

1 Lemuel W. Dowdy
Victor F. DeFrancis
2 Federal Trade Commission
600 Pennsylvania Avenue, NW
3 Washington, DC 20580
Telephone: (202) 326-2981, (202) 326-3495
4 Facsimile: (202) 326-2558

5 Raymond E. McKown
CA Bar No. 150975
6 Federal Trade Commission
10877 Wilshire Boulevard, Suite 700
7 Los Angeles, CA 90024
Telephone: (310) 824-4325
8 Facsimile: (310) 824-4380

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10 Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

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12 **UNITED STATES DISTRICT COURT**
CENTRAL DISTRICT OF CALIFORNIA

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14 _____)
15 FEDERAL TRADE COMMISSION,)
16 Plaintiff,) EDCV. 03-0030 VAP (SGLx)
17 v.)
18 SHAUN MELVILLE,) STIPULATED FINAL ORDER
19 Defendant.) FOR PERMANENT INJUNCTION
20) AND SETTLEMENT OF ALL
21) CLAIMS AS TO DEFENDANT
_____) SHAUN MELVILLE
_____)

22 The Federal Trade Commission ("FTC") commenced this civil
23 action on January 11, 2003, pursuant to Section 13(b) of the
24 Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b). The
25 FTC seeks permanent injunctive relief, consumer redress in the
26 form of restitution and rescission of contracts, and disgorgement
27 of unjust enrichment for alleged unfair or deceptive acts or
28 practices by Defendants in connection with the marketing of

1 international driving permits and other identification documents.
2 The FTC and Defendant Shaun Melville hereby stipulate to this
3 Stipulated Final Order for Permanent Injunction and Settlement of
4 All Claims As To Defendant Shaun Melville ("Order").

5 **FINDINGS**

6 By stipulation of the parties, the Court finds as follows:

7 1. The FTC has the authority under Sections 5(a) and 13(b)
8 of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b), to seek the relief
9 it has requested, and the Complaint states a claim upon which
10 relief may be granted against Melville.

11 3. This Court has jurisdiction over the subject matter of
12 this action and has jurisdiction over Melville. Venue in the
13 Central District of California is proper.

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

17 5. The FTC and Melville stipulate and agree to this Order,
18 without trial or final adjudication of any issue of fact or law,
19 to settle and resolve all matters in dispute arising from the
20 Complaint to the date of entry of this Order. Melville does not
21 admit any of the allegations set forth in the Complaint, other
22 than jurisdictional facts.

23 6. Melville waives all rights to seek judicial review or
24 otherwise challenge or contest the validity of this Order.
25 Melville also waives any claim that he may have held under the
26 Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the
27 prosecution of this action to the date of this Order. Each
28 settling party shall bear its own costs and attorneys' fees.

1 or providing, or arranging for the formulation or provision of,
2 any telephone sales script or any other written marketing
3 material, including, but not limited to, the text of any Internet
4 website, email or other electronic communication; (c) providing
5 names of, or assisting in the generation of, potential customers;
6 (d) performing marketing services of any kind; (e) acting as an
7 officer or director of a business entity; or (f) supplying an
8 international driving permit, identification document, false
9 identification document, identification template, or related
10 material or information, whether denoted as a real or novelty
11 item.

12 **ORDER**

13 **I. BAN ON CERTAIN ACTIVITIES**

14 IT IS THEREFORE ORDERED that Melville, whether acting
15 directly or through any person or entity, is permanently
16 restrained and enjoined from (A) marketing, advertising,
17 promoting, offering for sale, distributing, or selling any
18 international driving permit, or any other identification
19 document, false identification document, identification template
20 or related material or information, whether denoted as a real or
21 novelty item; and (B) assisting others who Melville knows or
22 consciously avoids knowing are engaged in the marketing,
23 advertising, promotion, offering for sale, distributing, or
24 selling of any international driving permit, or any other
25 identification document, false identification document,
26 identification template or related material or information,
27 whether denoted as a real or novelty item. Nothing in this Order
28 shall be read as an exception to this Paragraph.

1 ways a person can use a government-issued photo identification
2 document;

3 E. Misrepresenting or assisting others in misrepresenting,
4 directly or by implication, that any international driving permit
5 or other identification document has been issued by or under the
6 authority of the United States Government, a State, political
7 subdivision of a State, a foreign government, political
8 subdivision of a foreign government, an international
9 governmental or international quasi governmental organization;

10 F. Misrepresenting or assisting others in misrepresenting,
11 directly or by implication, any information relating to any
12 holder of any international driving permit or other
13 identification document, including, but not limited to, the
14 identity, name, address, nationality, citizenship, or vital
15 statistic of the holder;

16 G. Misrepresenting or assisting others in misrepresenting,
17 directly or by implication, any other fact material to a
18 consumer's decision to purchase any international driving permit
19 or any other identification document, false identification
20 document, identification template or related material or
21 information, whether denoted as a real or novelty item; and

22 H. Misrepresenting or assisting others in misrepresenting,
23 directly or by implication, any material fact regarding any item,
24 product, good, or service sold or offered for sale.

25 III. CONSUMER LISTS

26 IT IS FURTHER ORDERED that Melville and his officers,
27 agents, servants, employees, and attorneys, and all persons or
28 entities in active concert or participation with him who receive

1 actual notice of this Order by personal service or otherwise, are
2 permanently restrained and enjoined from hereafter selling,
3 renting, leasing, transferring, or otherwise disclosing the name,
4 address, telephone number, credit card number, bank account
5 number, e-mail address, or other identifying information of any
6 person who paid any money to Melville for any international
7 driving permit, identification document, or false identification
8 document, at any time prior to entry of this Order; *provided*,
9 *however*, that Melville may disclose such identifying information
10 (i) with the express written consent of the person whose
11 information is disclosed, (ii) to a law enforcement agency, or
12 (iii) as required or authorized by any law, regulation, or court
13 order.

14 **IV. MONETARY RELIEF**

15 IT IS FURTHER ORDERED that:

16 A. Judgment is hereby entered against Melville in the
17 amount of seven hundred thousand dollars (\$700,000); *provided*,
18 *however*, that this judgment shall be suspended as long as the
19 Court makes no finding, as provided in Paragraph V of this Order,
20 that Melville has materially misrepresented or omitted the
21 nature, existence or value of any asset;

22 B. Any funds received by the FTC pursuant to this
23 Paragraph IV shall be deposited into a fund administered by the
24 FTC or its agent to be used for equitable relief, including but
25 not limited to consumer redress and any attendant expenses for
26 the administration of any redress funds. In the event that
27 direct redress to consumers is wholly or partially impracticable
28 or funds remain after redress is completed, the FTC may apply any

1 remaining funds for such other equitable relief (including
2 consumer information remedies) as it determines to be reasonably
3 related to Melville's practices alleged in the Complaint. Any
4 funds not used for such equitable relief shall be deposited to
5 the U.S. Treasury as equitable disgorgement. Melville shall have
6 no right to challenge the FTC's choice of remedies or the manner
7 of distribution under this Paragraph IV;

8 C. Melville further agrees that the facts as alleged in
9 the Complaint shall be taken as true in the event of any
10 subsequent litigation to collect amounts due pursuant to this
11 Order, including but not limited to a nondischargeability
12 complaint in any bankruptcy proceeding;

13 D. The judgment entered pursuant to this Paragraph IV is
14 equitable monetary relief, solely remedial in nature, and not a
15 fine, penalty, punitive assessment or forfeiture;

16 E. Melville acknowledges and agrees that any money paid
17 pursuant to this Order is irrevocably paid to the FTC for
18 purposes of settlement between the FTC and Melville, and Melville
19 relinquishes all rights, title, and interest to such money; and

20 F. Melville is hereby required, in accordance with 31
21 U.S.C. § 7701, to furnish to the FTC his Social Security number
22 and/or tax identification number, which shall be used for
23 purposes of collecting and reporting on any delinquent amount
24 arising out of this Order.

25 **V. RIGHT TO REOPEN**

26 IT IS FURTHER ORDERED that, within five business days after
27 entry of this Order, Melville shall submit to the FTC a truthful
28 sworn statement that shall acknowledge receipt of this Order and

1 shall reaffirm and attest to the truthfulness, accuracy and
2 completeness of the August 5, 2003 financial statement submitted
3 by Defendant Melville to the FTC, 1999-2002 joint income tax
4 returns for Defendant Melville and his spouse, August 27, 2003
5 letter from Defendant Melville to James Kosnett, 1999-2000 income
6 tax returns for Internex, LLC, and Defendant Melville's
7 declaration dated October 29, 2003. The FTC's agreement to this
8 Order is expressly premised on the truthfulness, accuracy and
9 completeness of these documents. If, upon motion by the FTC, the
10 Court finds that these documents contain any material
11 misrepresentation or omission, the suspended judgment entered in
12 Paragraph IV of this Order shall become immediately due and
13 payable; *provided, however,* that in all other respect this Order
14 shall remain in full force and effect unless otherwise ordered by
15 the Court; and, *provided further,* that proceedings instituted
16 under this provision would be in addition to, and not in lieu of,
17 any other civil or criminal remedies as may be provided by law,
18 including any other proceedings that the FTC may initiate to
19 enforce this Order. For purposes of this Paragraph V, Melville
20 waives any right to contest any of the allegations in the
21 Complaint.

22 **VI. RECORD KEEPING PROVISIONS**

23 IT IS FURTHER ORDERED that, for a period of eight (8) years
24 from the date of entry of this Order, Melville and any business
25 where he is an officer, director, manager, partner or majority
26 owner, and his successors, assigns, officers, agents, servants,
27 employees, and attorneys, and those persons and entities in
28 active concert or participation with him who receive actual

1 notice of this Order by personal service or otherwise, are hereby
2 restrained and enjoined from failing to create and retain the
3 following records:

4 A. Accounting records that reflect the cost of goods or
5 services sold, revenues generated, and the disbursement of such
6 revenues;

7 B. Personnel records accurately reflecting: the name,
8 address, and telephone number of each person employed in any
9 capacity by such business, including as an independent
10 contractor; that person's job title or position; the date upon
11 which the person commenced work; and the date and reason for the
12 person's termination, if applicable;

13 C. Customer files containing the names, addresses, phone
14 numbers, dollar amounts paid, quantity of items or services
15 purchased, and description of items or services purchased, to the
16 extent such information is obtained in the ordinary course of
17 business;

18 D. Complaints and refund requests (whether received
19 directly, indirectly or through any third party) and any
20 responses to those complaints or requests; and

21 E. Copies of all sales scripts, training materials,
22 advertisements, or other marketing materials.

23 **VII. COMPLIANCE MONITORING**

24 IT IS FURTHER ORDERED that, for the purpose of monitoring
25 and investigating compliance with any provision of this Order:

26 A. Within ten (10) days of receipt of written notice from
27 a representative of the FTC, Melville shall submit additional
28 written reports, sworn to under penalty of perjury; produce

1 documents for inspection and copying; appear for deposition;
2 and/or provide entry during normal business hours to any business
3 location in Melville's possession or direct or indirect control
4 to inspect the business operation;

5 B. In addition, the FTC is authorized to monitor
6 compliance with this Order by all other lawful means, including
7 but not limited to the following:

8 1. obtaining discovery from any person, without
9 further leave of court, using the procedures prescribed by Fed.
10 R. Civ. P. 30, 31, 33, 34, 36, and 45;

11 2. posing as consumers and suppliers to: Melville,
12 his employees, or any other entity managed or controlled in whole
13 or in part by Melville, without the necessity of identification
14 or prior notice; *provided* that nothing in this Order shall limit
15 the FTC's lawful use of compulsory process, pursuant to Sections
16 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any
17 documentary material, tangible things, testimony, or information
18 relevant to unfair or deceptive acts or practices in or affecting
19 commerce (within the meaning of 15 U.S.C. § 45(a)(1)); and

20 C. Melville shall permit representatives of the FTC to
21 interview any employer, consultant, independent contractor,
22 representative, agent, or employee who has agreed to such an
23 interview, relating in any way to any conduct subject to this
24 Order. The person interviewed may have counsel present.

25 **VIII. COMPLIANCE REPORTING BY DEFENDANT**

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

28 A. For a period of five (5) years from the date of entry

1 of this Order,

2 1. Melville shall notify the FTC of the following:

3 a. Any changes in Melville's residence, mailing
4 addresses, and telephone numbers, within ten (10) days of the
5 date of such change;

6 b. Any changes in Melville's employment status
7 (including self-employment) within ten (10) days of the date of
8 such change. Such notice shall include the name and address of
9 each business that Melville is affiliated with, employed by, or
10 hired by as an independent contractor or consultant; a statement
11 of the nature of the business; and a statement of Melville's
12 duties and responsibilities in connection with the business;

13 c. Any changes in Melville's name or use of any
14 aliases or fictitious names; and

15 B. One hundred eighty (180) days after the date of entry
16 of this Order, Melville shall provide a written report to the
17 FTC, sworn to under penalty of perjury, setting forth in detail
18 the manner and form in which he has complied and is complying
19 with this Order. This report shall include, but not be limited
20 to:

21 1. Any changes required to be reported pursuant to
22 subparagraph (A) above; and

23 2. A copy of each acknowledgment of receipt of this
24 Order obtained by Melville pursuant to Paragraph IX;

25 C. For the purposes of this Order, Melville shall, unless
26 otherwise directed by the FTC's authorized representatives, mail
27 all written notifications to the FTC to:

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1 Associate Director for Enforcement
2 Federal Trade Commission
3 600 Pennsylvania Avenue, NW, Room NJ-2122
4 Washington, DC 20580
5 Re: FTC v. Abraham, Case No. EDCV. 03-0030 VAP (SGLx)
6 (C.D. Cal).

7 D. For purposes of the compliance reporting required by
8 this Paragraph, the FTC is authorized to communicate directly
9 with Melville.

10 **IX. DISTRIBUTION OF ORDER BY DEFENDANT**

11 IT IS FURTHER ORDERED that, for a period of five (5) years
12 from the date of entry of this Order, Melville shall deliver a
13 copy of this Order to the principals, officers, directors,
14 managers and employees under his control for any business that
15 (a) employs or contracts for services from him and (b) is engaged
16 in any activity relating to the advertising, marketing, or sale
17 of international driving permits, false identification documents
18 or identification templates. Melville shall secure from each
19 such person a signed and dated statement acknowledging receipt of
20 the Order within thirty (30) days after the date of service of
21 the Order or the commencement of the employment relationship.

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