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FEDERAL TRADE COMMISSION  
6

7 UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
8 WESTERN DIVISION

9 FEDERAL TRADE COMMISSION,

10 Plaintiff,

11 v.

12 JUBILEE FINANCIAL SERVICES,  
13 INC. ET AL,

14 Defendants.

CV NO. 02-6468 ABC (Ex)

STIPULATION AND  
[PROPOSED] FINAL ORDER OF  
PERMANENT INJUNCTION AS  
TO DEFENDANT CURTIS COBB

NO HEARING REQUESTED

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16  
17  
18 Plaintiff Federal Trade Commission ("FTC" or "Commission"),  
19 pursuant to Section 13(b) of the Federal Trade Commission Act  
20 ("FTC Act"), 15 U.S.C. § 53(b), filed a complaint against  
21 Defendants **JUBILEE FINANCIAL SERVICES, INC.** ("Jubilee"), **JOHN E.**  
22 **GUSTAVSEN** ("Gustavsen"), **JABEZ FINANCIAL GROUP, INC.** ("Jabez"),  
23 **and CURTIS COBB** ("Cobb") for an injunction and other equitable  
24 relief and an *ex parte* application for a Temporary Restraining  
25 Order ("TRO") with Asset Freeze, Appointment of a Temporary  
26 Receiver, Expedited Discovery, and Order to Show Cause Why a  
27 Preliminary Injunction Should Not Issue. A First Amended  
28

1 Complaint was filed which added a fourth count and added  
2 **GUSTAVSEN LEARNING CENTERS, INC.**, ("GLC"), **JEMUEL APELAR** a.k.a  
3 **JIM APELAR** ("Apelar"), **DEBT RELIEF COUNSELORS OF AMERICA, P.C.**  
4 ("DRCOA"), and **JOHN K. MITCHELL** ("Mitchell") as defendants in  
5 this action.

6 Now Plaintiff Commission and Defendant Cobb, negotiating  
7 through their respective counsel, have agreed to a settlement of  
8 this action. Accordingly, the Commission and Defendant Cobb  
9 consent to entry of this Stipulated Final Judgment and Order  
10 ("Order") without trial or adjudication of any issue of law or  
11 fact herein.

#### 12 13 **FINDINGS OF FACT**

14 1. Defendant Cobb was properly served with the Complaint,  
15 Summons and TRO in this matter.

16 2. This Court has jurisdiction over the subject matter of  
17 the case and personal jurisdiction over Defendant Cobb. Venue in  
18 the Central District of California is proper.

19 3. The alleged actions of Defendant Cobb are in or  
20 affecting commerce, as defined in Section 4 of the FTC Act, 15  
21 U.S.C. § 44.

22 4. The Complaint states a claim upon which relief can be  
23 granted against the Defendants under Sections 5(a) and 13(b) of  
24 the FTC Act, 15 U.S.C. § 45(a) and 53(b).

25 5. Plaintiff has the authority under Section 13(b) of the  
26 FTC Act, 15 U.S.C. § 53(b), to seek the relief it has requested.

27 6. Defendant Cobb has not admitted, and specifically  
28 denies, liability as to the charges in the Complaint, and his

1 consent to entry of this permanent injunction shall not be  
2 interpreted to constitute an admission by him that he has engaged  
3 in any violations of any law or regulations.

4 7. Defendant Cobb waives all rights to seek judicial  
5 review or otherwise challenge or contest the validity of this  
6 Order. Defendant Cobb also waives any claim that he may hold  
7 under the Equal Access to Justice Act, 28 U.S.C. § 2412 (as  
8 amended), concerning the prosecution of this action to the date  
9 of this Order. Defendant Cobb shall bear his own costs and  
10 attorneys' fees.

11 8. This Order is remedial in nature and shall not be  
12 construed as the payment of a fine, penalty, punitive assessment,  
13 or forfeiture.

14 9. Defendant Cobb enters into this Order freely and  
15 without coercion, and acknowledges that he understands the  
16 provisions of this Order and is prepared to abide by its terms.  
17 At all times, Defendant Cobb have been represented by counsel,  
18 including during the negotiations that led to this Order.

19 10. Entry of this Order is in the public interest.  
20

## 21 **ORDER**

22 For purposes of this Final Judgment and Order for Permanent  
23 Injunction, the following definitions shall apply:

### 24 **Definitions**

25 1. "**Document**" is synonymous in meaning and equal in scope  
26 to the usage of the term in Federal Rule of Civil Procedure  
27 34(a), and includes writings, drawings, graphs, charts,  
28 photographs, audio and video recordings, computer records, and

1 other data compilations from which information can be obtained  
2 and translated, if necessary, through detection devices into  
3 reasonably usable form. A draft or non-identical copy is a  
4 separate document within the meaning of the term "document."

5 2. The terms "and" and "or" shall be construed  
6 conjunctively or disjunctively as necessary, and to make the  
7 applicable phrase or sentence inclusive rather than exclusive.

8 3. "Consumer" means any person, including any individual,  
9 group, unincorporated association, limited or general  
10 partnership, corporation or other business entity.

11 4. "Debtor" means any consumer indebted to a creditor or  
12 creditors.

13 5. "Debt negotiation" means

14 a. the business or practice of receiving, in return for  
15 consideration, the scheduled receipt of a debtor's  
16 monies, or evidences thereof, for the purpose of  
17 distribution among certain specified creditors in  
18 payment, or partial payment, of the debtor's  
19 obligations; or

20 b. the business or practice of acting or offering or  
21 attempting to act as an intermediary between a debtor  
22 and his creditors for the purpose of settling,  
23 negotiating, or in any way altering the terms of  
24 payment of any debt of a debtor.

25 6. "Assisting others" means knowingly providing any of the  
26 following goods or services to another person or entity:

27 a. performing customer service functions, including, but  
28 not limited to, receiving or responding to consumer

1 complaints; or

2 b. formulating or providing, or arranging for the  
3 formulation or provision of, any telephone sales script  
4 or any other marketing material; or

5 c. providing names of, or assisting in the generation of,  
6 potential customers; or

7 d. performing marketing services of any kind.

8 7. "Credit-related products, programs, or services" means  
9 any product, program, or service which is advertised, offered for  
10 sale, or sold to consumers as a method by which consumers may  
11 establish or obtain any extension of credit or credit device,  
12 including, but not limited to, credit cards, loans, or financing,  
13 or as a method to consolidate or liquidate debts.

14  
15 I.

16 **PERMANENT BAN.**

17 **IT IS THEREFORE ORDERED** that Defendant Cobb, whether acting  
18 directly or through any corporation, limited liability company,  
19 subsidiary, division or other device, is hereby permanently  
20 restrained and enjoined from engaging in, or receiving any  
21 remuneration of any kind whatsoever from, or holding a majority  
22 ownership interest, share, or stock in, or serving as an officer,  
23 director, trustee, or general manager of, any business entity  
24 engaged in whole or in part in the advertising, marketing,  
25 promoting, offering for sale, or sale of debt negotiation  
26 services.



1 IV.

2 CONSUMER REDRESS

3 IT IS FURTHER ORDERED that:

4 A. Defendant Cobb's personal assets, frozen pursuant to  
5 the Stipulated Preliminary Injunction entered in this  
6 proceeding on or about September 3, 2002, shall be  
7 unfrozen upon the entry of this Final Judgment;

8 B. All funds paid pursuant to this Order shall be  
9 deposited into a fund administered by the Commission or  
10 its agent to be used for equitable relief, including  
11 but not limited to consumer redress and any attendant  
12 expenses for the administration of any redress fund.  
13 In the event that direct redress to consumers is wholly  
14 or partially impracticable or funds remain after  
15 redress is completed, the Commission may apply any  
16 remaining funds for such other equitable relief  
17 (including consumer information remedies) as it  
18 determines to be reasonably related to the practices  
19 alleged in the Complaint. Any funds not used for such  
20 equitable relief shall be deposited to the Treasury as  
21 disgorgement. Defendant shall have no right to  
22 challenge the Commission's choice of remedies under  
23 this paragraph.

24 C. The Commission shall have full and sole discretion to:

25 1. Determine the criteria for participation by  
26 individual claimants in any consumer redress  
27 program implemented pursuant to this Order;

28 2. Determine the manner and timing of any notices to

1 be given to consumers regarding the existence and  
2 terms of such programs; and

3 3. Delegate any and all tasks connected with such  
4 redress program to any individual, partnerships,  
5 or corporations; and pay reasonable fees,  
6 salaries, and expenses incurred thereby from the  
7 payments made pursuant to this Order;

8 D. Defendant Cobb expressly waives his right to litigate  
9 the issue of disgorgement. Defendant Cobb acknowledges  
10 and agrees that all money paid pursuant to this Order  
11 is irrevocably paid to the Commission for purposes of  
12 settlement between Plaintiff and Defendant Cobb; and

13 E. No portion of this payment shall be deemed a fine,  
14 penalty or punitive assessment, or forfeiture.

15  
16 **V.**

17 **RIGHT TO REOPEN AND TERMINATE SUSPENSION**

18 **IT IS FURTHER ORDERED** that the Commission's agreement to,  
19 and the Court's approval of, this Order is expressly premised  
20 upon the truthfulness, accuracy, and completeness of the  
21 financial statements provided by Defendant Cobb to counsel for  
22 the Commission on or about August 26 and 28, 2002, and the sworn  
23 testimony given by Defendant Cobb on August 27, 2002, all of  
24 which contain material information relied upon by the Commission  
25 in negotiating and agreeing to the terms of this Order. If, upon  
26 motion by the Commission to the Court, the Court finds that  
27 Defendant Cobb failed to disclose any material asset with a value  
28 exceeding \$1,000, or materially misrepresented the value of any

1 asset, or made any other material misrepresentation in or  
2 omission from the above-referenced financial statements and  
3 information, the suspension of the monetary judgment will be  
4 terminated and the entire judgment amount of \$223,878.00 will be  
5 immediately due and payable, less any amounts Defendant Cobb has  
6 previously paid to the Commission. Should this judgment be  
7 modified as to the monetary liability of Defendant Cobb, this  
8 Order, in all other respects, shall remain in full force. Any  
9 proceedings instituted under this Paragraph shall be in addition  
10 to, and not in lieu of, any other proceedings the Commission may  
11 initiate to enforce this Order. Solely for the purposes of  
12 reopening this judgment or enforcing this Paragraph, Defendant  
13 Cobb waives any right to contest any of the allegations set forth  
14 in the Complaint filed in this matter or the monetary judgment  
15 referenced above.

16  
17 **VI.**

18 **CUSTOMER LISTS**

19 **IT IS FURTHER ORDERED** that Defendant Cobb, and his assigns,  
20 agents, servants, attorneys, employees, and all other persons or  
21 entities in active concert or participation with them who receive  
22 actual notice of this Order by personal service or otherwise,  
23 whether acting directly or through any corporation, subsidiary,  
24 division, or other device, are permanently restrained and  
25 enjoined from selling, renting, leasing, transferring, or  
26 otherwise disclosing the name, address, telephone number, credit  
27 card number, bank account number, e-mail address, or other  
28 identifying information of any person who paid any money to Jabez

1 Financial Group, at any time; *provided* that such identifying  
2 information may be disclosed to a law enforcement agency or as  
3 required by any law, regulation, or court order.

4  
5 **VII.**

6 **CEASE COLLECTIONS NOTICES TO CONSUMERS**

7 **IT IS FURTHER ORDERED** that Defendant Cobb, and his assigns,  
8 agents, servants, employees, attorneys, and all other persons or  
9 entities in active concert or participation with them who receive  
10 actual notice of this Order by personal service or otherwise,  
11 whether acting directly or through any corporation, subsidiary,  
12 division, or other device engaged in debt negotiation services,  
13 shall:

14 A. Cease all collection efforts on accounts arising from  
15 contracts, agreements, or understandings between Jabez  
16 Financial Group and consumers, including but not  
17 limited to directing all third parties engaged in  
18 collection efforts regarding such accounts to cease all  
19 such collection activities and to cease furnishing any  
20 negative information to any consumer credit reporting  
21 agencies;

22 B. Within twenty (20) days after the date this Order is  
23 entered, return to consumers all uncashed checks or  
24 other negotiable instruments, if any, in Defendant  
25 Cobb's possession that have been received, directly or  
26 indirectly, on accounts arising from contracts,  
27 agreements, or understandings between Jabez Financial  
28 Group and consumers. Include with each such returned

1 check or other negotiable instrument a notice to the  
2 consumer stating that, as a result of an agreement  
3 between Defendant Cobb and the Federal Trade Commission  
4 settling allegations regarding Defendant Cobb' offer  
5 for sale and sale of debt negotiation services, those  
6 consumers' contracts are rescinded; and

7 C. Within sixty (60) days after the date this Order is  
8 entered, provide the names and addresses of those  
9 consumers to whom checks or other negotiable  
10 instruments were returned pursuant to Subsection B  
11 above to: Assistant Regional Director, WR-LA, Federal  
12 Trade Commission, 10877 Wilshire Blvd., Suite 700, Los  
13 Angeles, California 90024.

14  
15 **VIII.**

16 **ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANT COBB**

17 **IT IS FURTHER ORDERED** that Defendant Cobb, within five (5)  
18 business days of receipt of this Order as entered by the Court,  
19 must submit to the Commission a truthful sworn statement  
20 acknowledging receipt of this Order.

21  
22 **IX.**

23 **DISTRIBUTION OF ORDER BY DEFENDANT COBB**

24 **IT IS FURTHER ORDERED** that, for a period of four (4) years  
25 from the date of entry of this Order, Defendant Cobb shall  
26 deliver a copy of this Order to the principals, officers,  
27 directors, managers and employees under Defendant Cobb's control  
28

1 for any business that (a) employs or contracts for personal  
2 services from Defendant Cobb and (b) has responsibilities with  
3 respect to debt negotiation or credit-related products, programs,  
4 or services Defendant Cobb shall secure from each such person a  
5 signed and dated statement acknowledging receipt of the Order  
6 within thirty (30) days after the date of service of the Order or  
7 the commencement of the employment relationship.

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9  
10 **X.**

11 **RECORD KEEPING PROVISIONS**

12 **IT IS FURTHER ORDERED** that, for a period of seven (7) years  
13 from the date of entry of this Order, in connection with any  
14 business where Defendant Cobb is the majority owner of the  
15 business or directly or indirectly controls the business,  
16 Defendant Cobb and his agents, attorneys, employees, and assigns,  
17 and those persons in active concert or participation with them  
18 who receive actual notice of this Order by personal service or  
19 otherwise, are hereby restrained and enjoined from failing to  
20 create and the following records:

- 21 A. Accounting records that reflect the cost of goods or  
22 services sold, revenues generated, and the disbursement  
23 of such revenues;
- 24 B. Personnel records accurately reflecting: the name,  
25 address, and telephone number of each person employed  
26 in any capacity by such business, including as an  
27 independent contractor; that person's job title or  
28

1 position; the date upon which the person commenced  
2 work; and the date and reason for the person's  
3 termination, if applicable;

4 C. Customer files containing the names, addresses, phone  
5 numbers, dollar amounts paid, quantity of items or  
6 services purchased, to the extent such information is  
7 obtained in the ordinary course of business;

8 D. Complaint and refund requests (whether received  
9 directly, indirectly or through any third party) and  
10 any responses to those complaints or requests; and

11 E. Copies of all sales scripts, training materials,  
12 advertisements, or other marketing materials.  
13

14  
15 **XI.**

16 **COMPLIANCE MONITORING**

17 **IT IS FURTHER ORDERED** that, for the purpose of monitoring  
18 and investigating compliance with any provision of this Order,  
19

20 A. Within ten (10) days of receipt of written notice from  
21 a representative of the Commission, Defendant Cobb  
22 shall submit additional written reports, sworn to under  
23 penalty of perjury; produce documents for inspection  
24 and copying; appear for deposition; and/or provide  
25 entry during normal business hours to any business  
26 location in Defendant Cobb's possession or direct or  
27 indirect control to inspect the business operations;

28 B. In addition, the Commission is authorized to monitor

1 compliance with this Order by all other lawful means,  
2 including but not limited to the following:

- 3 1. obtaining discovery from any person, without  
4 further leave of court, using the procedures  
5 prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36,  
6 and 45;
- 7 2. posing as consumers and suppliers to: Defendant  
8 Cobb's employees, or any other entity managed or  
9 controlled in whole or in part by Defendant Cobb,  
10 without the necessity of identification or prior  
11 notice;

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

18  
19 C. Defendant Cobb shall permit representatives of the  
20 Commission to interview any employer, consultant,  
21 independent contractor, representative, agent, or  
22 employee who has agreed to such an interview, relating  
23 in any way to any conduct subject to this Order. The  
24 person interviewed may have counsel present.

25 / /

26 / /

27 / /



1 including but not limited to a dissolution,  
2 assignment, sale, merger, or other action that  
3 would result in the emergence of a successor  
4 corporation; the creation or dissolution of a  
5 subsidiary, parent, or affiliate that engages in  
6 any acts or practices subject to this Order; the  
7 filing of a bankruptcy petition; or a change in  
8 the corporate name or address, at least thirty  
9 (30) days prior to such change, *provided that*,  
10 with respect to any proposed change in the  
11 corporation about which Defendant Cobb learns less  
12 than thirty (30) days prior to the date such  
13 action is to take place, he shall notify the  
14 Commission as soon as is practicable after  
15 obtaining such knowledge.

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

- 22 1. Any changes required to be reported pursuant to  
23 subparagraph (A) above;
- 24 2. A copy of each acknowledgment of receipt of this  
25 Order obtained by Defendant Cobb pursuant to  
26 Paragraph IX;

27 C. For the purposes of this Order, Defendant Cobb shall,  
28

1 unless otherwise directed by the Commission's  
2 authorized representatives, mail all written  
3 notifications to the Commission to:

4 Assistant Regional Director,  
5 Western Region, Los Angeles  
6 Federal Trade Commission  
7 10877 Wilshire Blvd., Suite 700  
8 Los Angeles, California 90024

9 Re: FTC v. JUBILEE FINANCIAL SERVICES, INC. ET AL,  
10 CV NO. 02-6468 ABC (Ex)

11 D. For purposes of the compliance reporting required by  
12 this Paragraph, the Commission is authorized to  
13 communicate directly with Defendant Cobb.

14  
15 **XIII.**

16 **INDEPENDENCE OF OBLIGATIONS**

17 **IT IS FURTHER ORDERED** that the expiration of any  
18 requirements imposed by this Order shall not affect any other  
19 obligation under this Order.

20  
21 **XIV.**

22 **COSTS AND ATTORNEYS' FEES**

23  
24 **IT IS FURTHER ORDERED** that each party to this Order bear its  
25 own costs and attorneys' fees incurred in connection with this  
26 action.

27 / /



XVII.

ENTRY BY CLERK

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

SO STIPULATED:

Dated: \_\_\_\_\_, 2003

FEDERAL TRADE COMMISSION

\_\_\_\_\_  
Jennifer Larabee, Esq.  
Kenneth H. Abbe, Esq.  
Attorneys for Plaintiff

Dated: \_\_\_\_\_, 2003

\_\_\_\_\_  
Curtis Cobb, Defendant

APPROVED AS TO FORM

Dated: \_\_\_\_\_, 2003

\_\_\_\_\_  
Julius Johnson, Esq.  
Attorney for Defendant Cobb

IT IS SO ORDERED.

Dated: \_\_\_\_\_

\_\_\_\_\_  
United States District Judge