
- B. The defendants shall forfeit all rights and interests in any uncashed check and other negotiable instrument sent to defendant American Business Solutions, in response to defendants' telemarketing of their business directory and/or listing in the directory to U.S. residents.

VI. MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

- A. Judgment in the amount of nine hundred eight thousand seven hundred ten dollars (\$908,710) (US) is hereby entered against defendants, for which they are jointly and severally liable, as restitution for consumer injury; provided, however, that this judgment shall be suspended subject to the conditions set forth in Section VII of this Order; and
- B. All funds paid pursuant to this Order shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including but not limited to consumer redress, and any attendant expenses for the administration of such equitable relief. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to the defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the U.S. Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section. Defendants shall have no right to contest the manner of distribution chosen by the Commission. No portion of any

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payments under the judgment shall be deemed a payment of any fine, penalty or punitive assessment. Defendants agree that the facts as alleged in the Complaint filed in this action shall be taken as true for purposes of any subsequent proceedings to enforce payments required by this Section.

VII. RIGHT TO REOPEN AND TERMINATE SUSPENSION

IT IS FURTHER ORDERED that, by agreeing to this Order, defendants reaffirm and attest to the truthfulness, accuracy, and completeness of the financial disclosure forms ("financial statements"), executed on March 31, 2005, provided to the Commission. Plaintiff's agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of defendants' financial condition as represented in the financial statements referenced above. which contain material information upon which plaintiff relied in negotiating and agreeing to the terms of this Order. If, upon motion by the Commission, this Court finds that any defendant failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from the financial statements, the Court shall enter judgment against the offending defendant, in favor of the Commission, in the amount of nine hundred eight thousand seven hundred ten dollars (\$908,710) (US), and the entire amount shall become immediately due and payable; provided, however, that, in all other respects, this Order shall remain in full force and effect unless otherwise ordered by the Court; and provided further, that proceedings instituted under this Section are in addition to and not in lieu of any other civil or criminal remedies as may be provided by law, including any other proceedings the Commission may initiate to enforce this Order.

VIII. DISSOLUTION OF ASSET FREEZE

IT IS FURTHER ORDERED that the freeze against defendants' assets pursuant to Section II of the Preliminary Injunction entered by this Court on April 27, 2005, shall be lifted upon entry of this Order.

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

- A. For a period of five (5) years from the date of entry of this Order, each defendant shall notify the Commission of the following:
 - 1. Any changes in residence, mailing addresses, and telephone numbers of the defendant, within ten (10) days of the date of such change;
 - 2. Any changes in employment status (including self-employment) of the defendant, and any change in the ownership of the defendant in any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that the defendant is affiliated with, employed by, creates or forms, or performs services for; a statement of the nature of the business; and a statement of the defendant's duties and responsibilities in connection with the business or employment;
 - 3. Any changes in the defendant's name or use of any aliases or fictitious names; and
 - 4. Any changes in the corporate structure of any business entity that defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order including, but not limited to, a dissolution, assignment, sale, merger or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name and address, at least thirty (30) days prior to such change, provided that, with respect to any proposed change in the corporation about which the defendant learns less than thirty (30) days prior to the date such action is to take place, defendant shall notify the Commission as soon as practicable after obtaining such knowledge;

Within ten (10) days of receipt of written notice from a representative of the

Commission, each defendant 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 U.S. business location in such defendant's possession,

FEDERAL TRADE COMMISSION 915 Second Ave., Su. 2896

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- In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means including, but not limited to, the following:
 - Obtaining discovery from any person, without further leave of court, using . 1. the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45; and
 - 2. Posing as consumers and suppliers to defendants, defendants' employees, or any other entity managed or controlled, in whole or in part, by defendants, without the necessity of identification or prior notice; and
- Defendants shall permit representatives of the Commission to interview any Ċ. employer, consultant, independent contractor, representative, agent or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

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

XI. RECORD KEEPING

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, defendants, in connection with any business where (1) either defendant is the majority owner, or directly or indirectly manages or controls the business, and (2) the business is engaged in telemarketing to U.S. residents, or in assisting others engaged in said business, are hereby restrained and enjoined from failing to create and retain the following records:

- Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work;

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- C. Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly or through any third party) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements or other marketing materials; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Order including, but not limited to, copies of acknowledgments of receipt of this Order required by Section XII of this Order, and all reports submitted to the FTC pursuant to Section X of this Order.

XII. DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, defendants shall deliver copies of this Order as directed below:

- A. For any business that defendant Kelly Nguyen or Minh Tam Vo controls, directly or indirectly, or in which either has a majority ownership interest, said defendant must deliver a copy of this Order to all principals, officers, directors, and managers of that business. Said defendant must also deliver copies of this Order to all employees, agents, and representatives of that business who engage in conduct related to the subject matter of this Order. For current personnel, delivery shall be within five (5) days of service of this Order upon defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities;
- B. For any business where defendant Kelly Nguyen or Minh Tam Vo is not a controlling person of a business, but otherwise engages in conduct related to the subject matter of this Order, said defendant must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct; and
- C. Defendants must secure a signed and dated statement acknowledging receipt of this Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order

pursuant to this Section.

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XIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS

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

XIV. COOPERATION WITH FTC COUNSEL

IT IS FURTHER ORDERED that defendants shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the FTC's Complaint, cooperate in good faith with the FTC and appear, or cause their officers, employees, representatives or agents to appear, at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably required by the FTC. If requested in writing by the FTC, defendants shall appear, or cause their officers, employees, representatives or agents to appear, and provide truthful testimony in any trial, deposition or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without the service of a subpoena.

XV. INDEPENDENCE OF OBLIGATIONS

IT IS FURTHER ORDERED that the provisions of this Order are separate and severable from one another. If any provision expires, is stayed or is determined to be invalid, the remaining provisions shall remain in full force and effect.

XVI. 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.

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SO ORDERED, this _____ 1 2 3 4 THE HONORABLE THOMAS 5 UNITED STATES DISTRICT JUDGE б 7 KATHRYN G. DECKER, WSBA #12389 JULIE K. MAYER, WSBA #34638 8 915 Second Avenue, Suite 2896 9 Seattle, WA 98174 206-220-4486 (Decker) 206-220-4475 (Mayer) 10 206-220-6366 (fax) kdecker@ftc.gov 11 mayer@flc.gov 12 Attorneys for Plaintiff 13 Federal Trade Commission 14 15 16 17 18 19 20 21 22 23 24 25 26 27

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KELLY MGUYEN, Individually 1260 Craigflower Road Victoria, British Columbia, Canada 250-380-3898 Pro Sec MINH TAM VO, Individually 1260 Craigflower Road Victoria, British Columbia, Canada 250-380-3898 Pro Se

Filed 02/09/2006 Filed 02/08/2006 Page 16 of 16 Page 16 of 16 Document 66 Document 65 1 CERTIFICATE OF SERVICE 2 I hereby certify that on February 8, 2006, I electronically filed the foregoing Stipulated 3 Final Judgment and Order for Permanent Injunction As to Defendants Kelly Nguyen and Minh Tam Vo with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the following: 4 5 Jeffrey I. Tilden Daniel S. Houser б Gordon Murray Tilden LLP 7 1001 Fourth Avenue, Suite 4000 Seattle, WA 98154-1007 8 Attorneys for Defendants Cory Kornelson and Byron Steczko Kelly Nguyen Minh Tam Vo 10 **American Business Solutions** 1260 Craigflower Road 11 Victoria, British Columbia V9A 2Y6 12 13 I further certify that on February 8, 2006, I arranged to serve a copy of the foregoing documents by first class, international mail on the following: 14 Phong Anh Vo 15 4111 Saint Denis, Suite 1 Montreal, Quebec H2W 2M7 Pro Se Defendant 17 Ty Nguyen 1907 Shotbolt Road Victoria, British Columbia V8S 2L1 Pro Se Defendant 19 Global Management Solutions 20 1800-666 Sherbrooke Street West Montreal, Quebec H3E 1A7 21 Commutel Marketing/Marketing USA 22 1800-666 Sherbrooke Street West

Montreal, Quebec H3E 1A7

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s/Kathryn C. Decker By: Kathryn C. Decker 915 Second Ave., Suite 2896 Scattle, WA 98174 206-220-4486 206-220-6366 (fax) kdecker@ftc.gov Attorney for Plaintiff Federal Trade Commission