

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

FILED by WPH D.C.  
NOV 16 2004  
CLARENCE MADDOX  
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S.D. OF FLA. - MIAMI

Case No. 02-21754 -CIV-MARTINEZ/BANDSTRA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ASSOCIATED RECORD  
DISTRIBUTORS, INC.,

RUSSELL MACARTHUR, et al.,

Defendants.

STIPULATED  
PRELIMINARY  
INJUNCTION WITH  
ASSET FREEZE,  
APPOINTMENT OF A  
RECEIVER AND OTHER  
EQUITABLE RELIEF AS  
TO RESPONDENT  
VIRTUAL MEDIA  
SYSTEMS, INC.

This matter comes before the Court on stipulation of Plaintiff Federal Trade Commission ("Commission" or "FTC") and Respondent Virtual Media Systems, Inc. ("VMS"). On September 28, 2004, the Commission filed an *Ex Parte* Motion for (1) an Order to Show Cause Why Defendant Russell MacArthur and Respondent Virtual Media Systems, Inc. ("VMS") Should Not Be Held in Contempt for Violating the Stipulated Final Judgment and Permanent Injunction as to Defendant Russell MacArthur ("Permanent Injunction") entered by the Court on May 21, 2003 (D.E. No. 84), and (2) a Temporary Restraining Order Pending the Show Cause Hearing. On September 29, 2004, this Court, having considered the declarations, exhibits, and memorandum of law filed in support thereof, issued an Order granting the Motion, appointing Gerald Wald as the Receiver for VMS, and ordering other ancillary equitable relief. Pending the final disposition of the Motion, the Commission and VMS stipulate to the terms of this Preliminary Injunction.

The Court makes the following findings of fact and conclusions of law:

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1. This Court has jurisdiction of the subject matter of the Motion, and there is good cause to believe it will have jurisdiction over all parties hereto;

2. There is good cause to believe that VMS has engaged in and is likely to engage in acts or omissions constituting violations of the Permanent Injunction in connection with marketing and selling of business opportunity ventures, and that the Commission is therefore likely to prevail on the merits at the show cause hearing;

3. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by VMS of assets or records unless VMS is enjoined by Order of this Court.

4. Good cause exists for appointing a Receiver for VMS;

5. Weighing the equities and considering the Commission's likelihood of ultimate success, a Preliminary Injunction with an asset freeze, appointment of a Receiver, and other equitable relief is in the public interest;

6. VMS, by agreeing to this Order, makes no admissions as to the truth of the FTC's allegations. In addition, the stipulation and entry of this Order is not to be construed or deemed a waiver of any claims or defenses that may be raised in this action;

7. As an agency of the United States, no security is required of the Commission for issuance of an injunction. Fed. R. Civ. P. 65(c).

#### **DEFINITIONS**

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

1. "Assets" means any legal or equitable interest in, right to, or claim to, any real or personal property, including, but not limited to chattel, goods, instruments, equipment, fixtures, general intangibles, inventory, checks, notes, leaseholds, effects, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, lines of credit, premises, receivables, funds, and cash, wherever located, whether in the United States or abroad;

2. "Document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from

which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term;

3. "Receiver" shall mean the receiver appointed in Section III of this Order and any deputy receivers that may be named by the Receiver;

4. "Receivership Defendant" shall mean VMS.

## ORDER

### I. ASSET FREEZE

**IT IS THEREFORE ORDERED** that VMS is hereby enjoined from:

1. Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, consumer lists, shares of stock, or other assets, or any interest therein, wherever located, that are: (1) owned or controlled by VMS, in whole or in part, for the benefit of VMS; (2) in the actual or constructive possession of VMS; or (3) owned, controlled by, or in the actual or constructive possession of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by VMS, including, but not limited to, any assets held by or for, or subject to access by, VMS, at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metals dealer, or other financial institution or depository of any kind;

2. Opening or causing to be opened any safe deposit boxes titled in the name of VMS, or subject to access by it;

3. Obtaining a personal or secured loan encumbering the assets of VMS; and

4. Incurring liens or other encumbrances on real property, personal property or other assets in the name of VMS.

*Provided, however,* that the Receiver may transfer any assets of VMS to a receivership account as authorized in this Order, for the purpose of marshaling the assets of the receivership estate. *Provided further,* that the assets affected by this Section shall include: (1) all assets of

VMS as of the time this Order was entered; and (2) all assets obtained by VMS after the time this Order was entered.

## **II. RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS**

**IT IS FURTHER ORDERED** that, pending the Show Cause Hearing, any financial or brokerage institution, escrow agent, title company, commodity trading company, business entity, trust, or person that holds, controls or maintains custody of any account or asset of or on behalf of VMS, upon service with a copy of this Order, shall:

1. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, encumbrance, disbursement, dissipation, conversion, sale, or other disposal of any such asset, except by further order of the Court;
2. Deny VMS access to any safe deposit box that is titled in the name of or otherwise subject to access by VMS;
3. Provide the Receiver and the Commission's counsel, within five (5) business days of receiving a copy of this Order, a sworn statement setting forth:
  - a. the identification number of each such account or asset titled in the name, individually or jointly, of VMS, or held on behalf of, or for the benefit of VMS;
  - b. the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and
  - c. the identification of any safe deposit box that is titled in the name of VMS, or is otherwise subject to access by VMS; and
4. Upon request by the Receiver or the Commission, promptly provide the Receiver and the Commission with copies of all records or other documentation pertaining to each such account or asset, including but not limited to originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all

other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

5. Cooperate with all reasonable requests of the Receiver relating to implementation of this Order, including transferring funds to the Receiver.

### **III. APPOINTMENT OF RECEIVER**

**IT IS FURTHER ORDERED** that Gerald Wald, Esq., is appointed as Receiver for Receivership Defendant VMS. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order. The Receiver shall be accountable directly to this Court, and is authorized and directed to accomplish the following:

1. Assume full control of VMS by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee, or agent of VMS, including Defendant Russell MacArthur, from control of, management of, or participation in, the affairs of VMS.

2. Take exclusive custody, control, and possession of all assets and documents of, or in the possession, custody, or under the control of, VMS, wherever situated. The Receiver shall have full power to divert mail and to sue for, collect, receive, take in possession, hold, and manage all assets and documents of VMS and other persons or entities whose interests are now under the direction, possession, custody, or control of, VMS. The Receiver shall assume control over the income and profits therefrom and all sums of money now or hereafter due or owing to VMS. *Provided, however,* that the Receiver shall not attempt to collect any amount from a consumer if the Receiver believes the consumer was a victim of the violations of the Permanent Injunction alleged in the Commission's Motion for an Order to Show Cause, without prior Court approval;

3. Take all steps necessary to secure each location from which VMS operates its business, including but not limited to (i) its premises at 1119 S. 21<sup>st</sup> Avenue, Suite A & B, Hollywood, Florida 33020, and (ii) its physical and mailing address at 347 Ansin Boulevard, Hallandale, Florida 33005. Such steps may include, but are not limited to, any of the following, as the Receiver deems necessary or advisable: (1) serving this Order; (2) completing a written inventory of all receivership assets; (3) obtaining pertinent information from all employees and

other agents of VMS, including, but not limited to, the name, home address, social security number, job description, passwords or access codes, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent; (4) photographing and video taping any or all portions of the location; (5) securing the location by changing the locks and disconnecting any computer modems or other means of access to the computer or other records maintained at that location; and (6) requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Receiver with proof of identification, or to demonstrate to the satisfaction of the Receiver that such persons are not removing from the premises documents or assets of VMS. Law enforcement personnel, including, but not limited to, police or sheriffs, may assist the Receiver in implementing these provisions in order to keep the peace and maintain security. If requested by the Receiver, the United States Marshal will provide appropriate and necessary assistance to the Receiver to implement this Order;

4. Conserve, hold, and manage all assets of VMS, and perform all acts necessary or advisable to preserve the value of those assets in order to prevent any irreparable loss, damage, or injury to consumers or creditors of VMS, including, but not limited to, obtaining an accounting of the assets and preventing the unauthorized transfer, withdrawal, or misapplication of assets;

5. Enter into contracts and purchase insurance as advisable or necessary;

6. Prevent the inequitable distribution of assets and determine, adjust, and protect the interests of consumers and creditors who have transacted business with VMS;

7. Manage and administer the business of VMS until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes retaining, hiring, or dismissing any employees, independent contractors, or agents;

8. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;

9. Make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation

incurred by VMS prior to the date of entry of this Order, except payments that the Receiver deems necessary or advisable to secure assets of VMS, such as rental payments;

10. Suspend business operations of VMS if in the judgment of the Receiver such operations cannot be continued legally and profitably;

11. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts or arbitration proceedings as the Receiver deems necessary and advisable to preserve or recover the assets of VMS, or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order, including but not limited to, actions challenging fraudulent or voidable transfers;

12. Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or against VMS, as the Receiver deems necessary and advisable to preserve the assets of VMS, or as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

13. Issue subpoenas to obtain documents and records pertaining to the receivership, and conduct discovery in this action on behalf of the receivership estate;

14. Open one or more bank accounts as designated depositories for funds of VMS. The Receiver shall deposit all funds of VMS in such a designated account and shall make all payments and disbursements from the receivership estate from such an account. The Receiver shall serve copies of monthly account statements on all parties, including VMS, through its counsel;

15. Maintain accurate records of all receipts and expenditures that he makes as Receiver;

16. Cooperate with reasonable requests for information or assistance from any state or federal law enforcement agency;

17. Liquidate all assets of VMS through auction and hold such assets pending further order of the Court, provided that the Receiver shall give VMS, through its counsel, three (3) days advance notice of any auction;

18. Vacate the business premises occupied by VMS and consolidate all records and other assets by moving assets and records currently located outside of this District to a secure facility maintained within this District; and

19. Make periodic reports, observations, and recommendations to this Court, upon reasonable notice to the parties, and seek guidance and instructions from this Court, if the Receiver deems it necessary. Such reports may include the following information regarding VMS: (1) a description of VMS's business and of Defendant Russell MacArthur's role in the business; (2) an enumeration and/or detailed description of revenues and expenditures; (3) identification of all earnings claims made in the course of offering for sale of VMS's business ventures, including franchises; (4) any substantiation for such earnings claims; (5) the number of purchasers of VMS's business ventures, including franchises, and the amount they paid for VMS's business ventures, and (6) any additional information that the Receiver deems useful to the Court.

#### **IV. TRANSFER OF RECEIVERSHIP PROPERTY TO RECEIVER**

**IT IS FURTHER ORDERED** that VMS and any other person or entity with possession, custody, or control of property of VMS or records relating to VMS shall, upon notice of this Order by personal service or otherwise, immediately notify the Receiver of, and immediately upon receiving a request from the Receiver, immediately transfer or deliver to the Receiver possession, custody, and control of the following:

1. All assets of VMS;
2. All documents of VMS, including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers;
3. All computers and data in whatever form used to conduct the business of VMS;
4. All assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of, VMS; and



5. All keys, codes, and passwords necessary to gain or to secure access to any assets or documents of VMS, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

In the event that any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Section, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the asset, document, or other thing and to deliver it to the Receiver.

#### **V. PROVISION OF INFORMATION TO RECEIVER**

**IT IS FURTHER ORDERED** that VMS shall provide to the Receiver, immediately upon request, the following:

1. A list of all assets and property, including accounts, of VMS that are held in any name other than the name of VMS, or by any person or entity other than VMS; and
2. A list of all agents, employees, officers, servants or those persons in active concert and participation with VMS, who have been associated or done business with VMS.

#### **VI. COOPERATION WITH THE RECEIVER**

**IT IS FURTHER ORDERED** that VMS and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver in taking and maintaining possession, custody, or control of the assets of VMS. This cooperation and assistance shall include, but not be limited to: providing information to the Receiver that the Receiver deems necessary in order to exercise the authority and discharge the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; and advising all persons who owe money to VMS that all debts should be paid directly to the Receiver; transferring funds at the Receiver's direction and producing records related to the assets and sales of VMS. The entities obligated to cooperate with the Receiver under this provision include, but are not limited to, banks, broker-dealers, savings and loans, escrow agents, title companies, commodity trading companies, precious

metals dealers and other financial institutions and depositories of any kind, and all third-party billing agents, common carriers, and other telecommunications companies, that have transacted business with VMS.

#### **VII. INTERFERENCE WITH THE RECEIVER**

**IT IS FURTHER ORDERED** that VMS and all other persons or entities served with a copy of this Order are hereby enjoined from directly or indirectly:

1. Interfering with the Receiver managing, or taking custody, control, or possession of, the assets or documents subject to this receivership;
2. Transacting any of the business of VMS;
3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by VMS, or the Receiver; and
4. Refusing to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

#### **VIII. STAY OF ACTIONS AGAINST VMS**

**IT IS FURTHER ORDERED** that, except by leave of this Court, during pendency of the receivership ordered herein, VMS, and all investors, creditors, stockholders, lessors, customers and other persons seeking to establish or enforce any claim, right, or interest against or on behalf of VMS, and all others acting for or on behalf of such persons, are hereby enjoined from taking action that would interfere with the exclusive jurisdiction of this Court over the assets or documents of VMS, including, but not limited to:

1. Petitioning, or assisting in the filing of a petition, that would cause VMS to be placed in bankruptcy;
2. Commencing, prosecuting, or continuing a judicial, administrative, or other action or proceeding against VMS, including the issuance or employment of process, against VMS, *except* that such actions may be commenced if necessary to toll any applicable statute of limitations;
3. Filing or enforcing any lien on any asset of VMS, taking or attempting to take possession, custody, or control of any asset of VMS; or attempting to foreclose, forfeit, alter, or

terminate any interest in any asset of VMS, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;

4. Initiating any other process or proceeding that would interfere with the Receiver managing, or taking custody, control, or possession of, the assets or documents subject to this receivership.

*Provided that*, this Order does not stay: (i) the commencement or continuation of a criminal action or proceeding; (ii) the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power; or (iii) the enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

#### **IX. COMPENSATION OF RECEIVER**

**IT IS FURTHER ORDERED** that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, in the possession or control of, or which may be received by, VMS. The Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the date of entry of this Order. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

#### **X. RECEIVER'S BOND**

**IT IS FURTHER ORDERED** that the Receiver shall maintain with the Clerk of this Court a bond in the sum of \$25,000 with sureties to be approved by the Court, conditioned that the Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

#### **XI. PRESERVATION OF RECORDS**

**IT IS FURTHER ORDERED** that VMS is enjoined from destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly,

any documents that relate to the business, business practices, assets, or finances of VMS. Furthermore, VMS is enjoined from failing to create and maintain documents that, in reasonable detail, accurately, fairly, and completely reflect their incomes, disbursements, transactions, and use of money.

## **XII. FOREIGN ASSET REPATRIATION**

**IT IS FURTHER ORDERED** that within five (5) business days following the service of this Order, VMS shall:

1. Provide the Commission and the Receiver with a full accounting of all funds, documents, and assets outside of the United States that are: (1) titled in the name, individually or jointly, of VMS; or (2) held by any person or entity for the benefit of VMS; or (3) under the direct or indirect control of VMS;
2. Transfer to the territory of the United States and, in the case of receivership assets, deliver to the Receiver, all funds, documents, and assets located in foreign countries that are: (1) titled in the name individually or jointly of VMS; or (2) held by any person or entity, for the benefit of VMS; or (3) under the direct or indirect control of VMS; and
3. Provide the Commission access to all records of accounts or assets of VMS held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to this Order.

## **XIII. INTERFERENCE WITH REPATRIATION**

**IT IS FURTHER ORDERED** that VMS and any other person or entity who receives notice of this Order by personal service or otherwise, are hereby temporarily restrained and enjoined from taking any action, directly or indirectly, which may result in the encumbrance or dissipation of foreign assets, or in the hindrance of the repatriation required by the preceding Section of this Order, including but not limited to:

1. Sending any statement, letter, fax, e-mail or wire transmission, telephoning or engaging in any other act, directly or indirectly, that results in a determination by a foreign trustee or other entity that a "duress" event has occurred under the terms of a foreign trust agreement until such time that all assets have been fully repatriated pursuant to the preceding Section of this Order;

2. Notifying any trustee, protector or other agent of any foreign trust or other related entities of either the existence of this Order, or of the fact that repatriation is required pursuant to a Court Order, until such time that all assets have been fully repatriated pursuant to the preceding Section of this Order.

#### **XIV. EXPEDITED DISCOVERY**

**IT IS FURTHER ORDERED** that, in anticipation of the Show Cause Hearing in this matter, the Commission and the Receiver are authorized to conduct expedited discovery concerning VMS's assets and business practices in accordance with the following provisions:

1. The Commission and the Receiver may take the depositions of VMS and any non-party. Four (4) business days notice shall be sufficient notice for such depositions;

2. The Commission and the Receiver may serve upon VMS requests for production of documents or inspection that require production or inspection within five (5) calendar days of service, and may serve subpoenas upon non-parties that direct production or inspection within five (5) calendar days of service;

3. The Commission may serve deposition notices and other discovery requests upon VMS by facsimile or overnight courier, and depositions may be taken by telephone or other remote electronic means; and

4. Any discovery taken pursuant to this Order is in addition to, and is not subject to, the presumptive limits on discovery set forth in the Federal Rules of Civil Procedure and Local Rules of this Court.

#### **XV. SERVICE BY FACSIMILE AUTHORIZED**

**IT IS FURTHER ORDERED** that copies of this Order may be served by any means, including facsimile transmission, upon any financial institution or other entity or person that may have possession, custody, or control of any documents or assets of VMS, or that may otherwise be subject to any provision of this Order. Service upon any branch or office of any financial institution shall effect service upon the entire financial institution.

#### **XVI. VMS'S DUTY TO DISTRIBUTE ORDER**

**IT IS FURTHER ORDERED** that VMS shall immediately provide a copy of this Order to each affiliate, subsidiary, division, sales entity, successor, assign, officer, director, employee,

independent contractor, client company, agent, attorney, spouse and representative of VMS that VMS has any contact or communication with, and shall, within ten (10) days from the date of entry of this Order, provide the Commission with a sworn statement that (A) confirms that VMS has provided copies of the Order as required by this Section, and (B) lists the names and addresses of each entity or person to whom VMS provided a copy of the Order. Furthermore, VMS shall not take any action that would encourage officers, agents, directors, employees, salespersons, independent contractors, attorneys, subsidiaries, affiliates, successors, assigns or other persons or entities in active concert or participation with VMS to disregard this Order or believe that they are not bound by its provisions.

#### **XVII. SERVICE UPON PLAINTIFF**

**IT IS FURTHER ORDERED** that VMS shall serve all pleadings, memoranda, correspondence, affidavits, declarations, or other documents related to Plaintiff's Motion for an Order to Show Cause by facsimile transmission to (202) 326-3395, by hand delivery to the offices of the Federal Trade Commission, at 600 Pennsylvania Avenue, NW, Room H-238, Washington, DC 20580, and addressed to the attention of Michael P. Mora, or by overnight shipment through a third-party commercial carrier for delivery at this address.

#### **XVIII. SERVICE OF RESPONSE AND REPLY**

**IT IS FURTHER ORDERED** that VMS shall file a memorandum in response to the Commission's Motion for Order to Show Cause no later than fifteen (15) calendar days before the Show Cause Hearing, and any exhibits, affidavits or declarations in support thereof, and the FTC shall file a reply memorandum and any exhibits, affidavits or declarations in support thereof no later than five (5) calendar days before the Show Cause Hearing.

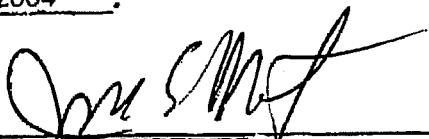
#### **XIX. SHOW CAUSE HEARING**

**IT IS FURTHER ORDERED** that VMS shall appear before this Court on the 19th day of November, 2004, at 1:30 o'clock P.m., to show cause, if there is any, why this Court should not find VMS in contempt and enter an order imposing such compensatory and additional relief as may be appropriate.

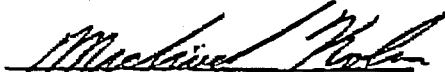
**XX. RETENTION OF JURISDICTION**

**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this matter for all purposes.

**SO ORDERED**, this 9 day of November 2004.

  
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JOSE E. MARTINEZ  
UNITED STATES DISTRICT JUDGE

**STIPULATED TO BY:**

  
\_\_\_\_\_  
Michael Kohn  
President

Virtual Media Systems, Inc.  
Date: 10/27, 2004

  
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Ronald S. Lowy, Esq.

1503 N.W. 14<sup>th</sup> St., 2<sup>nd</sup> Floor  
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Telephone: 305-549-6565  
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Counsel for Virtual Media Systems, Inc.  
Date: 10/27, 2004

  
\_\_\_\_\_  
Deborah Matties

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Fax: (202) 326-3395  
dmatties@ftc.gov; mmora@ftc.gov  
Date: 10/27, 2004