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CENTRAL DISTRICT OF CALIFORNIA
 BY DEPUTY

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LOGGED

UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SOUTHERN DIVISION

15 FEDERAL TRADE COMMISSION,
 16
 17 Plaintiff,
 18 v.
 19 BUSINESS SERVICES CENTER, INC.,
 a corporation,
 20 CENTRAL IMAGING SYSTEMS, LLC,
 a limited liability company,
 21 THOMAS B. FORD,
 individually and as an officer of
 22 BUSINESS SERVICES CENTER, INC., and
 23 PRUDENCE C. FORD,
 individually and as an officer of
 24 BUSINESS SERVICES CENTER, INC. and
 as a member and manager of CENTRAL
 25 IMAGING SYSTEMS, LLC,
 26 Defendants.

SACV-99-1513 DOC (ANx)

STIPULATED FINAL
 JUDGMENT AND ORDER FOR
 PERMANENT INJUNCTION
 AND MONETARY RELIEF

- Docketed
- Copies / NTC Sent
- JS-5 / JS-6
- JS-2 / JS-3
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1 **STIPULATED FINAL JUDGMENT AND ORDER FOR PERMANENT**
2 **INJUNCTION AND MONETARY RELIEF**

3 Plaintiff, the Federal Trade Commission ("FTC" or
4 "Commission"), commenced this action by filing a Complaint
5 pursuant to Sections 13(b) and 19 of the Federal Trade Commission
6 Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the
7 Telemarketing and Consumer Fraud and Abuse Prevention Act, 15
8 U.S.C. § 6101 et seq., charging the defendants with engaging in
9 unfair or deceptive acts or practices in connection with the
10 sale, offering for sale, or distribution of nondurable office
11 supplies, including photocopier toner, in violation of Section 5
12 of the FTC Act, 15 U.S.C. § 45, and the FTC's Telemarketing Sales
13 Rule, 16 C.F.R. Part 310.

14 Now the Commission and defendants agree to a settlement of
15 this action without trial or adjudication of any issue of law or
16 fact herein and without the defendants admitting liability for
17 any of the violations alleged in the complaint or for any
18 wrongdoing whatsoever. The Commission and defendants consent to
19 entry of this Final Order without trial or adjudication of any
20 issue of law or fact herein.

21 Upon the consent of the parties hereto, **IT IS HEREBY**
22 **ORDERED, ADJUDGED, AND DECREED** as follows:

23 **FINDINGS**

24 1. This is an action by the Commission instituted under
25 Sections 5, 13(b), and 19 of the Federal Trade Commission
26 Act, 15 U.S.C. §§ 45, 53(b), and 57b, and the Telemarketing
27 Sales Rule, 16 C.F.R. Part 310. The Complaint seeks both
28 permanent injunctive relief and consumer redress for alleged

1 deceptive acts or practices by the defendants in connection
2 with the sale, offering for sale, or distribution of
3 nondurable office supplies, including photocopier toner.
4 The Complaint states a claim upon which relief may be
5 granted against defendants under Sections 5, 13(b), and 19
6 of the FTC Act, and the Telemarketing Sales Rule.

7 2. This Court has jurisdiction over the subject matter of this
8 case and has jurisdiction over the defendants. Venue in the
9 Central District of California is proper.

10 3. The activities of defendants are in or affecting commerce,
11 as commerce is defined in 15 U.S.C. § 44.

12 4. Defendants waive all rights to seek judicial review or
13 otherwise challenge or contest the validity of this Order.
14 Defendants also waive any claim that they may hold under the
15 Equal Access to Justice Act, 28 U.S.C. § 2412 (as amended),
16 concerning the prosecution of this action to the date of
17 this Order. Defendants shall bear their own costs and
18 attorneys' fees.

19 5. Entry of this Order is in the public interest.

20 6. This Order is remedial in nature and shall not be construed
21 as the payment of a fine, penalty, punitive assessment, or
22 forfeiture.

23 24 DEFINITIONS

25 For purposes of this Final Judgment and Order for Permanent
26 Injunction and Monetary Relief, the following definitions shall
27 apply:
28

1 1. "Telemarketing" shall mean any business activity (which
2 includes, but is not limited to, initiating or receiving
3 telephone calls, managing others who initiate or receive
4 telephone calls, operating an enterprise that initiates or
5 receives telephone calls, owning an enterprise that
6 initiates or receives telephone calls, or otherwise
7 participating as an officer, director, employee or
8 independent contractor in an enterprise that initiates or
9 receives telephone calls) that involves attempts to induce
10 consumers to purchase any item, good, service, partnership
11 interest, trust interest or other beneficial interest, or to
12 enter a contest for a prize, by means of telephone sales
13 presentations, either exclusively or in conjunction with the
14 use of other forms of marketing. *Provided* that the term
15 "telemarketing" shall not include transactions that are not
16 completed until after a face-to-face contact between the
17 seller or solicitor and the consumers solicited. *Provided*
18 *further*, that for the purposes of Paragraph I(C), the
19 definition of telemarketing shall be consistent with 16
20 C.F.R. § 310.2.

21 2. "Person" means any individual, group, unincorporated
22 association, limited or general partnership, corporation,
23 limited liability company, or other business entity.

24 3. "Assets" means all real and personal property of any
25 defendant, or held for the benefit of any defendant,
26 including but not limited to "goods," "instruments,"
27 "equipment," "fixtures," "general intangibles," "inventory,"
28 "checks," or "notes," (as these terms are defined in the

1 Uniform Commercial Code), lines of credit, and all cash,
2 wherever located.

3 4. "Document" is synonymous in meaning and equal in scope to
4 the usage of the term in Federal Rule of Civil Procedure
5 34(a) and includes writings, drawings, graphs, charts,
6 photographs, audio and video recordings, computer records,
7 and other data compilations from which the information can
8 be obtained and translated, if necessary, through detection
9 devices into reasonably usable form. A draft or non-
10 identical copy is a separate document within the meaning of
11 the term.

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

21 **ORDER**

22 **I. PROHIBITED BUSINESS ACTIVITIES**

23 A. **IT IS THEREFORE ORDERED** that, in connection with the
24 advertising, marketing, promoting, offering for sale or sale of
25 photocopier toner or any other nondurable office supplies,
26 defendants Business Services Center, Inc., Central Imaging
27 Systems, LLC, Thomas B. Ford, and Prudence C. Ford, and each of
28 them, and their successors, assigns, officers, members, agents,

1 directors, servants, employees, and those persons in active
2 concert or participation with them who receive actual notice of
3 this Order by personal service or otherwise, whether acting
4 directly or through any corporation, limited liability company,
5 subsidiary, division or other device, are hereby permanently
6 restrained and enjoined from:

- 7 1. Misrepresenting, expressly or by implication, that
8 defendants are a consumer's regular supplier or that
9 defendants represent or are associated with a
10 photocopier manufacturer;
- 11 2. Misrepresenting, expressly or by implication, the price
12 of the product;
- 13 3. Misrepresenting, expressly or by implication, that
14 consumers ordered supplies that were shipped and/or
15 billed to them by the defendants;
- 16 4. Misrepresenting, expressly or by implication, the
17 consumer's obligation to pay restocking fees if the
18 consumer wants to return a shipment; and
- 19 5. Misrepresenting, expressly or by implication, any other
20 fact material to a consumer's decision to buy
21 photocopier toner or any other nondurable office
22 supplies from defendants.

23 B. IT IS FURTHER ORDERED that, with respect to the
24 advertising, marketing, promoting, offering for sale, or sale of
25 any good or service, defendants Business Services Center, Inc.,
26 Central Imaging Systems, LLC, Thomas B. Ford, and Prudence C.
27 Ford, and each of them, and their successors, assigns, officers,
28 members, agents, directors, servants, employees, and those

1 persons in active concert or participation with them who receive
2 actual notice of this Order by personal service or otherwise,
3 whether acting directly or through any corporation, limited
4 liability company, subsidiary, division or other device, are
5 hereby permanently restrained and enjoined from misrepresenting,
6 expressly or by implication, any fact material to a consumer's
7 decision to purchase defendants' products or services.

8 C. IT IS FURTHER ORDERED that defendants Business Services
9 Center, Inc., Central Imaging Systems, LLC, Thomas B. Ford, and
10 Prudence C. Ford, and each of them, and their successors,
11 assigns, officers, members, agents, directors, servants,
12 employees, and those persons in active concert or participation
13 with them who receive actual notice of this Order by personal
14 service or otherwise, whether acting directly or through any
15 corporation, limited liability company, subsidiary, division or
16 other device, are hereby permanently restrained and enjoined from
17 violating or assisting others in violating any provision of the
18 Telemarketing Sales Rule, 16 C.F.R. Part 310, including but not
19 limited to:

- 20 1. Making false or misleading statements to induce
21 consumers to pay for photocopier toner or other
22 nondurable office supplies;
- 23 2. Failing to disclose promptly and in a clear and
24 conspicuous manner to the person receiving the call
25 that the purpose of the call is to sell photocopier
26 toner or other nondurable office supplies;
- 27 3. Failing to disclose promptly and in a clear and
28 conspicuous manner their true identity to the person

1 receiving the telephone call; and

2 4. Using threats, intimidation or profane or obscene
3 language.

4
5 **II. CUSTOMER LISTS**

6 **IT IS FURTHER ORDERED** that defendants Business Services
7 Center, Inc., Central Imaging Systems, LLC, Thomas B. Ford, and
8 Prudence C. Ford, and each of them, and their successors,
9 assigns, officers, members, agents, directors, servants,
10 employees, and those persons in active concert or participation
11 with them who receive actual notice of this Order by personal
12 service or otherwise, whether acting directly or through any
13 corporation, limited liability company, subsidiary, division or
14 other device, are hereby permanently restrained and enjoined from
15 selling, renting, leasing, transferring, or otherwise disclosing
16 the name, address, telephone number, social security number, or
17 other identifying information of any person to whom defendants
18 shipped or sold photocopier toner or any other nondurable office
19 supplies at any time prior to the date this Order is entered.
20 Provided, however, that defendants may disclose such identifying
21 information to a law enforcement agency or as required by any
22 law, regulation, or court order.

23
24 **III. BOND REQUIREMENT**

25 **IT IS FURTHER ORDERED** that defendant Thomas B. Ford, whether
26 acting directly or indirectly through any persons or entities
27 under his control, is hereby permanently enjoined and restrained
28 from engaging in or assisting others engaged in (1) telemarketing

1 and (2) the advertising, promotion, offering for sale, or sale of
2 nondurable office supplies, including photocopier toner, unless,
3 prior to engaging in or assisting others engaged in such
4 activities, such defendant first obtains a performance bond ("the
5 Bond") in the principal sum of SEVEN HUNDRED FIFTY THOUSAND
6 DOLLARS (\$750,000.00). Provided, however, that the requirements
7 of this paragraph shall not apply to employment with a company
8 regulated by the Securities and Exchange Commission or the
9 Commodities Future Trading Commission which is itself bonded in
10 compliance with the regulations of those agencies. The terms and
11 conditions of the Bond requirement are as follows:

12 A. The Bond shall be conditioned upon compliance with Section
13 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing
14 Sales Rule, 16 C.F.R. Part 310, and with the provisions of
15 this Order. The Bond shall be deemed continuous and remain
16 in full force and effect as long as such defendant is
17 engaging in or assisting others engaged in telemarketing or
18 in the advertising, promotion, offering for sale, or sale of
19 nondurable office supplies, including photocopier toner
20 Such defendant shall maintain the Bond for a period of five
21 (5) years after such defendant provides notice to the
22 Commission that such defendant has ceased engaging in or
23 assisting others engaged in telemarketing or in the
24 advertising, promotion, offering for sale, or sale of
25 nondurable office supplies, including photocopier toner.
26 The Bond shall cite this Order as the subject matter of the
27 Bond, and shall provide surety thereunder against financial
28 loss resulting from whole or partial failure of performance

1 due, in whole or in part, to any violation of Section 5(a)
2 of the FTC Act, the Telemarketing Sales Rule, or the
3 provisions of this Order, or to any other violation of law;

4 B. The Bond required pursuant to this Paragraph shall be an
5 insurance agreement providing surety for financial loss
6 issued by a surety company that is admitted to do business
7 in each state in which such defendant, or any entity
8 directly or indirectly under such defendant's control, is
9 doing business and that holds a Federal Certificate of
10 Authority As Acceptable Surety On Federal Bond and
11 Reinsuring. The Bond shall be in favor of both: (1) the
12 Federal Trade Commission for the benefit of any consumer
13 injured as a result of any activities that required
14 obtaining the Bond; and (2) any consumer so injured;

15 C. The Bond required pursuant to this Paragraph is in addition
16 to, and not in lieu of, any other bonds required by federal,
17 state, or local law;

18 D. At least ten (10) days before commencing in any activity
19 that requires obtaining the Bond, such defendant shall
20 provide notice to the Commission describing in reasonable
21 detail said activities, and include in such notice a copy of
22 the Bond obtained; and

23 E. Such defendant shall not disclose the existence of the Bond
24 to any consumer without simultaneously making the following
25 disclosure: "THE BOND IS REQUIRED BY ORDER OF THE U.S.
26 DISTRICT COURT AS PART OF A FINAL ORDER AGAINST [name of
27 such defendant] in *FTC v. Business Services Center, Inc.,*
28 *et al., SACV-99-1513 DOC (ANx), U.S. District Court for the*

1 Central District of California. The disclosure shall be set
2 forth in a clear and conspicuous manner, separated from all
3 other text, in 100 percent black ink against a light
4 background, in print at least as large as the main text of
5 the sales material or document, and enclosed in a box
6 containing only the required disclosure.

7
8 **IV. JUDGMENT**

9 **IT IS FURTHER ORDERED** that judgment is hereby entered
10 against defendants Business Services Center, Inc., Central
11 Imaging Systems, LLC, Thomas B. Ford, and Prudence C. Ford,
12 jointly and severally, in the amount of FIVE MILLION DOLLARS
13 (\$5,000,000.00); provided, however, that upon the fulfillment of
14 the payment obligations of Paragraph V(A) - V(G) of this Order by
15 individual defendants Thomas B. Ford and/or Prudence C. Ford,
16 this judgment shall be suspended as to such individual
17 defendant(s) until further order of the Court, and provided
18 further that this judgment shall be subject to the conditions set
19 forth in Paragraph VI of this Order.

20
21 **V. MONETARY RELIEF**

22 A. **IT IS FURTHER ORDERED** that individual defendant Thomas B.
23 Ford shall within thirty (30) days of the date of entry of
24 this Order completely liquidate and convert to cash at the
25 best price available at the time of liquidation all
26 brokerage accounts held in the name of Thomas B. Ford at
27 Associated Securities Corporation, 27111 Aliso Creek Road,
28 #110, Aliso Viejo, California 92656, including, but not

1 limited to, the following accounts.

- 2 1. 006-6000031229;
- 3 2. 816-6200879071;
- 4 3. 815-6200879053; and
- 5 4. 542-70-2692;

6 which accounts include interests in certain limited
7 partnerships and mutual funds, including, but not limited
8 to, Swift Energy Company, West Coast Realty Investors,
9 Delaware Investments, Pioneer Indo-Asia Fund, Pioneer
10 Emerging Market Fund and CNL Income and Growth Fund.
11 Detailed accountings of all such brokerage accounts shall be
12 provided to the Commission prior to the complete liquidation
13 of such accounts and within five (5) days after the complete
14 liquidation of such accounts.

15 B. IT IS FURTHER ORDERED that individual defendant Thomas B.
16 Ford shall be liable for payment of equitable monetary
17 relief, including, but not limited to, consumer redress
18 and/or disgorgement, and for paying any attendant expenses
19 of administration of any redress fund, in an amount equal to
20 the cash value, following complete liquidation, of the
21 accounts listed in Paragraph V(A), above, less TWENTY
22 THOUSAND DOLLARS (\$20,000.00) for living expenses incurred
23 by Thomas B. Ford during the pendency of this proceeding.

24 C. Within forty-five (45) days of the date of entry of this
25 Order, defendant Thomas B. Ford shall transfer all cash
26 resulting from the complete liquidation of the accounts
27 listed in Paragraph V(A) above, less TWENTY THOUSAND DOLLARS
28 (\$20,000.00) for living expenses incurred by Thomas B. Ford

1 during the pendency of this proceeding, in the form of wire
2 transfers or certified or cashier's checks made payable to
3 the Commission, or such agent as the Commission may direct.

4 D. IT IS FURTHER ORDERED that individual defendant Prudence C.
5 Ford shall be liable for payment of equitable monetary
6 relief, including, but not limited to, consumer redress
7 and/or disgorgement, and for paying any attendant expenses
8 of administration of any redress fund, in the amount of
9 SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).

10 E. Prior to or concurrently with the execution of this Order,
11 individual defendant Prudence C. Ford shall turn over the
12 entire payment of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00)
13 to her attorney who shall hold it in escrow until the entry
14 of this Order. Within ten (10) days of the date of entry of
15 this Order, individual defendant Prudence C. Ford shall
16 transfer the escrowed amount in the form of wire transfers
17 or certified or cashier's checks made payable to the
18 Commission, or such agent as the Commission may direct.

19 F. Time is of the essence for the payments specified above. In
20 the event that any defendant does not fulfill, or only
21 partially fulfills, the payment obligations set forth in
22 this Paragraph, such defendant(s) shall be immediately
23 liable for payment of the entire amount due from such
24 defendant(s) plus interest, less any payments already made.
25 Notwithstanding any other provision of this Order, the
26 defendants agree that, if they fail to meet the payment
27 obligations set forth in this Paragraph, the facts as
28 alleged in the Complaint filed with this Order shall be

1 taken as true in any subsequent litigation filed by the
2 Commission to enforce its rights pursuant to this Order,
3 including, but not limited to, a nondischargeability
4 complaint in any subsequent bankruptcy proceeding.

5
6 G. Any funds received by the Commission pursuant to Paragraphs
7 IV and V shall be deposited in an account maintained by the
8 Commission or its agent. Upon the final disposition of this
9 action, said assets shall be either: (1) distributed as
10 redress to consumers, (2) paid to the U.S. Treasury, if such
11 distribution is deemed impractical, or (3) used to educate
12 consumers affected by the practices in the Commission's
13 Complaint in this matter. If the Commission, in its sole
14 discretion, determines that redress is practical, it shall
15 establish a plan for the distribution of funds received
16 pursuant to Paragraphs IV and V. In establishing this plan,
17 the Commission shall have full and sole discretion to
18 determine the criteria and parameters for participation by
19 injured consumers in a redress program, and may delegate any
20 and all tasks connected with such redress program to any
21 individuals, partnerships, or corporations, and pay the
22 fees, salaries, and expenses incurred thereby in carrying
23 out said tasks from the funds received pursuant to
24 Paragraphs IV and V.

25
26 **VI. RIGHT TO REOPEN WITH SUM CERTAIN**

27 **IT IS FURTHER ORDERED** that the Commission's agreement to and
28 the Court's approval of this Order is expressly premised upon the

1 truthfulness, accuracy, and completeness of the financial
2 statements and information provided by defendants Thomas B. Ford
3 and Prudence C. Ford to counsel for the Commission during June,
4 2000, which contain material information relied upon by the
5 Commission in negotiating and agreeing to the terms of this
6 Order.

7 **IT IS FURTHER ORDERED** that if the Commission should have
8 evidence that the above-referenced financial statements and
9 information failed to disclose any material asset the value of
10 which exceeds \$1,000, materially misrepresented the value of any
11 asset, or made any other material misrepresentation or omission,
12 the Commission may move that the Court reopen this Order for the
13 sole purpose of allowing the Commission to modify the monetary
14 liability of such defendant(s). If the Court finds that any
15 defendant(s) failed to disclose any material asset, materially
16 misrepresented the value of any asset, or made any other material
17 misrepresentation or omission in the above-referenced financial
18 statements and information, the Court shall reinstate the
19 judgment against such defendant(s), in favor of the Commission,
20 in the amount of FIVE MILLION DOLLARS (\$5,000,000.00), and the
21 entire judgment shall become immediately due and payable, less
22 any redress amounts previously paid. Should this judgment be
23 modified as to the monetary liability of the defendants, this
24 Order, in all other respects, shall remain in full force. Any
25 proceedings instituted under this Paragraph shall be in addition
26 to and not in lieu of any other proceedings the Commission may
27 initiate to enforce this Order. Solely for the purposes of
28 reopening or enforcing this Paragraph, defendants waive any right

1 to contest any of the allegations set forth in the Complaint
2 filed in this matter.

3
4 **VII. COLLECTING UNPAID REDRESS**

5 **IT IS FURTHER ORDERED** that the defendants Business Services
6 Center, Inc., Central Imaging Systems, LLC, Thomas B. Ford, and
7 Prudence C. Ford shall cooperate fully with the Commission and
8 its agents in all attempts to collect the amount due pursuant to
9 Paragraph V, if the defendants fail to pay fully the amount due
10 at the time specified by this Order. In such an event, the
11 defendants agree to provide the Commission with their federal and
12 state tax returns for the preceding three (3) years, and with
13 full updated financial disclosures, in the form as was previously
14 submitted by defendants as referenced in Paragraph VI, above,
15 within ten (10) business days of receiving a request from the
16 Commission to do so. The defendants further authorize the
17 Commission to verify all information provided on their disclosure
18 forms with all appropriate third parties, including, but not
19 limited to, financial institutions. The defendants are hereby
20 required, in accordance with 31 U.S.C. § 7701, to furnish the
21 Commission their social security numbers, which shall be used for
22 purposes of collecting and reporting on any delinquent amount
23 arising out of such defendants' relationship with the government.

24
25 **VIII. RECORD KEEPING PROVISIONS**

26 **IT IS FURTHER ORDERED** that, for a period of five (5) years
27 from the date of entry of this Order, defendants Business
28 Services Center, Inc., Central Imaging Systems, LLC, Thomas B.

1 Ford, and Prudence C. Ford, and each of them, and their
2 successors, assigns, officers, members, agents, directors,
3 servants, employees, and those persons in active concert or
4 participation with them who receive actual notice of this Order
5 by personal service or otherwise, whether acting directly or
6 through any corporation, limited liability company, subsidiary,
7 division or other device, in connection with any business where
8 such defendant is the majority owner of the business or
9 directly or indirectly manages or controls the business, are
10 hereby restrained and enjoined from failing to create, and from
11 failing to retain for a period of three (3) years following the
12 date of such creation, unless otherwise specified:

13 A. Books, records and accounts that, in reasonable detail,
14 accurately and fairly reflect the cost of goods or
15 services sold, revenues generated, and the disbursement of
16 such revenues;

17 B. Records accurately reflecting: the name, address, and
18 telephone number of each person employed in any capacity
19 by such business, including as an independent contractor;
20 that person's job title or position; the date upon which
21 the person commenced work; and the date and reason for the
22 person's termination, if applicable. The businesses
23 subject to this Paragraph shall retain such records for
24 any terminated employee for a period of three (3) years
25 following the date of termination;

26 C. Records containing the names, addresses, phone numbers,
27 dollar amounts paid, quantity of items or services
28 purchased, and description of items or services purchased,

1 for all consumers to whom such business has sold, invoiced
2 or shipped any goods or services, or from whom such
3 business accepted money or other items of value;

4 D. Records that reflect, for every consumer complaint or
5 refund request, whether received directly or indirectly or
6 through any third party:

- 7 (1) the consumer's name, address, telephone number and
8 the dollar amount paid by the consumer;
- 9 (2) the written complaint or refund request, if any, and
10 the date of the complaint or refund request;
- 11 (3) the basis of the complaint, including the name of any
12 salesperson complained against, and the nature and
13 result of any investigation conducted concerning any
14 complaint;
- 15 (4) each response and the date of the response;
- 16 (5) any final resolution and the date of the resolution;
17 and
- 18 (6) in the event of a denial of a refund request, the
19 reason for the denial; and

20 E. Copies of all sales scripts, training materials,
21 advertisements, or other marketing materials utilized;
22 provided that copies of all sales scripts, training
23 materials, advertisements, or other marketing materials
24 utilized shall be retained for three (3) years after the
25 last date of dissemination of any such materials.
26
27
28

1 **IX. DISTRIBUTION OF ORDER BY DEFENDANTS**

2 **IT IS FURTHER ORDERED** that, for a period of five (5) years
3 from the date of entry of this Order, defendants Business
4 Services Center, Inc., Central Imaging Systems, LLC, Thomas B.
5 Ford, and Prudence C. Ford shall each:

- 6 A. Provide a copy of this Order to, and obtain a signed and
7 dated acknowledgment of receipt of same from, each officer
8 or director, each individual serving in a management
9 capacity, all personnel involved in responding to consumer
10 complaints or inquiries, and all sales personnel, whether
11 designated as employees, consultants, independent
12 contractors or otherwise, immediately upon employing or
13 retaining any such persons, for any business where such
14 defendant is the majority owner of the business or
15 directly or indirectly manages or controls the business.
- 16 B. Maintain for a period of three (3) years after creation,
17 and upon reasonable notice, make available to
18 representatives of the Commission, the original signed and
19 dated acknowledgments of the receipt of copies of this
20 Order, as required in Section A of this Paragraph.

21
22 **X. COMPLIANCE REPORTING BY DEFENDANTS**

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

- 25 A. For a period of five (5) years from the date of entry of
26 this Order, defendants Business Services Center, Inc.,
27 Central Imaging Systems, LLC, Thomas B. Ford, and Prudence
28 C. Ford shall each notify the Commission of the following:

- 1 (1) Any changes in such defendant's residence, mailing
2 addresses, and telephone numbers, within ten (10)
3 days of the date of such change;
- 4 (2) Any changes in such defendant's employment status
5 (including self-employment) within ten (10) days of
6 such change. Such notice shall include the name and
7 address of each business that defendant is affiliated
8 with or employed by, a statement of the nature of the
9 business, and a statement of defendant's duties and
10 responsibilities in connection with the business or
11 employment; and
- 12 (3) Any proposed change in the structure of such
13 corporate or limited liability company defendant or
14 any proposed change in the structure of any business
15 entity owned or controlled by such individual
16 defendant such as creation, incorporation,
17 organization, dissolution, assignment, sale, merger,
18 creation, dissolution of subsidiaries, proposed
19 filing of a bankruptcy petition, or change in name or
20 address, or any other change that may affect
21 compliance obligations arising out of this Order,
22 thirty (30) days prior to the effective date of any
23 proposed change; *provided*, however, that, with
24 respect to any proposed change in the corporation or
25 limited liability company about which such defendant
26 learns less than thirty (30) days prior to the date
27 such action is to take place, such defendant shall
28 notify the Commission as soon as is practicable after

1 learning of such proposed change;

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

- 8 (1) Defendants' then current residence addresses and
9 telephone numbers;
- 10 (2) Individual defendants' then current employment,
11 business addresses and telephone numbers, a
12 description of the business activities of each such
13 employer, and individual defendants' title and
14 responsibilities for each employer;
- 15 (3) A copy of each acknowledgment of receipt of this
16 Order obtained by defendants pursuant to Paragraph
17 IX;
- 18 (4) A statement describing the manner in which defendants
19 have complied and are complying with the
20 (a) Injunctive provisions in Paragraph I of the
21 Order; and
22 (b) Monetary relief provisions in Paragraph V of the
23 Order;

24 C. Upon written request by a representative of the
25 Commission, defendants shall submit additional written
26 reports (under oath, if requested) and produce documents
27 on fifteen (15) days' notice with respect to any conduct
28 subject to this Order;

1 D. For the purposes of this Order, defendants shall, unless
2 otherwise directed by the Commission's authorized
3 representatives, mail all written notifications to the
4 Commission to:

5 Regional Director
6 Southwest Region
7 Federal Trade Commission
8 Suite 2150, 1999 Bryan Street
9 Dallas, Texas 75201

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10 E. For the purposes of this Paragraph, "employment" includes
11 the performance of services as an employee, consultant, or
12 independent contractor; and "employers" includes any
13 individual or entity for whom defendants perform services
14 as an employee, consultant, or independent contractor; and

15 F. For purposes of the compliance reporting required by this
16 Paragraph, the Commission is authorized to communicate
17 directly with defendants.

18 **XI. COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE**

19 **IT IS FURTHER ORDERED** that the Commission is authorized to
20 monitor defendants' compliance with this Order by all lawful
21 means, including but not limited to, the following means:

22 A. The Commission is authorized, without further leave of
23 court, to obtain discovery from any person in the manner
24 provided by Chapter V of the Federal Rules of Civil
25 Procedure, Fed. R. Civ. P. 26-37, including the use of
26 compulsory process pursuant to Fed. R. Civ. P. 45, for the
27 purpose of monitoring and investigating defendants'
28

1 compliance with any provision of this Order;

2 B. The Commission is authorized to use representatives posing
3 as consumers and suppliers to defendants, defendants'
4 employees, or any other entity managed or controlled in
5 whole or in part by defendants, without the necessity of
6 identification or prior notice; and

7 C. Nothing in this Order shall limit the Commission's lawful
8 use of compulsory process, pursuant to Sections 9 and 20
9 of the FTC Act, 15 U.S.C. §§ 49 and 57b-1, to investigate
10 whether defendants have violated any provision of this
11 Order or Section 5 of the FTC Act, 15 U.S.C. § 45.

12
13 **XII. ACCESS TO BUSINESS PREMISES**

14 **IT IS FURTHER ORDERED** that, for a period of five (5) years
15 from the date of entry of this Order, for the purpose of
16 further determining compliance with this Order, defendants
17 Business Services Center, Inc., Central Imaging Systems, LLC,
18 Thomas B. Ford, and Prudence C. Ford shall permit
19 representatives of the Commission, within three (3) business
20 days of receipt of written notice from the Commission:

21 A. Access during normal business hours to any office, or
22 facility storing documents, of any business where such
23 defendant is the majority owner of the business or
24 directly or indirectly manages or controls the business.
25 In providing such access, such defendant shall permit
26 representatives of the Commission to inspect and copy all
27 documents relevant to any matter contained in this Order;
28 and shall permit Commission representatives to remove

1 documents relevant to any matter contained in this Order
2 for a period not to exceed five (5) business days so that
3 the documents may be inspected, inventoried, and copied;
4 and

5 B. To interview the officers, directors, and employees,
6 including all personnel involved in responding to consumer
7 complaints or inquiries, and all sales personnel, whether
8 designated as employees, consultants, independent
9 contractors or otherwise, of any business to which Section
10 A of this Paragraph applies, concerning matters relating
11 to compliance with the terms of this Order. The person
12 interviewed may have counsel present.

13 Provided that, upon application of the Commission and for good
14 cause shown, the Court may enter an *ex parte* order granting
15 immediate access to defendants' business premises for the
16 purposes of inspecting and copying all documents relevant to
17 any matter contained in this Order.

18
19 **XIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

20 **IT IS FURTHER ORDERED** that, within five (5) business days
21 after receipt by defendants Business Services Center, Inc.,
22 Central Imaging Systems, LLC, Thomas B. Ford, and Prudence C.
23 Ford of this Order as entered by the Court, each defendant
24 shall submit to the Commission a truthful sworn statement, in
25 the form shown on Appendix A hereto, that shall acknowledge
26 receipt of this Order.

1 XIV. LIFT OF ASSET FREEZE

2 IT IS FURTHER ORDERED that the freeze of the defendants'
3 assets, imposed in the Preliminary Injunction entered in this
4 proceeding, shall be lifted upon the entry of this Final
5 Judgment.

6
7 XV. RECEIVERSHIP

8 IT IS FURTHER ORDERED that the Receivership imposed in the
9 Preliminary Injunction entered in this proceeding shall be
10 continued until such time as the Receiver has taken the
11 necessary steps to wind down the business of defendants
12 Business Services Center, Inc. and Central Imaging Systems,
13 LLC. Such necessary steps shall include canceling the
14 companies' contracts, liquidating the companies' assets, filing
15 tax returns where required, and taking such other steps as may
16 be necessary to terminate these businesses efficiently. The
17 Receiver is directed to provide a report to the Court which
18 details the steps taken to discharge his duties regarding the
19 receivership estate. The report shall include an inventory of
20 the receivership estates and an accounting of the receivership
21 estates' finances. In addition, the Receiver is directed to
22 provide a report to the Commission listing the customers of the
23 defendants, including the customers' last known address and
24 telephone number. Upon completion of the requirements of this
25 paragraph, the Receiver may move that this Court order
26 discharge of this Receivership. At such time, the Receiver
27 shall make a request for payment of final fees for the
28 performance of duties pursuant to the Preliminary Injunction

1 entered in this proceeding and the cost of actual out-of-pocket
2 expenses incurred. Once the Receiver has been compensated in
3 an amount approved by the Court, all remaining funds of
4 defendants Business Services Center, Inc. and Central Imaging
5 Systems, LLC, shall be transferred to the Commission subject to
6 the conditions set forth in Paragraph V of this Order.

7
8 **XVI. CLAIMS AGAINST THE RECEIVER OR THE RECEIVERSHIP ESTATE**

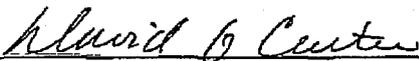
9 **IT IS FURTHER ORDERED** that the individual defendants
10 Thomas B. Ford and Prudence C. Ford hereby waive any claim
11 they may have against the receiver or the receivership estate.

12
13 **XVII. RETENTION OF JURISDICTION**

14 **IT IS FURTHER ORDERED** that the Court shall retain
15 jurisdiction of this matter for the purpose of enabling the
16 parties to apply to the Court at any time for such further
17 orders and directions as may be necessary or appropriate for
18 the interpretation, modification or enforcement of this Order,
19 or for the punishment of violations thereof.

20 The parties hereby consent to the terms and conditions of
21 the Stipulated Final Judgment and Order for Permanent
22 Injunction and Monetary Relief as set forth above and consent
23 to entry thereof.

24 **SO ORDERED**, this 10 day of September, 2000.

25
26 
27 David O. Carter
28 United States District Judge

1 SO STIPULATED:

2 *James R. Golder 9/5/2000*

3 James R. Golder
4 James E. Elliott
5 ATTORNEYS FOR PLAINTIFF
6 Federal Trade Commission

7 *George E. Schulman 6/26/2000*

8 George E. Schulman
9 Danning, Gill, Diamond & Kollitz, LLP
10 RECEIVER FOR DEFENDANTS
11 Business Services Center, Inc.
12 Central Imaging Systems, LLC

13 *None*

14 ATTORNEY FOR RECEIVER

15 *Thomas B. Ford*

16 Thomas B. Ford, individually
17 and as an officer of Business
18 Services Center, Inc.
19 DEFENDANT

20 *Prudence C. Ford*

21 Prudence C. Ford, individually
22 and as an officer of Business
23 Services Center, Inc. and as a
24 member and manager of Central
25 Imaging Systems, LLC.
26 DEFENDANT

27 *Leonard J. Comden*

28 Leonard J. Comden
Wasserman, Comden & Casselman LLP
ATTORNEY FOR DEFENDANTS
Business Services Center, Inc.
Central Imaging Systems, LLC
Thomas B. Ford
Prudence C. Ford