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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

NAFSO VLM, INC., et al.,

Defendants.

Case No. 2:12-cv-00781-KJM-EFB

**STIPULATED FINAL ORDER FOR
PERMANENT INJUNCTION AND
SETTLEMENT OF CLAIMS**

Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on March 27, 2012, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to obtain preliminary and permanent injunctive and other equitable relief for Defendants’ alleged violations of Section 5 of the FTC Act, 15 U.S.C. § 45, in connection with the marketing and sale of motor vehicle loan assistance relief services. *See* Dkt. No. 1. On April 20, 2012, the FTC and Defendants agreed to, and the Court entered, a stipulated Preliminary Injunction. *See* Dkt. No. 23. Now, the FTC and Defendants hereby stipulate to the entry of this Final Order for Permanent Injunction and Settlement of Claims (“Order”).

FINDINGS

By stipulation of the parties and being advised of the premises, the Court finds:

1. This is an action by the FTC instituted under Section 13(b) of the FTC Act, 15 U.S.C. § 53(b). The Complaint seeks both permanent injunctive relief and equitable monetary relief for Defendants’ alleged deceptive acts or practices as alleged therein.

1 2. The FTC has the authority under Section 13(b) of the FTC Act to seek the relief it has
2 requested, and the Complaint states a claim upon which relief can be granted against
3 Defendants.

4
5 3. This Court has jurisdiction over the subject matter of this case and has jurisdiction
6 over Defendants. Venue in the Eastern District of California is proper.

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

9
10 5. Defendants neither admit nor deny any of the allegations in the Complaint, except as
11 specifically stated in this Order. Only for purposes of this action, Defendants admit
12 the facts necessary to establish jurisdiction.

13 6. Defendants waive all rights to seek judicial review or otherwise challenge or contest
14 the validity of this Order. Defendants also waive any claim that they may have held
15 under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution
16 of this action to the date of this Order. Each settling party shall bear its own costs and
17 attorneys fees.
18

19 7. This action and the relief awarded herein are in addition to, and not in lieu of, other
20 remedies as may be provided by law, including both civil and criminal remedies.

21 8. Entry of this Order is in the public interest.
22

23 **DEFINITIONS**

24 1. “**Assisting others**” includes, but is not limited to, providing any of the following
25 goods or services to another person:
26
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- 1 A. performing customer service functions, including, but not limited to, receiving
- 2 or responding to consumer complaints;
- 3 B. formulating or providing, or arranging for the formulation or provision of, any
- 4 telephone sales script or any other marketing material, including but not
- 5 limited to, the text of any Internet website, email, or other electronic
- 6 communication;
- 7 C. providing names of, or assisting in the generation of, potential customers;
- 8 D. performing marketing services of any kind; or
- 9 E. acting or serving as an owner, officer, director, manager, or principal of any
- 10 entity.
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13 2. **“Competent and reliable evidence”** means tests, analyses, research, studies, or other
14 evidence based on the expertise of professionals in the relevant area, that has been
15 conducted and evaluated in an objective manner by persons qualified to do so, using
16 procedures generally accepted in the profession to yield accurate and reliable results.

17 3. **“Customer”** means any person who has paid, or may be required to pay, for products,
18 services, plans, or programs offered for sale or sold by any other person.

19 4. **“Defendants”** means all of the Individual Defendants and the Corporate Defendants,
20 individually, collectively, or in any combination. “Individual Defendants” means
21 Naythem Nafso and Michael Kamfiroozie. “Corporate Defendants” means NAFSO
22 VLM, Inc., also d/b/a Vehicle Loan Modification; Kore Services, LLC, also d/b/a
23 Auto Debt Consulting; and their successors and assigns.
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- 1 5. **“Financial related product or service”** means any product, service, plan, or program
2 represented, expressly or by implication, to:
3
4 A. provide any consumer, arrange for any consumer to receive, or assist any
5 consumer in receiving, credit, debit, or stored value cards;
6 B. improve, or arrange to improve, any consumer’s credit record, credit history, or
7 credit rating;
8 C. provide advice or assistance to any consumer with regard to any activity or
9 service the purpose of which is to improve a consumer’s credit record, credit
10 history, or credit rating; or
11 D. provide any consumer, arrange for any consumer to receive, or assist any
12 consumer in receiving, a loan or other extension of credit.
13
14 6. **“Motor vehicle”** means (a) any self-propelled vehicle designed for transporting
15 persons or property on a street, highway, or other road; (b) recreational boats and
16 marine equipment; (c) motorcycles; (d) motor homes, recreational vehicle trailers, and
17 slide-in campers; and (e) other vehicles that are titled and sold through dealers.
18
19 7. **“Motor vehicle dealer”** means any person or resident in the United States, or any
20 territory of the United States, who (a) is licensed by a State, a territory of the United
21 States, or the District of Columbia to engage in the sale of motor vehicles; and (B)
22 takes title to, holds an ownership in, or takes physical custody of motor vehicles.
23
24 8. **“Motor vehicle loan”** means any loan secured by title to a motor vehicle or otherwise
25 secured by the motor vehicle as collateral.
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- 1 9. **“Motor vehicle loan assistance relief product or service”** means any product,
2 service, plan, or program, offered or provided to the consumer in exchange for
3 consideration, that is represented, expressly or by implication, to assist or attempt to
4 assist the consumer with any of the following:
5
6 A. stopping, preventing, or postponing any repossession of the consumer’s motor
7 vehicle, or otherwise saving the consumer’s motor vehicle from repossession;
8
9 B. negotiating, obtaining, or arranging a modification of any term of a motor
10 vehicle loan, including a reduction in the amount of interest, principal balance,
11 monthly payments, or fees;
12
13 C. obtaining any forbearance or modification in the timing of payments from any
14 motor vehicle loan holder or servicer on any motor vehicle loan;
15
16 D. negotiating, obtaining, or arranging any extension of the period of time within
17 which the consumer may (i) cure his or her default on a motor vehicle loan, (ii)
18 reinstate his or her motor vehicle loan, (iii) redeem a motor vehicle, or (iv)
19 exercise any right to reinstate a motor vehicle loan or redeem a motor vehicle;
20
21 E. obtaining any waiver of an acceleration clause or balloon payment contained in
22 any promissory note or contract secured by any motor vehicle; or
23
24 F. negotiating, obtaining, or arranging a sale of a motor vehicle or any other
25 disposition of a motor vehicle loan other than a sale to a third party that is not
26 the motor vehicle loan holder.

27 The foregoing shall include any manner of claimed assistance, including, but not
28 limited to, auditing or examining a consumer’s motor vehicle loan application.

1 10. **“Person”** means a natural person, organization, or other legal entity, including a
2 corporation, partnership, proprietorship, association, cooperative, or any other group
3 or combination acting as an entity.
4

5 **ORDER**

6 **BAN ON ASSISTANCE RELIEF PRODUCTS AND SERVICES FOR SECURED AND**
7 **UNSECURED LOANS**

8 **I. IT IS THEREFORE ORDERED** that Defendants, whether acting directly or through
9 any other person, are permanently restrained and enjoined from:

10 A. Advertising, marketing, promoting, offering for sale, or selling any motor
11 vehicle loan assistance relief product or service or any product, service, plan,
12 or program represented, expressly or by implication, to renegotiate, settle, or in
13 any way alter the terms of payment or other terms of the debt or obligation,
14 between a person and one or more secured or unsecured creditors or debt
15 collectors, including but not limited to, a reduction in the balance, interest rate,
16 or fees owed by a person to a secured or unsecured creditor or debt collector;
17 and
18

19 B. Assisting others engaged in advertising, marketing, promoting, offering for
20 sale, or selling any motor vehicle loan assistance relief product or service or
21 any product, service, plan, or program represented, expressly or by implication,
22 to renegotiate, settle, or in any way alter the terms of payment or other terms of
23 the debt or obligation, between a person and one or more secured or unsecured
24 creditors or debt collectors, including but not limited to, a reduction in the
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1 balance, interest rate, or fees owed by a person to a secured or unsecured
2 creditor or debt collector.

3 *Provided*, that Sections I.A. and I.B. shall not prohibit the Individual Defendants from
4 engaging in any activity involving or related to the sale, leasing, rental, repair,
5 refurbishment, maintenance, or other servicing of motor vehicles, motor vehicle parts,
6 or any related or ancillary product or service, when engaged in such activity as, or
7 employed by, a motor vehicle dealer that (1) is predominantly engaged in the sale and
8 servicing of motor vehicles and/or the leasing and servicing of motor vehicles and (2)
9 extends retail credit or retail leases involving motor vehicles directly to consumers and
10 in which the contract governing such extension of retail credit or retail leases is
11 routinely assigned to an unaffiliated third party finance or leasing source.
12

13
14 **PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL RELATED**
15 **PRODUCTS OR SERVICES**

16 **II. IT IS FURTHER ORDERED** that Defendants and their officers, agents, servants,
17 employees, and attorneys, and those persons or entities in active concert or
18 participation with any of them who receive actual notice of this Order by personal
19 service, facsimile transmission, email, or otherwise, whether acting directly or through
20 any corporation, subsidiary, division, or other device, in connection with the
21 advertising, marketing, promotion, offering for sale or sale of any financial related
22 product or service, are hereby permanently restrained and enjoined from:
23

24 A. Misrepresenting or assisting others in misrepresenting, expressly or by
25 implication, any material fact, including but not limited to:
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- 1 1. The terms or rates that are available for any loan or other extension of
2 credit, including but not limited to:
 - 3 a. closing costs or other fees;
 - 4 b. the payment schedule, the monthly payment amount(s), or other
5 payment terms, or whether there is a balloon payment; interest
6 rate(s), annual percentage rate(s), or finance charge; the loan
7 amount, the amount of credit, the draw amount, or outstanding
8 balance; the loan term, the draw period, or maturity; or any
9 other term of credit;
 - 10 c. the savings associated with the credit;
 - 11 d. the amount of cash to be disbursed to the borrower out of the
12 proceeds, or the amount of cash to be disbursed on behalf of the
13 borrower to any third parties;
 - 14 e. whether the payment of the minimum amount specified each
15 month covers both interest and principal, and whether the credit
16 has or can result in negative amortization;
 - 17 f. that the credit does not have a prepayment penalty or that no
18 prepayment penalty and/or other fees or costs will be incurred if
19 the consumer subsequently refinances; and
 - 20 g. that the interest rate(s) or annual percentage rate(s) are fixed
21 rather than adjustable or adjustable rather than fixed;
 - 22 rather than adjustable or adjustable rather than fixed;
 - 23 rather than adjustable or adjustable rather than fixed;
 - 24 rather than adjustable or adjustable rather than fixed;
 - 25 rather than adjustable or adjustable rather than fixed;
 - 26 rather than adjustable or adjustable rather than fixed;
 - 27 rather than adjustable or adjustable rather than fixed;
 - 28 rather than adjustable or adjustable rather than fixed;

1 2. Any person's ability to improve or otherwise affect a consumer's credit
2 record, credit history, or credit rating or ability to obtain credit;

3 3. That any person can improve any consumer's credit record, credit
4 history, or credit rating by permanently removing negative information
5 from the consumer's credit record, credit history, or credit rating, even
6 where such information is accurate and not obsolete; and

7 4. That a consumer will receive legal representation;

8 B. Advertising or assisting others in advertising credit terms other than those
9 terms that actually are or will be arranged or offered by a creditor or lender.
10

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12 **PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR**
13 **SERVICES**

14 **III. IT IS FURTHER ORDERED** that Defendants and their officers, agents, servants,
15 employees, and attorneys, and those persons or entities in active concert or
16 participation with any of them who receive actual notice of this Order by personal
17 service, facsimile transmission, email, or otherwise, whether acting directly or through
18 any corporation, subsidiary, division, or other device, in connection with the
19 advertising, marketing, promotion, offering for sale or sale of any product, service,
20 plan, or program are hereby permanently restrained and enjoined from misrepresenting
21 or assisting others in misrepresenting, expressly or by implication, any material fact,
22 including but not limited to:

23

24 A. Any material aspect of the nature or terms of any refund, cancellation,
25 exchange, or repurchase policy, including, but not limited to, the likelihood of
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1 a consumer obtaining a full or partial refund, or the circumstances in which a
2 full or partial refund will be granted to the consumer;

3 B. That any person is affiliated with, endorsed or approved by, or otherwise
4 connected to any other person; government entity; public, non-profit, or other
5 non-commercial program; or any other program;

6 C. The nature, expertise, position, or job title of any person who provides any
7 product, service, plan, or program;

8 D. That any person will provide any product, service, plan, or program to any
9 consumer;

10 E. That any person providing a testimonial has purchased, received, or used the
11 product, service, plan, or program;

12 F. That the experience represented in a testimonial of the product, service, plan,
13 or program represents the person's actual experience resulting from the use of
14 the product, service, plan, or program under the circumstances depicted in the
15 advertisement;

16 G. The total costs to purchase, receive, or use, or the quantity of, the product,
17 service, plan, or program;

18 H. Any material restriction, limitation, or condition on purchasing, receiving, or
19 using the product, service, plan, or program; or

20 I. Any material aspect of the performance, efficacy, nature, or characteristics of
21 the product, service, plan, or program.
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1 **SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY CLAIMS**

2 **IV. IT IS FURTHER ORDERED** that Defendants and their officers, agents, servants,
3 employees, and attorneys, and those persons or entities in active concert or
4 participation with any of them who receive actual notice of this Order by personal
5 service, facsimile transmission, email, or otherwise, whether acting directly or through
6 any corporation, subsidiary, division, or other device, in connection with the
7 advertising, marketing, promotion, offering for sale, or sale of any product or service
8 are hereby permanently restrained and enjoined from making any representation or
9 assisting others in making any representation, expressly or by implication, about the
10 benefits, performance, or efficacy of such product or service, unless at the time such
11 representation is made, Defendants possess and rely upon competent and reliable
12 evidence that substantiates that the representation is true.

15 **CUSTOMER INFORMATION**

16 **V. IT IS FURTHER ORDERED** that Defendants and their successors, assigns, officers,
17 agents, servants, employees, and attorneys, and those persons or entities in active
18 concert or participation with any of them who receive actual notice of this Order by
19 personal service, facsimile transmission, email, or otherwise, whether acting directly
20 or through any corporation, subsidiary, division, or other device, are permanently
21 restrained and enjoined from:
22 restrained and enjoined from:

- 23 A. failing to provide sufficient customer information to enable the FTC to
24 administer efficiently consumer redress. If a representative of the FTC
25

1 requests in writing any information related to redress, Defendants must provide
2 it, in the form prescribed by the FTC, within 14 days.

3 B. disclosing, using, or benefitting from customer information, including the
4 name, address, telephone number, email address, social security number, other
5 identifying information, or any data that enables access to a customer's account
6 (including a credit card, bank account, or other financial account) of any
7 person that any Defendant obtained prior to entry of this Order in connection
8 with the advertising, marketing, promotion, offering for sale or sale of any
9 motor vehicle loan assistance relief product or service, and
10

11 C. failing to dispose of such customer information in all forms in their possession,
12 custody, or control within thirty (30) days after receipt of written direction to
13 do so from a representative of the FTC. Disposal shall be by means that
14 protect against unauthorized access to the customer information, such as by
15 burning, pulverizing, or shredding any papers, and by erasing or destroying any
16 electronic media, to ensure that the customer information cannot practicably be
17 read or reconstructed.
18

19 D. **Provided, however,** that customer information need not be disposed of, and
20 may be disclosed, to the extent requested by a government agency or required
21 by a law, regulation, or court order.
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MONETARY JUDGMENT

VI. IT IS FURTHER ORDERED that:

A. Judgment is hereby entered in favor of the FTC against Defendants, jointly and severally, in the amount of TWO HUNDRED SEVENTY NINE THOUSAND, SEVEN HUNDRED TWENTY EIGHT DOLLARS (\$279,728); *provided, however,* that this judgment shall be suspended as to the Individual Defendants, subject to Section VII of this Order.

B. In partial satisfaction of the judgment against Defendants:

1. Bank of America NA shall, within ten (10) business days from receipt of a copy of this Order, transfer to the FTC or its designated agent all funds, if any, held in (a) account number xxxx7964 in the name of Kore Services, LLC and (b) account number xxxx7152 in the name of NAFSO VLM, Inc.;
2. Wells Fargo Bank NA shall, within ten (10) business days from receipt of a copy of this Order, transfer to the FTC or its designated agent all funds, if any, held in (a) account number xxxx7167 in the name of Kore Services, LLC, (b) account number xxxx5123 in the name of Kore Services, LLC, (c) account number xxxx7175 in the name of Kore Services, LLC, (d) account number xxxx5131 in the name of Kore Services, LLC, (e) account number xxxx8125 in the name of Smaxter, Inc., and (f) account number xxxx7207 in the name of Smaxter, Inc.;

1 E. The facts alleged in the Complaint will be taken as true, without further proof,
2 in any subsequent civil litigation by or on behalf of the FTC, including but not
3 limited to in a proceeding to enforce its rights to any payment or monetary
4 judgment pursuant to this Order, such as a nondischargeability complaint in
5 any bankruptcy case.
6

7 F. The facts alleged in the Complaint establish all elements necessary to sustain
8 an action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy
9 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel
10 effect for such purposes.
11

12 G. Defendants agree that the judgment entered pursuant to this Section is
13 equitable monetary relief, solely remedial and restitutionary in nature, and not
14 a fine, penalty, punitive assessment or forfeiture.
15

16 H. Upon request, Defendants are hereby required, in accordance with 31 U.S.C.
17 § 7701, to furnish to the FTC their tax identification numbers, which may be
18 used for purposes of collecting and reporting on any delinquent amount arising
19 out of this Order.
20

21 I. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C.
22 § 1681b(a)(1), any consumer reporting agency may furnish a consumer report
23 concerning Defendants to the FTC, which shall be used for purposes of
24 collecting and reporting on any delinquent amount arising out of this Order.
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RIGHT TO REOPEN

1
2 **VII. IT IS FURTHER ORDERED** that, the FTC’s agreement to, and the Court’s approval
3 of, this Order is expressly premised on the truthfulness, accuracy and completeness of
4 the Individual Defendants’ financial statements previously submitted to the FTC. If,
5 upon motion by the FTC, the Court finds that the financial statement of an Individual
6 Defendant contains any material misrepresentation or omission, the judgment entered
7 in Section VI of this Order shall be reinstated and become immediately due and
8 payable as to that Individual Defendant, less any amounts turned over to the FTC or its
9 designated agent pursuant to Section VI of this Order; *provided, however*, that in all
10 other respects this Order shall remain in full force and effect unless otherwise ordered
11 by the Court; and, *provided further*, that proceedings instituted under this provision
12 would be in addition to, and not in lieu of, any other civil or criminal remedies as may
13 be provided by law, including any other proceedings that the FTC may initiate to
14 enforce this Order. For purposes of this Section, the Individual Defendants waive any
15 right to contest any of the allegations in the Complaint.
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ORDER ACKNOWLEDGMENTS

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20 **VIII. IT IS FURTHER ORDERED** that Defendants obtain acknowledgments of receipt of
21 this Order:
22
23 A. Each Defendant, within 7 days of entry of this Order, must submit to the FTC
24 an acknowledgment of receipt of this Order sworn under penalty of perjury.
25
26 B. For 5 years after entry of this Order, each Individual Defendant for any
27 business that such Defendant, individually or collectively with any other
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1 Defendant, is the majority owner or directly or indirectly controls, and each
2 Corporate Defendant, must deliver a copy of this Order to: (1) all principals,
3 officers, directors, and LLC managers and members; (2) all employees, agents,
4 and representatives who participate in conduct related to the subject matter of
5 the Order; and (3) any business entity resulting from any change in structure as
6 set forth in the Section titled Compliance Reporting. Delivery must occur
7 within 7 days of entry of this Order for current personnel. To all others,
8 delivery must occur before they assume their responsibilities.
9

- 10
11 C. From each individual or entity to which a Defendant delivered a copy of this
12 Order, that Defendant must obtain, within 30 days, a signed and dated
13 acknowledgment of receipt of this Order.

14 **COMPLIANCE REPORTING**

15 **IX. IT IS FURTHER ORDERED** that Defendants make timely submissions to the FTC:

- 16
17 A. One year after entry of this Order, each Defendant must submit a compliance
18 report, sworn under penalty of perjury.
- 19 1. Each Defendant must: (a) designate at least one telephone number and
20 an email, physical, and postal address as points of contact, which
21 representatives of the FTC may use to communicate with Defendant;
22 (b) identify all of that Defendant's businesses by all of their names,
23 telephone numbers, and physical, postal, email, and Internet addresses;
24 (c) describe the activities of each business, including the products and
25 services offered, the means of advertising, marketing, and sales, and the
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1 involvement of any other Defendant (which Individual Defendants
2 must describe if they know or should know due to their own
3 involvement); (d) describe in detail whether and how that Defendant is
4 in compliance with each Section of this Order; and (e) provide a copy
5 of each Order Acknowledgment obtained pursuant to this Order, unless
6 previously submitted to the FTC;

7
8 2. Additionally, each Individual Defendant must: (a) identify all
9 telephone numbers and all email, Internet, physical, and postal
10 addresses, including all residences; (b) identify all titles and roles in all
11 business activities, including any business for which such Defendant
12 performs services whether as an employee or otherwise and any entity
13 in which such Defendant has any ownership interest; and (c) describe in
14 detail such Defendant's involvement in each such business, including
15 title, role, responsibilities, participation, authority, control, and any
16 ownership.
17

18
19 B. For 10 years following entry of this Order, each Defendant must submit a
20 compliance notice, sworn under penalty of perjury, within 14 days of any
21 change in the following:

22 1. Each Defendant must report any change in: (a) any designated point of
23 contact; or (b) the structure of any Corporate Defendant or any entity
24 that Defendant has any ownership interest in or directly or indirectly
25 controls that may affect compliance obligations arising under this
26

1 Order, including: creation, merger, sale, or dissolution of the entity or
2 any subsidiary, parent, or affiliate that engages in any acts or practices
3 subject to this Order.
4

5 2. Additionally, each Individual Defendant must report any change in: (a)
6 name, including aliases or fictitious name, or residence address; or (b)
7 title or role in any business activity, including any business for which
8 such Defendant performs services whether as an employee or otherwise
9 and any entity in which such Defendant has any ownership interest, and
10 identify its name, physical address, and Internet address, if any.
11

12 C. Each Defendant must submit to the FTC notice of the filing of any bankruptcy
13 petition, insolvency proceeding, or any similar proceeding by or against such
14 Defendant within 14 days of its filing.

15 D. Any submission to the FTC required by this Order to be sworn under penalty
16 of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such
17 as by concluding: “I declare under penalty of perjury under the laws of the
18 United States of America that the foregoing is true and correct. Executed
19 on:_____” and supplying the date, signatory’s full name, title (if applicable),
20 and signature.
21

22 E. Unless otherwise directed by a FTC representative in writing, all submissions
23 to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent
24 by overnight courier (not the U.S. Postal Service) to: Associate Director for
25 Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600
26
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1 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must
2 begin: *FTC v. NAFSO VLM, et al.*, Matter Number X120017.

3
4 **RECORDKEEPING**

- 5 **X. IT IS FURTHER ORDERED** that Defendants must create certain records for 10
6 years after entry of the Order, and retain each such record for 5 years. Specifically,
7 each Corporate Defendant and each Individual Defendant for any business in which
8 that Defendant, individually or collectively with any other Defendants, is a majority
9 owner or directly or indirectly controls, must maintain the following records:
- 10 A. Accounting records showing the revenues from all goods or services sold, all
11 costs incurred in generating those revenues, and the resulting net profit or loss;
 - 12 B. Personnel records showing, for each person providing services, whether as an
13 employee or otherwise, that person's: name, addresses, and telephone
14 numbers; job title or position; dates of service; and, if applicable, the reason for
15 termination;
 - 16 C. Complaints and refund requests, whether received directly or indirectly, such
17 as through a third party, and any response;
 - 18 D. All records necessary to demonstrate full compliance with each provision of
19 this Order, including all submissions to the FTC; and
 - 20 E. A copy of each advertisement or other marketing material.

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23 **COMPLIANCE MONITORING**

- 24
25 **XI. IT IS FURTHER ORDERED** that, for the purpose of monitoring Defendants'
26 compliance with this Order, including the financial representations upon which part of
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1 the judgment was suspended and any failure to transfer any assets as required by this
2 Order:

3 A. Within 14 days of receipt of a written request from a representative of the FTC,
4 each Defendant must: submit additional compliance reports or other requested
5 information, which must be sworn under penalty of perjury; appear for
6 depositions; and produce documents, for inspection and copying. The FTC is
7 also authorized to obtain discovery, without further leave of court, using any of
8 the procedures prescribed by Federal Rules of Civil Procedure 29, 30
9 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

10 B. For matters concerning this Order, the FTC is authorized to communicate
11 directly with each Defendant. Defendant must permit representatives of the
12 FTC to interview any employee or other person affiliated with any Defendant
13 who has agreed to such an interview. The person interviewed may have
14 counsel present.

15 C. The FTC may use all other lawful means, including posing, through its
16 representatives, as consumers, suppliers, or other individuals or entities, to
17 Defendants or any individual or entity affiliated with Defendants, without the
18 necessity of identification or prior notice. Nothing in this Order limits the
19 Commission's lawful use of compulsory process, pursuant to Sections 9 and 20
20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.
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RETENTION OF JURISDICTION

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

IT IS SO STIPULATED:

NAYTHEM NAFSO, Defendant¹

NAFSO VLM, INC., Defendant
By: Naythem Nafso

MICHAEL KAMFIROOZIE, Defendant

KORE SERVICES, LLC, Defendant
By: Michael Kamfiroozie

ROLAND C. COLTON
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28202 Cabot Road, Suite 300
Laguna Niguel, CA. 92677
Telephone: 949-365-5660
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Washington, DC 20580
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Telephone: 202-326-3332 (Rosenthal)
Facsimile: 202-326-3768

Attorneys for Plaintiff

¹ The court acknowledges receipt of a copy of the stipulated order signed by all parties.

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IT IS SO ORDERED, this 8th day of February, 2013.


UNITED STATES DISTRICT JUDGE