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**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

**FEDERAL TRADE COMMISSION,**

Plaintiff,

v.

**CLASSIC CLOSEOUTS, LLC**, a limited liability company, also d/b/a **CLASSICCLOSEOUTS.COM**; **IVAL GROUP, LLC**, a limited liability company; **AYC HOLDING CORP.**; **110 WEST GRAHAM AVENUE CORP.**; **YGC ENTERPRISES, INC.**; **DANIEL J. GREENBERG**, individually, as an officer of **CLASSIC CLOSEOUTS, LLC**, and d/b/a **THIRDFREE.COM**, and as an officer or principal of **IVAL GROUP, LLC**, **AYC HOLDING CORP.**, and **110 WEST GRAHAM AVENUE CORP.**; **YGC ENTERPRISES, INC.**; **HAZEN NY INC.**, also known as **HAZEN NY**; and **JONATHAN BRUK**, also known as **JONATHAN J. BROOK** and **YOCHANON BRUK**, individually, as an officer of **HAZEN NY INC.**,

Defendants, and

**STEPHANIE H. GREENBERG,**

Relief Defendant.

Civ. No. 2:09 2692 (LDW) (ETB)

~~(PROPOSED)~~ **STIPULATED FINAL JUDGMENT AND ORDER FOR CONSUMER REDRESS AND OTHER EQUITABLE RELIEF AS TO RELIEF DEFENDANT STEPHANIE H. GREENBERG**

Plaintiff, the Federal Trade Commission ("FTC" or "the Commission"), commenced this action on June 24, 2009 by filing its Complaint against defendants Classic Closeouts, LLC ("CCL") and Daniel J. Greenberg, individually, as an officer of CCL, and doing business as Thirdfree.com ("Greenberg" or "Defendant Greenberg") for injunctive and other equitable relief,

including rescission or reformation of contracts, restitution, and disgorgement of ill-gotten monies, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b). The Commission filed its First Amended Complaint For Permanent Injunction and Other Equitable Relief ("Amended Complaint") on July 22, 2009, adding new defendants, including, but not limited to, Stephanie H. Greenberg ("Stephanie Greenberg" or "Relief Defendant Stephanie Greenberg") and YGC Enterprises, Inc. ("YGC"), a New York corporation; and naming Stephanie Greenberg as an officer of YGC. On or about August 28, 2009, Stephanie Greenberg stipulated to a preliminary injunction order that was entered by the Court on September 23, 2009.

On December 9, 2010, the Commission moved to amend the Amended Complaint to make Stephanie Greenberg a Relief Defendant, rather than a Defendant. The Commission's motion was granted by the Court on 12/13, 2010, and the Commission's proposed Second Amended Complaint was filed with the Court on December 9, 2010 (the "Second Amended Complaint").

On or about October 14, 2010, Stephanie Greenberg informed staff at the Commission that she would soon file a petition for relief under Title 11 of the U.S. Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Case"). Upon filing of the Bankruptcy Case, Stephanie Greenberg agrees that Commission's action against her, including the enforcement of a judgment other than a monetary judgment obtained in this action, is not stayed by 11 U.S.C § 362(a) (1), (2), (3), or (6), because it is an exercise of the Commission's police or regulatory power as a governmental unit pursuant to § 362(b)(4) and, thus, falls within an exception to the automatic stay.

The Commission and Relief Defendant Stephanie Greenberg have now agreed to a settlement of this action.

**THEREFORE**, on the joint motion of the Commission and Relief Defendant Stephanie Greenberg, it is hereby **ORDERED, ADJUDGED, AND DECREED** as follows:

**FINDINGS**

1. This Court has jurisdiction over the subject matter of and the parties to this action.
2. Venue is proper in the United States District Court for the Eastern District of New York.
3. The Commission has authority to seek the relief it has requested, and the Second Amended Complaint states a claim upon which relief may be granted against Relief Defendant Stephanie Greenberg under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b).
4. The activities of Relief Defendant Stephanie Greenberg are in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
5. The Commission and Relief Defendant Stephanie Greenberg stipulate and agree to this Final Judgment and Order (“Final Order”) to settle and resolve all matters in dispute arising from the Amended Complaints in the above-captioned action to the date of entry of this Final Order.
6. Relief Defendant Stephanie Greenberg has entered into this Final Order freely and without coercion. Relief Defendant Stephanie Greenberg acknowledges that she has read or otherwise been fully advised of the provisions of this Final Order and has agreed to abide by them.
7. Relief Defendant Stephanie Greenberg waives all rights to seek judicial review or otherwise challenge or contest the validity of this Final Order.

8. Relief Defendant Stephanie Greenberg waives any claim she may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, *as amended by* Pub. L. 104-121, 110 Stat. 847, 863-64, concerning the prosecution of this action through the date of the entry of this Final Order.
9. The Commission and Relief Defendant Stephanie Greenberg stipulate and agree to entry of this Final Order, without trial or final adjudication of any fact or law, to settle and resolve all matters in dispute arising from the conduct alleged in the Amended Complaints to the date of entry of this Final Order. This settlement does not settle and resolve any matters not alleged in the Amended Complaints. Relief Defendant Stephanie Greenberg does not admit any of the allegations set forth in the Amended Complaints, other than the jurisdictional facts, merely by stipulating and agreeing to the entry of this Final Order.
10. The parties shall each bear their own costs and attorneys' fees.
11. Entry of this Final Order is in the public interest.

#### DEFINITIONS

1. **"Asset"** means any legal or equitable interest in, right to, or claim to, any real and personal property, including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, premises, mail or other deliveries, shares of stock, lists of consumer names, inventory, checks, notes, accounts, credits, receivables, funds, and all cash, wherever located.
2. **"FTC" or "Commission"** means the Federal Trade Commission.
3. **"Individual Defendants"** means Daniel J. Greenberg, individually, as an officer of Classic Closeouts, LLC, and doing business as ThirdFree.com, and as an officer or principal of IVAL Group, LLC, AYC Holding Corp., and 110 West Graham Avenue Corp., and YGC

Enterprises, Inc.; and Jonathan Bruk, also known as Jonathan J. Brook and Yochanon Bruk, individually, and as an officer of Hazen NY Inc.

4. **“Relief Defendant”** means Stephanie H. Greenberg.
5. **“Bankruptcy Case”** means the petition for relief under Title 11 of the U.S. Code, 11 U.S.C. § 101, *et seq.* that Relief Defendant has already filed, may file, or that may be filed against Relief Defendant Stephanie Greenberg.
6. **“Business Defendants”** means Classic Closeouts, LLC, a New York and Nevada limited liability company; IVAL Group, LLC, a New York limited liability company; AYC Holding Corp., a New York corporation; 110 West Graham Avenue Corp., a New York corporation; YGC Enterprises, Inc., a New York corporation; and Hazen NY Inc., a New York corporation, also known as Hazen NY, and their successors and assigns.
7. **“Defendants”** means all of the Individual Defendants and the Business Defendants, individually, collectively, or in any combination.
8. **“Document”** or **“documents”** 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 “document.”
9. **“Person”** or **“persons”** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.

10. **“Material”** means likely to affect a person’s choice of, or conduct regarding, goods or services.
11. The terms **“and”** and **“or”** shall be construed conjunctively or disjunctively as necessary, in order to make the applicable phrase or sentence inclusive rather than exclusive.

**ORDER**

**I. MONETARY JUDGMENT**

**IT IS HEREBY ORDERED** that:

- A. Judgment is hereby entered in favor of the Commission and against Relief Defendant Stephanie Greenberg in the amount of nineteen thousand, five hundred dollars (\$19,500).
- B. Except as provided in Section II of this Final Order, entitled “Right to Reopen as to Monetary Judgment,” the judgment shall be suspended as to the Commission on satisfaction of the following conditions and, if applicable, only after entry of the nondischargeability order in the Bankruptcy Case as described in Subsection H below:
  1. Relief Defendant Stephanie Greenberg shall within ten (10) days surrender and deliver to the Commission or its designated agents all right, title and interest to, and possession of the following personal property solely owned by Relief Defendant Stephanie Greenberg or jointly owned with her husband, Defendant Greenberg, to the extent that these items are within Relief Defendant Stephanie Greenberg’s possession, custody, or control:
    - a. Two Bose sound systems;
    - b. Two humidors;
    - c. Three St. Dupont lighters;
    - d. Three pens (Montblanc, Louis Vuitton and Cartier);
    - e. All MacKenzie-Childs dishes and serving pieces;

- f. Diamond tennis bracelet;
- e. Locman ladies watch;
- f. Breitling watch;
- g. Two Audemars watches (Audemars Royal Oak watch and Audemars gold watch);
- h. International Watch Company watch;
- i. Rolex watch;
- j. Locman men's watch;
- k. Patek Phillipe men's watch;
- l. All guitars and guitar equipment; and
- m. All cufflinks;

*Provided, however,* that as to items listed above that are not in Relief Defendant Stephanie Greenberg's possession, custody or control, Relief Defendant Stephanie Greenberg will not assert a claim in any court or other tribunal to recover possession of these items.

*Provided further,* that if Relief Defendant Stephanie Greenberg obtains possession of any of these items at any time, she shall turn them over to the Commission or its designated agents within ten (10) days of obtaining such possession, or, if a Bankruptcy Case is pending as of the date this Final Order is entered, as provided in Subsection H.3 below.

2. The Commission or its designated agents shall liquidate said property and the proceeds from the sale shall be paid to the Commission;
3. Relief Defendant Stephanie Greenberg shall hereby surrender all claims to dominion, control of, and title to all funds belonging to CCL, IVAL Group, LLC, or other Business Defendants paid over to the Commission by third parties pursuant to any final judgment to be entered against such Business Defendants. Relief Defendant Stephanie Greenberg

shall make no claim to or demand return of such funds, directly or indirectly, through counsel or otherwise;

- C. Funds paid over to the Commission or its agents pursuant to this Final Order shall be deposited into a fund administered by the Commission or its designated agents to be used for equitable relief, including, but not limited to, consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable, or funds remain after redress is completed, the Commission may apply funds for any other equitable relief (including consumer information remedies) that it determines to be reasonably related to the practices alleged in the Amended Complaint. Any funds not used for such equitable relief shall be deposited into the U.S. Treasury as disgorgement. Relief Defendant Stephanie Greenberg shall have no right to challenge the Commission's choice of remedies under this Section;
- D. The Commission is authorized to verify all information provided by Relief Defendant Stephanie Greenberg on her financial disclosure forms with all appropriate third parties, including, but not limited to, financial institutions;
- E. Relief Defendant Stephanie Greenberg acknowledges and agrees that the judgment entered pursuant to this Section is equitable monetary relief, solely remedial in nature, and is not a fine, penalty, punitive assessment, or forfeiture;
- F. Relief Defendant Stephanie Greenberg relinquishes all dominion, control, and title to the funds paid or property surrendered pursuant to this Final Order to the fullest extent permitted by law. Relief Defendant Stephanie Greenberg shall make no claim to or demand for return of the funds or property, directly or indirectly, through counsel or otherwise;



- G. Relief Defendant Stephanie Greenberg agrees that the facts as alleged in the Second Amended Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment pursuant to this Final Order, including but not limited to a nondischargeability complaint in any bankruptcy case. Relief Defendant Stephanie Greenberg further stipulates and agrees that the facts alleged in the Second Amended Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Final Order shall have collateral estoppel effect for such purposes;
- H. Alternatively, if a Bankruptcy Case is pending against Relief Defendant Stephanie Greenberg as of the date this Final Order is entered, then:

1. Relief Defendant Stephanie Greenberg stipulates and agrees that the judgment ordered by this Section is not dischargeable in bankruptcy and agrees to the concurrent filing by the Commission in the Bankruptcy Case of: (1) a Complaint to Determine Nondischargeability of Debt Owed to the Federal Trade Commission (in the form attached hereto as **Attachment A**); and (2) a Stipulated Judgment for Nondischargeability of Debt Owed to the Federal Trade Commission (in the form attached hereto as **Attachment B**), which Relief Defendant Stephanie Greenberg shall execute concurrently with her execution of this Final Order, determining that the judgment ordered by this Section, including the conditions set forth in the Section of this Order titled "Right to Reopen," will be nondischargeable pursuant to Section 523 of the Bankruptcy Code, 11 U.S.C. § 523; and

2. Relief Defendant Stephanie Greenberg further stipulates and agrees, pursuant to Section 502 of the Bankruptcy Code, 11 U.S.C. § 502, to the allowance of a general unsecured claim in the Bankruptcy Case in favor of the FTC in the amount of nineteen thousand, five hundred dollars (\$19,500), less the sum of any payments previously made, and that the FTC is entitled to participate in any payments in the Bankruptcy Case paid on account of such allowed general unsecured claim; and

3. If the Bankruptcy Case is pending when this Final Order is entered, the transfer and liquidation of assets identified in subparagraph I.B.1 and 3 shall not take effect, if those assets are property of the estate in the Bankruptcy Case and not otherwise exempt, unless and until the bankruptcy court grants relief from the automatic stay pursuant to 11 U.S.C. § 362(d), and Relief Defendant Stephanie Greenberg further agrees that the FTC shall be entitled to seek and obtain relief from the automatic stay, and that any rights Relief Defendant Stephanie Greenberg may have to object to, stay, oppose, inhibit or interfere with obtaining such relief, including any rights under 11 U.S.C. §§ 105 and 362, are hereby released and waived. Relief Defendant Stephanie Greenberg acknowledges that the foregoing waiver is a material inducement to the FTC's willingness to enter into this Final Order. Alternatively, the transfer and liquidation of assets identified in subparagraph I.B.1 and 3 shall take place after the automatic stay in the Bankruptcy Case terminates as provided in 11 U.S.C. § 362(c)(2).

I. Relief Defendant Stephanie Greenberg is hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Commission her taxpayer identifying numbers (social security number or employer identification number), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Final Order; and

- J. Any proceedings to lift the suspension of judgment instituted under this Section is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this Final Order.

## **II. RIGHT TO REOPEN AS TO MONETARY JUDGMENT**

**IT IS FURTHER ORDERED** that:

- A. By agreeing to this Final Order, Relief Defendant Stephanie Greenberg reaffirms and attests to the truthfulness, accuracy, and completeness of her sworn financial disclosure statements for herself and YGC dated September 29, 2009, and her updated financial disclosure statement dated June 22, 2010 (collectively the "Financial Statements"), and her filed tax returns for years 2005 through 2009 (the "Tax Returns"). This Court's Final Order, and the Commission's agreement to enter into this Final Order, are expressly premised upon the truthfulness, accuracy, and completeness of Relief Defendant Stephanie Greenberg's financial condition, as represented in the Financial Statements and Tax Returns referenced above, which contain material information upon which the Commission relied in negotiating and agreeing to the terms of this Final Order.
- B. If, upon motion by the Commission, this Court should find that Relief Defendant Stephanie Greenberg failed to disclose any material asset, or materially misrepresented the value of any asset, including, but not limited to, any asset held in her name, singly or jointly, or made any other material misrepresentation in or omission from the Financial Statements or Tax Returns, the Court shall reinstate the suspended judgment against Relief Defendant Stephanie Greenberg, in favor of the Commission, in the amount of nineteen thousand five hundred dollars (\$19,500), which will be immediately due and payable, less any payments

made in partial satisfaction of this judgment, plus interest from the entry date of this Final Order, pursuant to 28 U.S.C. § 1961.

*Provided, however,* that in all other respects, this Final Order shall remain in full force and effect unless otherwise ordered by the Court.

### **III. COMPLIANCE MONITORING**

**IT IS FURTHER ORDERED** that, for the purpose of (i) monitoring and investigating compliance with any provision of this Final Order, and (ii) investigating the accuracy of Relief Defendant Stephanie Greenberg's Financial Statements and Tax Returns upon which the Commission's agreement to this Final Order is expressly premised:

- A. Within ten (10) business days of receipt of written notice from a representative of the Commission, Relief Defendant Stephanie Greenberg shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in her possession or direct or indirect control to inspect the business operation;
- B. In addition, the Commission is authorized to use all other lawful means, including, but not limited to:
  1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;
  2. having its representatives pose as consumers and suppliers to Defendants, their employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and
- C. Relief Defendant Stephanie Greenberg shall permit representatives of the Commission to interview any 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 Final 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, 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)).

#### **IV. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

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

#### **V. COOPERATION WITH COMMISSION COUNSEL**

**IT IS FURTHER ORDERED** that Relief Defendant Stephanie Greenberg 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 Second Amended Complaint, cooperate in good faith with the Commission and appear at such places and times as the Commission shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, production of documents, review of documents, and for such other matters as may be reasonably requested by the Commission. If requested in writing by the Commission, 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 Second Amended Complaint, Relief Defendant Stephanie Greenberg shall 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 Second Amended Complaint, without the service of a subpoena.

**VI. SCOPE OF ORDER**

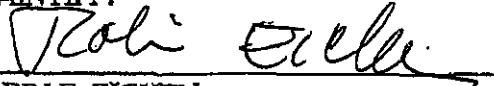
**IT IS FURTHER ORDERED** that this Final Order resolves only claims against Relief Defendant Stephanie Greenberg, and does not preclude the Commission from initiating further action or seeking any remedy against any other persons or entities, including, but not limited to, persons or entities who may be subject to portions of this Final Order by virtue of actions taken in concert or participation with any Defendant, and persons or entities in any type of indemnification or contractual relationship with any Defendant.

**VII. 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 Final Order.

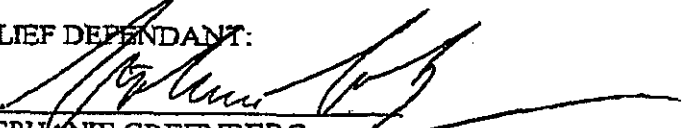
**STIPULATED AND AGREED TO BY:**

PLAINTIFF:




ROBIN E. EICHEN  
KAREN DAHLBERG  
Federal Trade Commission  
Attorneys for Plaintiff  
One Bowling Green, Suite 318  
New York, NY 10004  
(212) 607-2829 (telephone)  
(212) 607-2822 (facsimile)

RELIEF DEFENDANT:



STEPHANIE GREENBERG, *pro se*

SO ORDERED, on, this 13 day of December, 2010 at    .M.

  
LEONARD D. WEXLER  
United States District Court Judge