

1 WILLIAM BLUMENTHAL
General Counsel

2
3 TODD M. KOSSOW
ROZINA C. BHIMANI
Federal Trade Commission
4 55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
5 PH. (312) 960-5634
FAX (312) 960-5600
6 tkossow@ftc.gov
rbhimani@ftc.gov

7
8 RAYMOND E. MCKOWN (CA Bar # 150975)
Federal Trade Commission
10877 Wilshire Boulevard, Suite 700
9 Los Angeles, California 90024
PH. (310) 824-4343
10 FAX (310) 824-4380
rmckown@ftc.gov

11 Attorneys for Plaintiff
12 FEDERAL TRADE COMMISSION

13
14 **UNITED STATES DISTRICT COURT**
FOR THE CENTRAL DISTRICT OF CALIFORNIA
15 **WESTERN DIVISION**

16 FEDERAL TRADE COMMISSION,)

17 Plaintiff,)

18 v.)

19 AMERICAN BARTENDING INSTITUTE, INC.,)
20 et al.,)

21 Defendants.)

Civ. No. 05-5261 TJH (Ex)

**STIPULATED ORDER FOR
PERMANENT INJUNCTION WITH
CONSUMER REDRESS AND OTHER
EQUITABLE RELIEF**

22
23 Plaintiff, the Federal Trade Commission ("Commission" or
24 "FTC"), has filed a Complaint for Permanent Injunction and Other
25 Equitable Relief ("Complaint") against American Bartending
26 Institute, Inc., Intuitive Logic, Inc., Stevan P. Todorovic, and
27 Michael G. Harvey for deceptive acts and practices in connection
28 with the advertising and telemarketing of bartending and mystery

1 shopping programs. The Complaint alleges that these deceptive
2 acts and practices violated Section 5(a) of the FTC Act, 15 U.S.C.
3 § 45(a), and Sections 310.4(a)(6) and 310.4(d)(1) & (2) of the
4 Commission's Telemarketing Sales Rule ("TSR"), 16 C.F.R.
5 §§ 310.4(a)(6) and 310.4(d)(1) & (2). On November 17, 2005, the
6 Court entered a Preliminary Injunction against Defendants Stevan
7 P. Todorovic, American Bartending Institute, Inc., and Intuitive
8 Logic, Inc. With respect to Defendant Michael G. Harvey, the
9 Court had previously entered on August 3, 2005 a Stipulated Order
10 for Permanent Injunction and Final Judgment Against Michael G.
11 Harvey.

12 The Commission and Defendants Stevan P. Todorovic, American
13 Bartending Institute, Inc., and Intuitive Logic, Inc.
14 ("Defendants") have now stipulated to the entry of the following
15 Stipulated Order for Permanent Injunction with Consumer Redress
16 and Other Equitable Relief ("Order") in settlement of the
17 Commission's Complaint against them.

18 NOW, THEREFORE, the Commission and Stevan P. Todorovic,
19 American Bartending Institute, Inc., and Intuitive Logic, Inc.,
20 having requested the Court to enter this Stipulated Order, it is
21 **ORDERED, ADJUDGED, AND DECREED** as follows:

22 **FINDINGS**

23 1. The Complaint is an action by the Commission instituted
24 under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and
25 57b, and Sections 3 and 6 of the Telemarketing and Consumer Fraud
26 and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C.
27 §§ 6102(c) and 6105(b). Pursuant to these sections of the FTC Act
28 and the Telemarketing Act, the Commission has the authority to

1 seek the relief contained herein.

2 2. The Commission's Complaint states a claim upon which
3 relief may be granted against Defendants under Sections 5(a) and
4 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) & 53(b).

5 3. This Court has jurisdiction over the subject matter of
6 this case and all parties hereto. Venue in the Central District
7 of California is proper.

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

10 5. Defendants, without admitting the allegations set forth
11 in the Commission's complaint, agree to entry of this Stipulated
12 Order.

13 6. The parties shall each bear their own costs and
14 attorney's fees incurred in this action and have waived all claims
15 under the Equal Access to Justice Act, 28 U.S.C. § 2412, and all
16 rights to seek judicial review, or otherwise to challenge the
17 validity of this Order.

18 7. Any voluntary bankruptcy petition filed by any Defendant
19 does not automatically stay this action, which the Court finds is
20 the "commencement or continuation of an action or proceeding by a
21 governmental unit . . . to enforce such governmental unit's . . .
22 police or regulatory power," as set forth in 11 U.S.C.
23 § 362(b)(4).

24 8. Any voluntary bankruptcy petition filed by any Defendant
25 does not divest this Court of jurisdiction to enter this Order.

26 9. Entry of this Order is in the public interest.
27
28

1 (whether or not covered by the Telemarketing Sales Rule, 16 C.F.R.
2 Part 310) that is conducted to induce the purchase of goods or
3 services or the payment of money by means of the use of one or
4 more telephones.

5 7. **"Assisting others engaged in telemarketing"** means
6 knowingly providing any of the following goods or services to any
7 person or entity engaged in telemarketing: (1) performing customer
8 service functions for an entity engaged in telemarketing,
9 including, but not limited to, receiving or responding to consumer
10 complaints; (2) formulating or providing, or arranging for the
11 formulation or provision of, any telephone sales script or any
12 other marketing material for an entity engaged in telemarketing;
13 (3) providing names of, or assisting in the generation of,
14 potential customers for an entity engaged in telemarketing; or (4)
15 performing marketing services of any kind for an entity engaged in
16 telemarketing.

17 8. **"Billing information"** means any data that enables any
18 person to access a customer's account, such as a credit card,
19 checking, savings, share or similar account, utility bill,
20 mortgage loan account, or debit card.

21 9. **"Information guide"** means any document that is
22 advertised, offered for sale, or offered in conjunction with the
23 sale or marketing of any other item or service, and which is
24 represented to contain information on: (a) how or where consumers
25 may obtain vehicles or other consumer products at auction; or (b)
26 how or where to find real property, houses, or similar properties
27 for sale at auction or through foreclosure sales.

1 mystery shopping programs;

2 4. that customers will earn up to \$20-\$30 per mystery
3 shopping assignment, or up to \$50,000 per year, if customers
4 purchase and use Defendants' mystery shopping program;

5 5. that Defendants will not use customers' checking
6 account or credit card information for the purpose of
7 debiting customers' bank accounts or billing customers'
8 credit card accounts without customers' authorization;

9 6. that Defendants will charge customers' accounts one
10 time only for a stated price, such as \$49.00, \$59.00, or
11 \$79.00;

12 7. that Defendants will provide customers with
13 documents or information that will enable them to locate and
14 purchase foreclosed or repossessed homes at prices
15 substantially below their fair market values;

16 8. that Defendants will provide customers with
17 documents or information that will enable them to locate
18 local auctions where they will be able to purchase
19 merchandise, including vehicles, at prices substantially
20 below their wholesale values;

21 9. that Defendants will provide customers who purchase
22 information guides on seized vehicles with: (a) current
23 listings of one or more seized vehicles auctions in the
24 customers' geographic areas of interest ("auction listings");
25 (b) updated auction listings over the course of one year or
26 other specified or unspecified period of time; (c) auction
27 listings with details such as the dates and times of upcoming
28 auctions; (d) auction listings with details such as the make,

1 model, year of manufacture, and mileage of actual vehicles
2 that are available for purchase at the upcoming auctions; or
3 (e) auction listings with details such as the actual items
4 that are available for purchase at the upcoming auctions; or

5 10. that Defendants will send customers either a single
6 information guide, or both their information guides on seized
7 vehicles and on foreclosed homes as a package for the cost of
8 a single information guide, and that the cost of a single
9 information guide will be charged to customers' checking or
10 credit card accounts;

11 B. Failing to disclose in a clear and conspicuous manner,
12 prior to charging a customer for any goods or services, all
13 material terms and conditions of any refund or cancellation
14 policies, or the fact that refunds or cancellations are not
15 provided;

16 C. Debiting or charging a customer's credit, bank, or
17 checking account without first obtaining authorization from the
18 customer for the debit or charge;

19 D. Debiting or charging a customer's credit, bank, or
20 checking account in an amount greater than the amount authorized
21 by the customer;

22 E. Failing to disclose in a clear and conspicuous manner,
23 prior to charging a customer for any goods or services, the total
24 cost to purchase, receive, or use the goods or services that are
25 the subject of a sales offer, and the nature and quantity of such
26 goods or services;

27 F. Failing to disclose in a clear and conspicuous manner,
28 prior to charging a customer for any goods or services, the dollar

1 amount of any shipping and handling charge that will be added to
2 the cost of any products or services, or that such charges are
3 non-refundable if that is the case;

4 G. Failing to refund within ten (10) business days all
5 monies paid, excluding any non-refundable shipping and handling
6 charge that was fully disclosed prior to the receipt of payment,
7 to any customer who requests a refund and has satisfied the
8 material terms of any refund policy;

9 H. Making any representation in any manner, expressly or by
10 implication, about the ability of customers who purchase
11 Defendants' information guides to purchase vehicles, homes, or
12 other goods or services unless the representation is true and, at
13 the time it is made, Defendants possess and rely upon competent
14 and reliable evidence that substantiates the representation;

15 I. Misrepresenting, expressly or by implication, that the
16 experience of any customer or customers with respect to
17 Defendants' goods or services is the typical or representative
18 experience of members of the public who use the good or service;
19 and

20 J. Misrepresenting, expressly or by implication, or failing
21 to disclose, any fact material to a customer's decision to
22 purchase or use any product, program, or service.

23 Provided, however, that nothing in this Section or in any
24 other Section of this Order shall void the ban provision set forth
25 in Section I of this Order.

26 III. CUSTOMER AUTHORIZATION

27 **IT IS FURTHER ORDERED** that, in connection with the sale of
28 any good or service in or affecting commerce, Defendants, their

1 successors and assigns, their officers, agents, servants,
2 employees, and attorneys, and those persons in active concert or
3 participation with them who receive actual notice of this Order by
4 personal service or otherwise, whether acting directly or through
5 any entity, corporation, subsidiary, division, or other device,
6 are hereby permanently restrained and enjoined from causing
7 billing information to be submitted for payment, or collecting or
8 attempting to collect payment for goods or services, directly or
9 indirectly, without the customer's express verifiable
10 authorization. Such authorization shall be deemed verifiable if
11 any of the following means is employed:

12 A. Express written authorization by the customer, which
13 includes the customer's signature; or

14 B. Express oral authorization which is audio-recorded and
15 made available upon request to the customer and the customer's
16 bank or other billing entity and which evidences clearly both the
17 customer's authorization of payment for the goods or services that
18 are the subject of the sales offer and the customer's receipt of
19 all of the following information:

- 20 1. The number of debits, charges, or payments (if more
21 than one);
- 22 2. The date(s) the debit(s), charge(s), or payment(s)
23 will be submitted for payment;
- 24 3. The amount(s) of the debit(s), charge(s), or
25 payment(s);
- 26 4. The customer's name;
- 27 5. The customer's billing information, identified with
28 sufficient specificity such that the customer

1 understands what account will be used to collect
2 payment for the goods or services that are the
3 subject of the transaction;

4 6. A telephone number for customer inquiry that is
5 answered during normal business hours; and

6 7. The date of the customer's oral authorization; or

7 C. Written confirmation of the transaction, identified in a
8 clear and conspicuous manner as such on the outside of the
9 envelope, sent to the customer via first class mail prior to the
10 submission for payment of the customer's billing information and
11 that includes:

12 1. All of the information contained in Subsections B.1
13 through B.7 of this Section, supra; and

14 2. A clear and conspicuous statement of the procedures
15 by which the customer can obtain a refund from the seller in the
16 event the confirmation is inaccurate.

17 **IV. PROHIBITIONS REGARDING CONSUMER INFORMATION**

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

25 A. Selling, renting, leasing, transferring, or otherwise
26 disclosing the name, address, telephone number, Social Security
27 number, credit card number, bank account number, e-mail address,
28 or other identifying information of any person who paid any money

1 to any Defendant, at any time prior to entry of this Order, for
2 any information guide or bartending or mystery shopping program;
3 provided, however, that Defendants may disclose such identifying
4 information to a law enforcement agency or as required by any law,
5 regulation, or court order, and shall disclose such identifying
6 information to the Commission at its request pursuant to this
7 Order; and

8 B. Seeking to collect, collecting, or assigning any right
9 to collect payment, directly or through any third party, for any
10 bartending or mystery shopping program from any customer of any
11 Defendant.

12 V. MONETARY RELIEF

13 **IT IS FURTHER ORDERED** that Judgment is hereby entered in
14 favor of the Commission and against Defendants Stevan P.
15 Todorovic, American Bartending Institute, Inc., and Intuitive
16 Logic, Inc., jointly and severally, for equitable monetary relief,
17 including, but not be limited to, consumer redress, in the amount
18 of Six Million, One Hundred Ninety-Two Thousand, Six Hundred
19 Twelve Dollars (\$6,192,612.00), the total amount of consumer
20 injury caused by the activities alleged in the Commission's
21 complaint; provided, however, that the Judgment for equitable
22 monetary relief shall be suspended upon the satisfaction of the
23 obligations imposed by Subsections A and B of this Section, and
24 subject to the conditions set forth in Section VI of this Order.

25 A. Defendant Todorovic shall transfer title, unencumbered
26 and free of any liens, and deliver to the Commission within ten
27 (10) days of the entry of this Order, in accordance with
28 directions provided by the Commission, the 1998 Porsche Boxster

1 convertible, California Registration No. 46RD649, that is listed
2 on Todorovic's November 22, 2005 financial statement. Defendant
3 Todorovic agrees that he will transfer physical custody of the
4 Porsche Boxster to his counsel within five days of the date that
5 he executes this Order. Counsel shall then retain custody of the
6 Porsche Boxster until it is delivered to the Commission pursuant
7 to this Section.

8 Defendant Todorovic assumes all risks with regard to the
9 Porsche Boxster. No loss, damage, or disrepair of the Porsche
10 Boxster releases Defendant Todorovic from his obligations under
11 this Subsection. Defendant Todorovic agrees that, prior to the
12 transfer of title required by this Subsection, he will maintain
13 insurance on the Porsche Boxster in an amount of not less than the
14 full replacement value of the Porsche Boxster. In the event that
15 the Porsche Boxster suffers any loss or damage covered by such
16 insurance policy, Defendant Todorovic shall make such claims as
17 are permitted by the insurance policy and shall assign or remit
18 any insurance payment he receives as a result of such loss or
19 damage to the Commission.

20 B. Defendant Todorovic shall transfer to the Commission
21 within forty-five (45) days of the entry of this Order One Hundred
22 Fifteen Thousand Dollars (\$115,000.00). This payment shall be
23 made to the Commission by certified check or other guaranteed
24 funds payable to and delivered to the Commission, or by wire
25 transfer in accordance with directions provided by the Commission.

26 C. As security for his obligations under Section V of this
27 Order, Todorovic and his wife Teresa Todorovic, individually and
28 on behalf of their respective successors and assigns, hereby grant

1 to the Commission a lien on and a security interest in that
2 certain real property, together with the dwelling house, other
3 structures, improvements, appurtenances, hereditaments, and other
4 rights appertaining or belonging thereto, situated at 3364 Sagunto
5 Street, Santa Ynez, California 93460 ("the Todorovic home"), also
6 known as Assessor's Parcel Number 143-201-008; the legal
7 description of which is Lot: 5; Block: H; City: Santa Ynez;
8 Subdivision: Town of Santa Ynez. Defendant Todorovic represents
9 and acknowledges that the Commission is relying on the material
10 representations that Stevan P. Todorovic and Teresa Todorovic are
11 the sole owners of the Todorovic home, that title to the Todorovic
12 home is marketable, and that the Todorovic home is encumbered only
13 by a first mortgage in the original principal amount of
14 \$322,700.00 in favor of Santa Barbara Bank & Trust, and a second
15 mortgage in the form of a revolving credit line in the original
16 principal amount of \$85,275.00 in favor of Santa Barbara Bank &
17 Trust. Defendant Todorovic shall refrain from transferring,
18 converting, encumbering, selling, assigning, or otherwise
19 disposing of the Todorovic home, except with the express prior
20 written permission of counsel for the Federal Trade Commission.

21 Defendants shall cooperate fully with the Commission and be
22 responsible for preparing, executing, and recording the necessary
23 documents and doing whatever else the Commission deems necessary
24 or desirable to perfect and evidence its lien on and security
25 interest in the Todorovic home. Upon the payment to the
26 Commission of the amount required by Subsection B of this Section,
27 and at Defendants' written request, the Commission agrees to
28 release the lien and security interest granted herein. Defendants

1 shall be responsible for preparing and filing any termination
2 statement reasonably required in connection therewith, provided
3 that the Commission shall cooperate with Defendants and shall not
4 unreasonably withhold its consent and acknowledgment of the same.
5 Defendants shall be responsible for paying all costs relating to
6 the preparation, execution, delivery, filing, recording, and
7 termination of the lien and security interest granted herein.

8 D. In the event of any default by Defendants on any
9 obligation imposed under this Section, including but not limited
10 to the failure to timely provide the lien and security interest
11 described in Subsection C or to timely and completely fulfill the
12 obligations set forth in Subsections A and B:

13 1. The Judgment imposed herein will not be suspended,
14 and the entire Judgment in favor of the Commission against
15 Defendants, jointly and severally, in the amount of Six Million,
16 One Hundred Ninety-Two Thousand, Six Hundred Twelve Dollars
17 (\$6,192,612.00) (less any amounts already paid) shall become
18 immediately due and payable; and

19 2. The Commission shall be entitled to immediately
20 exercise any and all rights and remedies against Defendants and
21 their property to collect the full amount of the Judgment and
22 interest thereon, including but not limited to enforcing the lien
23 and security interest granted herein and the power to sell the
24 Todorovic home;

25 E. The funds paid pursuant to this Section shall be
26 deposited into a redress fund, administered by the Commission or
27 its agent, to be used for equitable relief, including but not
28 limited to, consumer redress and any attendant expenses for the

1 administration of any redress fund. In the event that direct
2 redress to consumers is wholly or partially impracticable or funds
3 remain after redress is completed, the Commission may apply any
4 remaining funds for such other equitable relief (including
5 consumer information remedies) as it determines to be reasonably
6 related to the Defendants' practices alleged in the Complaint.
7 Any funds not used for such equitable relief shall be deposited to
8 the United States Treasury as equitable disgorgement. Defendants
9 shall have no right to challenge the Commission's choice of
10 remedies or the manner of distribution under this Section. The
11 Commission, in its sole discretion, may use a designated agent to
12 administer consumer redress;

13 F. Defendants acknowledge and agree that all money that is
14 paid or property that is transferred pursuant to this Order is
15 irrevocably paid or transferred to the Commission for purposes of
16 settlement between the parties. Defendants shall make no claim or
17 demand for return of the funds or property, directly or
18 indirectly, through counsel or otherwise, and in the event of the
19 bankruptcy of any Defendant, such Defendant acknowledges that the
20 funds or property are not part of the debtor's estate, nor does
21 the estate have any claim or interest therein;

22 G. In the event of any default on any obligation to make
23 payment under this Section, interest, computed pursuant to 28
24 U.S.C. § 1961(a), shall accrue from the date of default to the
25 date of payment, and shall immediately become due and payable;

26 H. Defendants are hereby required, in accordance with 31
27 U.S.C. § 7701, to furnish to the Commission their Social Security
28 Numbers and/or taxpayer identification numbers, which shall be

1 used for purposes of collecting and reporting on any delinquent
2 amount arising out of such persons' relationship with the
3 government;

4 I. Notwithstanding any other provision of this Order,
5 Defendants agree that if they fail to meet the obligations imposed
6 by Subsections A and B of this Section, then they shall pay the
7 costs and attorney's fees incurred by the Commission or its agents
8 in any attempts to collect amounts due pursuant to this Order or
9 to enforce the lien and security interest granted herein.

10 Defendants further agree that the facts as alleged in the
11 Commission's Complaint in this action shall be taken as true,
12 without further proof, in any subsequent litigation filed by the
13 Commission to enforce its rights under this Order, including but
14 not limited to a nondischargeability complaint in any bankruptcy
15 case; and

16 J. The judgment entered herein for equitable monetary
17 relief is solely remedial in nature and is not a fine, penalty,
18 punitive assessment, or forfeiture.

19 **VI. TERMINATION OF SUSPENSION**

20 **IT IS FURTHER ORDERED** that:

21 A. The Commission's agreement to this Order is expressly
22 premised upon the truthfulness, accuracy, and completeness of the
23 financial statements Defendants submitted to the Commission,
24 namely the financial statements dated November 22, 2005, of
25 American Bartending Institute, Inc., of Intuitive Logic, Inc., and
26 of Stevan P. Todorovic (including the December 7, 2005 supplement
27 by Todorovic). The Commission's agreement to this Order is
28 expressly premised upon the financial condition of Defendants, as

1 represented in their respective financial statements, which
2 contain material information upon which the Commission relied in
3 negotiating and agreeing upon this Order. If, upon motion of the
4 Commission, the Court finds that the November 22, 2005 financial
5 statement of any Defendant contains any material misrepresentation
6 or omission, suspension of the Judgment pursuant to Section V of
7 this Order will be terminated, and the entire Judgment in favor of
8 the Commission, against such Defendant, jointly and severally, in
9 the amount of Six Million, One Hundred Ninety-Two Thousand, Six
10 Hundred Twelve Dollars (\$6,192,612.00) (less any amounts turned
11 over pursuant to Section V of this Order) shall become immediately
12 due and payable; provided, however, that in all other respects,
13 this Order shall remain in full force and effect unless otherwise
14 ordered by the Court; and

15 B. Any proceedings instituted under this Section shall be
16 in addition to, and not in lieu of, any other civil or criminal
17 remedies that may be provided by law, including but not limited
18 to, contempt proceedings, or any other proceedings that the
19 Commission or the United States might initiate to enforce this
20 Order. For purposes of this Section, Defendants waive any right
21 to contest any of the allegations in the Commission's Complaint.

22 **VII. DISSOLUTION OF ASSET FREEZE**

23 **IT IS FURTHER ORDERED** that the freeze on Defendants' assets,
24 imposed by the Preliminary Injunction Order entered by the Court
25 on November 18, 2005, shall be lifted upon Defendants' compliance
26 with Subsections A and B of Section V of this Order. A financial
27 institution shall be entitled to rely upon a letter from Plaintiff
28 stating that the provisions of Section V of this Order have been

1 satisfied and that the freeze on Defendants' assets has been
2 dissolved.

3 **VIII. COMPLIANCE MONITORING**

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

6 A. Within ten (10) days of receipt of written notice from a
7 representative of the Commission, Defendants each shall submit
8 additional written reports, sworn to under penalty of perjury;
9 produce documents for inspection and copying; appear for
10 deposition; and/or provide entry during normal business hours to
11 any business location in such Defendant's possession or direct or
12 indirect control to inspect the business operation; provided,
13 however, 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 any Defendant's business premises for the
16 purpose of inspecting and copying all documents relevant to any
17 matter contained in this Order;

18 B. In addition, the Commission is authorized to monitor
19 compliance with this Stipulated Order by all other lawful means,
20 including but not limited to the following:

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

24 2. posing as consumers and suppliers to Defendants,
25 Defendants' employees, or any other entity managed or controlled
26 in whole or in part by any Defendant, without the necessity of
27 identification or prior notice; and

28 C. Defendants shall permit representatives of the

1 Commission to interview any employer, consultant, independent
2 contractor, representative, agent, or employee who has agreed to
3 such an interview, relating in any way to any conduct subject to
4 this Order. The person interviewed may have counsel present.

5 Provided, however, that nothing in this Order shall limit the
6 Commission's lawful use of compulsory process, pursuant to
7 Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49 & 57b-1, to
8 obtain any documentary material, tangible things, testimony, or
9 information relevant to unfair or deceptive acts or practices in
10 or affecting commerce (within the meaning of 15 U.S.C.
11 § 45(a)(1)).

12 **IX. COMPLIANCE REPORTING BY DEFENDANTS**

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

15 A. For a period of five (5) years from the date of entry of
16 this Order,

17 1. Defendant Stevan P. Todorovic shall notify the
18 Commission of the following:

19 a. Any changes in his residence, mailing
20 addresses, and telephone numbers, within ten (10) days of the date
21 of such change;

22 b. Any changes in his employment status
23 (including self-employment), and any change in the ownership
24 interest of Defendant Todorovic in any business entity, within ten
25 (10) days of the date of such change. Such notice shall include
26 the name and address of each business that Defendant Todorovic is
27 affiliated with, employed by, creates or forms, or performs
28 services for; a statement of the nature of the business; and a

1 statement of Defendant Todorovic's duties and responsibilities in
2 connection with the business or employment; and

3 c. Any changes in Defendant Todorovic's name or
4 use of any aliases or fictitious names; and

5 2. Defendants shall notify the Commission of any
6 changes in corporate structure of American Bartending Institute,
7 Inc. or Intuitive Logic, Inc. or any business entity that Stevan
8 P. Todorovic directly or indirectly control(s), or has an
9 ownership interest in, that may affect compliance obligations
10 arising under this Order, including but not limited to a
11 dissolution, assignment, sale, merger, or other action that would
12 result in the emergence of a successor entity; the creation or
13 dissolution of a subsidiary, parent, or affiliate that engages in
14 any acts or practices subject to this Order; the filing of a
15 bankruptcy petition; or a change in the corporate name or address,
16 at least thirty (30) days prior to such change, provided that,
17 with respect to any proposed change in the corporation about which
18 such Defendant learns less than thirty (30) days prior to the date
19 such action is to take place, such Defendant shall notify the
20 Commission as soon as is practicable after obtaining such
21 knowledge.

22 B. One hundred eighty (180) days after the date of entry of
23 this Order, Defendants each shall provide a written report to the
24 Commission, sworn to under penalty of perjury, setting forth in
25 detail the manner and form in which they have complied and are
26 complying with this Order. This report shall include, but not be
27 limited to:

28 1. For Stevan P. Todorovic:

- 1 a. The then-current residence address, mailing
2 addresses, and telephone numbers of Defendant
3 Todorovic;
4 b. The then-current employment and business
5 addresses and telephone numbers of Defendant
6 Todorovic, a description of the business
7 activities of each such employer or business,
8 and the title and responsibilities of
9 Defendant Todorovic for each such employer or
10 business;
11 c. Any other changes required to be reported
12 under subsection A of this Section.

13 2. For all Defendants:

- 14 a. A copy of each acknowledgment of receipt of
15 this Order, obtained pursuant to Section XI.
16 b. Any other changes required to be reported
17 under subsection A of this Section;

18 C. For the purposes of this Order, Defendants shall, unless
19 otherwise directed by the Commission's authorized representatives,
20 mail all written notifications to the Commission to:

21 Associate Director for Enforcement
22 Federal Trade Commission
23 601 New Jersey Avenue N.W.
24 Washington, D.C. 20580
25 Re: FTC v. American Bartending Institute, Inc., et al.
26 Civil Action No. 05-5261 TJH (Ex) (C.D. Cal.)

27 D. For purposes of the compliance reporting and monitoring
28 required by this Order, the Commission is authorized to
communicate directly with Defendants.

1 **X. RECORD KEEPING PROVISIONS**

2 **IT IS FURTHER ORDERED** that, for a period of eight (8) years
3 from the date of entry of this Order, in connection with any
4 business where any Defendant is the majority owner of the business
5 or directly or indirectly manages or controls the business,
6 Defendants and their agents, employees, officers, corporations,
7 successors, and assigns, and those persons in active concert or
8 participation with them who receive actual notice of this Order by
9 personal service or otherwise, are hereby restrained and enjoined
10 from failing to create and retain the following records:

11 A. Accounting records that reflect the cost of goods or
12 services sold, revenues generated, and the disbursement of such
13 revenues;

14 B. Personnel records accurately reflecting: the name,
15 address, and telephone number of each person employed in any
16 capacity by such business, including as an independent contractor;
17 that person's job title or position; the date upon which the
18 person commenced work; and the date and reason for the person's
19 termination, if applicable;

20 C. Customer files containing the names, addresses, phone
21 numbers, dollar amounts paid, quantity of items or services
22 purchased, and description of items or services purchased, to the
23 extent such information is obtained in the ordinary course of
24 business;

25 D. Complaints and refund requests (whether received
26 directly, indirectly or through any third party) and any responses
27 to those complaints or requests;

28 E. Copies of all sales scripts, training materials,

1 advertisements, or other marketing materials; and

2 F. All records and documents necessary to demonstrate full
3 compliance with each provision of this Order, including but not
4 limited to, copies of acknowledgments of receipt of this Order,
5 required by Section XI, and all reports submitted to the FTC
6 pursuant to Section IX.

7 **XI. DISTRIBUTION OF ORDER BY DEFENDANTS**

8 **IT IS FURTHER ORDERED** that, for a period of five (5) years
9 from the date of entry of this Order, Defendants shall deliver
10 copies of the Order as directed below:

11 A. **Corporate Defendants:** American Bartending Institute,
12 Inc. and Intuitive Logic, Inc. each must deliver a copy of this
13 Order to all of its principals, officers, directors, and managers.
14 Such Defendants also must deliver copies of this Order to all of
15 their employees, agents, and representatives who engage in conduct
16 related to the subject matter of the Order. For current
17 personnel, delivery shall be within five (5) days of service of
18 this Order upon Defendant. For new personnel, delivery shall
19 occur prior to them assuming their responsibilities;

20 B. **Individual Defendant Stevan P. Todorovic as Control**
21 **Person:** For any business that Stevan P. Todorovic controls,
22 directly or indirectly, or in which such Defendant has a majority
23 ownership interest, Defendant Todorovic must deliver a copy of
24 this Order to all principals, officers, directors, and managers of
25 that business. Defendant Todorovic must also deliver copies of
26 this Order to all employees, agents, and representatives of that
27 business who engage in conduct related to the subject matter of
28 the Order. For current personnel, delivery shall be within five

1 (5) days of service of this Order upon Defendant Todorovic. For
2 new personnel, delivery shall occur prior to them assuming their
3 responsibilities.

4 **C. Stevan P. Todorovic as Employee or Non-Control Person:**
5 For any business where Stevan P. Todorovic is not a controlling
6 person of a business but otherwise engages in conduct related to
7 the subject matter of this Order, Defendant Todorovic must deliver
8 a copy of this Order to all principals and managers of such
9 business before engaging in such conduct; and

10 **D.** Defendants must secure a signed and dated statement
11 acknowledging receipt of this Order, within thirty (30) days of
12 delivery, from all persons receiving a copy of the Order pursuant
13 to this Section.

14 **XII. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

15 **IT IS FURTHER ORDERED** that each Defendant, within five (5)
16 business days of receipt of this Order as entered by the Court,
17 must submit to the Commission a truthful sworn statement, in the
18 form shown at **Appendix A**, acknowledging receipt of this Order.

19 **XIII. RETENTION OF JURISDICTION**

20 **IT IS FURTHER ORDERED** that this Court shall retain
21 jurisdiction of this matter for purposes of construction,
22 modification, and enforcement of this Order.

1 The Commission and Defendants hereby stipulate and agree to
2 entry of the foregoing Stipulated Order, which shall constitute a
3 final judgment in this action.

4 SIGNED AND STIPULATED BY:

5
6 Dated: 4/13/06 Todd M. Kossow
7 TODD M. KOSSOW
8 ROZINA C. BHIMANI
9 Attorneys for Plaintiff
10 Federal Trade Commission

11 Dated: 1/24/05 [Signature]
12 AMERICAN BARTENDING INSTITUTE, INC.
13 By Stevan P. Todorovic, President

14 Dated: 1/24/05 [Signature]
15 INTUITIVE LOGIC, INC.
16 By Stevan P. Todorovic, President

17 Dated: 1/24/05 [Signature]
18 STEVAN P. TODOROVIC, individually

19 Approved as to Form:
20 Dated: 1/30/06 [Signature]
21 THEODORE F. MONROE
22 Attorney for Defendants
23 American Bartending Institute, Inc.,
24 Intuitive Logic, Inc., and Stevan P.
25 Todorovic

26 **IT IS SO ORDERED.**

27 Dated: _____
28 United States District Judge

1 APPENDIX A

2 UNITED STATES DISTRICT COURT
3 FOR THE CENTRAL DISTRICT OF CALIFORNIA
4 WESTERN DIVISION

4 _____)
5 FEDERAL TRADE COMMISSION,) Civ. No. 05-5261 TJH (Ex)
6)
7 Plaintiff,)
8)
9 v.)
10)
11 AMERICAN BARTENDING INSTITUTE, INC.,) Affidavit of Defendant
12 et al.,)
13 Defendants.)
14 _____)

15 [Name of Defendant], being duly sworn, hereby states and
16 affirms as follows:

17 1. My name is _____. My current residence
18 address is _____. I am a
19 citizen of the United States and am over the age of eighteen. I
20 have personal knowledge of the facts set forth in this Affidavit.

21 2. I am a defendant in Federal Trade Commission v. American
22 Bartending Institute, Inc., et al., (United States District Court
23 for the Central District of California).

24 3. On [date], I received a copy of the Stipulated Order for
25 Permanent Injunction with Consumer Redress and Other Equitable
26 Relief, which was signed by the Honorable Terry J. Hatter, Jr.,
27 and entered by the Court on [date of entry of Order]. A true and
28 correct copy of the Order I received is appended to this
Affidavit.

I declare under penalty of perjury under the laws of the

1 United States that the foregoing is true and correct. Executed on
2 [date], at [city and state]

3
4 _____
5 [Full name of Defendant]
6

7 State of California, City of _____

8 Subscribed and sworn to before me
9 this _____ day of _____, 2005.

10 _____
11 Notary Public
12 My Commission Expires:
13 _____
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28