

JS-6

1 JONATHAN E. NUECHTERLEIN
General Counsel

2 CHARLES A. HARWOOD
Regional Director

3 LAURA M. SOLIS (WA Bar No. 36005)
Email: lsolis@ftc.gov

4 JULIE K. MAYER (WA Bar No. 34638)
Email: jmayer@ftc.gov

5 SOPHIE H. CALDERÓN (CA Bar No. 78135)
Email: scalderson@ftc.gov

6 Federal Trade Commission
915 Second Avenue, Suite 2896
7 Seattle, WA 98174

Telephone: (206) 220-6350 / Facsimile: (206) 220-6366

8 RAYMOND E. MCKOWN (CA Bar No. 150975)
Email: rmckown@ftc.gov

9 Federal Trade Commission
10877 Wilshire Blvd., Suite 700
10 Los Angeles, CA 90024

Telephone: (310) 824-4325 / Facsimile: (310) 824-4380

11 Attorneys for Plaintiff
12 Federal Trade Commission

13 STEPHEN G. LARSON (CA Bar 145225)
14 MICHAEL M. KOWSARI (CA Bar 186899)

AREN'T FOX LLP
555 West Fifth Street, 48th Floor
Los Angeles, CA 90013-1065

15 Telephone: (213) 629-7400 / Facsimile: (213) 629-7401
16 Email: stephen.larson@arentfox.com
michael.kowsari@arentfox.com

17 Attorneys for Defendants CREAM GROUP, INC.,
18 SAMI CHARCHIAN, and Relief Defendants
19 SPRING ACRES, LLC, and BAHAREH RAMIN

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

21 FEDERAL TRADE COMMISSION,

22 Plaintiff,

23 v.

24 CREAM GROUP, INC., also d/b/a
25 Terra Nova, TNT, Inc., and CRM, Inc.,
26 a California Corporation, *et al.*,

27 Defendants.

Case No. CV 13-8843 JFW (PLAx)

**FINAL ORDER FOR PERMANENT
INJUNCTION AND MONETARY
JUDGMENT AGAINST
DEFENDANTS CREAM GROUP,
INC., AND SAMI CHARCHIAN
AND FOR MONETARY RELIEF
AS TO RELIEF DEFENDANTS
SPRING ACRES, LLC, AND
BAHAREH RAMIN**

1 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed
2 its Complaint for Permanent Injunction and Other Equitable Relief, for a
3 permanent injunction and other equitable relief in this matter, pursuant to Sections
4 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§
5 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention
6 Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108. On December 3, 2013, the
7 Court entered a temporary restraining order against Defendants (Doc. 20). The
8 Court entered a Stipulated Preliminary Injunction on January 9, 2014 (Doc. 32).
9 On April 2, 2014, the FTC amended its Complaint (“First Amended Complaint”)
10 (Doc. 58), adding claims against Relief Defendants Spring Acres, LLC, and
11 Bahareh Ramin. Through counsel, the Commission and Defendants Cream
12 Group, Inc., and Sami Charchian (“Stipulating Defendants”) and Relief
13 Defendants Spring Acres, LLC, and Bahareh Ramin (“Relief Defendants”)
14 stipulate to the entry of this Stipulated Order for Permanent Injunction and
15 Monetary Judgment Against Defendants Cream Group, Inc., and Sami Charchian
16 and for Monetary Relief as to Relief Defendants Spring Acres, LLC, and Bahareh
17 Ramin (“Order”) to resolve all matters in dispute in this action between them.

18 THEREFORE, IT IS ORDERED as follows:

19 **FINDINGS**

- 20 1. This Court has jurisdiction over this matter.
- 21 2. The First Amended Complaint charges that Defendants participated
22 in deceptive acts or practices in violation of Section 5(a) of the FTC Act,
23 15 U.S.C. § 45(a), and the FTC’s Telemarketing Sales Rule (“TSR”), 16 C.F.R.
24 Part 310. The First Amended Complaint seeks both permanent injunctive relief
25 and equitable monetary relief for Defendants’ deceptive acts or practices as
26

1 alleged therein, and disgorgement from Relief Defendants of all funds and assets
2 received by them that are traceable to Defendants' unlawful acts or practices.

3 3. Stipulating Defendants and Relief Defendants neither admit nor deny
4 any of the allegations in the First Amended Complaint, except as specifically
5 stated in this Order. Only for purposes of this action, Stipulating Defendants and
6 Relief Defendants admit the facts necessary to establish jurisdiction.

7 4. Stipulating Defendants and Relief Defendants waive any claim that
8 they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412,
9 concerning the prosecution of this action through the date of this Order. The
10 Commission, Stipulating Defendants, and Relief Defendants shall each bear their
11 own costs and attorney fees incurred in this action.

12 5. Stipulating Defendants, Relief Defendants, and the Commission
13 waive all rights to appeal or otherwise challenge or contest the validity of this
14 Order.

15 6. Entry of this Order is in the public interest.

16 DEFINITIONS

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

18 A. "**Corporate Defendant**" means Cream Group, Inc., also d/b/a Terra
19 Nova, TNT, Inc., and CRM, Inc., and its successors, assigns, affiliates, and
20 subsidiaries.

21 B. "**Defendants**" means the Individual Defendants and the Corporate
22 Defendant, individually, collectively, or in any combination.

23 C. "**Electronic Data Host**" means any person or entity that stores,
24 hosts, or otherwise maintains electronically-stored information.

25 D. "**Financial Institution**" means any bank, savings and loan
26 institution, credit union, or any financial depository of any kind, including, but
27

1 not limited to, any brokerage house, trustee, broker-dealer, escrow agent, title
2 company, commodity trading company, or precious metal dealer.

3 E. **“Individual Defendants”** means Sami Charchian, also d/b/a Oro
4 Marketing, Inc., Modo, Modo Industry, Oro Max, Casa de Oro, Casa de Moda,
5 Oro Mundo, and Nation/Modo; and John Charchian, a/k/a Djahangir Charchian
6 and Jahangir John Charchian, also d/b/a Oro Marketing, Inc., Modo, Modo
7 Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and Nation/Modo,
8 by whatever other names each may be known.

9 F. **“Liquidator Receiver”** means the liquidator receiver appointed in
10 this Order. The term “Liquidator Receiver” also includes any deputy receivers as
11 may be named by the Liquidator Receiver.

12 G. **“Receiver”** means the permanent receiver appointed in the Stipulated
13 Preliminary Injunction (Doc. 32). The term “Receiver” also includes any deputy
14 receivers as may be named by the Receiver.

15 H. **“Receivership Defendant”** means Cream Group, Inc., also d/b/a
16 Terra Nova, TNT, Inc., and CRM, Inc., and its successors, assigns, affiliates, and
17 subsidiaries, including, but not limited to, Applied Design Services, Inc., and CA
18 Mart, and any related d/b/a used by any of the Individual Defendants, including,
19 but not limited to, Oro Marketing, Inc., Modo, Modo Industry, Oro Max, Casa de
20 Oro, Casa de Moda, Oro Mundo, and Nation/Modo, and each of them by
21 whatever names each might be known.

22 I. **“Relief Defendants”** means Bahareh Ramin and Spring Acres, LLC,
23 and its successors, assigns, subsidiaries, affiliates.

24 J. **“Stipulating Defendants”** means Corporate Defendant and
25 Individual Defendant Sami Charchian, also d/b/a Oro Marketing, Inc., Modo,
26 Modo Industry, Oro Max, Casa de Oro, Casa de Moda, Oro Mundo, and
27 Nation/Modo.

1 assisting others in misrepresenting, expressly or by implication, any material fact,
2 including, but not limited to, the following:

3 A. That consumers will receive:

- 4 1. Well-known or brand-name merchandise; or
- 5 2. Merchandise at low or wholesale prices;

6 B. That consumers who pay for or accept additional shipments of
7 merchandise will receive:

- 8 1. The well-known or brand-name goods they ordered; or
- 9 2. A refund of the amount they paid;

10 C. That any adverse action will be taken against any consumer,
11 including, but not limited to, legal actions, fines, damage to consumers' credit
12 history, garnishment of income and bank accounts, arrest, or reporting consumers
13 to immigration authorities;

14 D. Any material aspect of the performance, efficacy, nature, or central
15 characteristics of any good or service, including, but not limited to, the quality or
16 manufacturer of merchandise;

17 E. Any material aspect of the nature or terms of any refund,
18 cancellation, exchange, or repurchase policy, including, but not limited to, that
19 customers will be granted refunds if they pay for additional goods;

20 F. The total costs to purchase, receive, or use, or the quantity of, goods
21 or services; and

22 G. Any material restriction, limitation, or condition on purchasing,
23 receiving, or using a good or service.

24 **III. MONETARY JUDGMENT**

25 IT IS FURTHER ORDERED that:

26
27
28

1 A. Judgment in the amount of Five Million, One Hundred Seventy
2 Thousand, Nine Hundred Fifty Three Dollars (\$5,170,953.00.) is entered in favor
3 of the Commission against Stipulating Defendants, jointly and severally.

4 B. Stipulating Defendants and Relief Defendants are ordered to pay to
5 the Commission as follows:

6 1. Within twenty four (24) months of entry of this Order,
7 Individual Defendant Sami Charchian must secure and pay to the Commission the
8 amount of Six Hundred Fifty Thousand Dollars (\$650,000.00). Payment shall be
9 made to the Commission by electronic fund transfer in accordance with
10 instructions provided by a representative of the Commission.

11 2. Within seven (7) days of entry of this Order, Individual
12 Defendant Sami Charchian and Relief Defendants shall take the following actions
13 with respect to the following real properties (collectively the "Real Property"): (1)
14 5037 Opal Ave., Palmdale, California 93552; (2) 2559 W. Paxton Ave., Palmdale,
15 California 93551; (3) 2537 Wicopy Court, Palmdale, California 93551; (4) 5776
16 Expedition Way, Palmdale, California 93552; (5) 3709 Saddleback Drive,
17 Palmdale, California 93552; and (6) 3222 Rollingridge Ave., Palmdale, California
18 93550; including, but not limited to, the land, buildings, and any and all fixtures,
19 appurtenances, and improvements, except anything owned by a tenant or third
20 party and not owned by Individual Defendant Sami Charchian or Relief
21 Defendants:

22 a. Transfer possession, custody, and control of the Real Property
23 to the Liquidator Receiver. The Liquidator Receiver shall be permitted to list the
24 Real Property for sale upon entry of this Order;

25 b. Authorize the sale of the Real Property to be conducted in the
26 manner described in this Subsection III.B. All net proceeds of that sale, after all
27

1 necessary expenses of the Liquidator Receiver are paid pursuant to Section V. of
2 this Order, shall be paid to the Commission;

3 c. Represent and warrant that they are the sole owners of the
4 Real Property and that they have the authority to sell the Real Property;

5 d. Represent and acknowledge that the properties identified in
6 this Subsection III.B. are currently unencumbered by any other lien, mortgage,
7 deed of trust, assignment, pledge, security interest, or other interest except as
8 disclosed to the Commission in the financial representations referenced in
9 Subsection III.D.;

10 e. Cooperate fully with the Liquidator Receiver and take such
11 other steps as the Liquidator Receiver may require in connection with the listing,
12 marketing, and sale of the Real Property;

13 f. Within five (5) days after entry of this Order take all steps
14 requested by the Liquidator Receiver to assist and cooperate with the Liquidator
15 Receiver in the sale of the Real Property, including the provision of all
16 documents, contracts, and leases related to the Real Property, and any utility bills
17 and account information, including any passwords necessary to change such
18 accounts;

19 g. Sign any documents necessary for the sale of the Real
20 Property, including, but not limited to, any powers of attorney that the Liquidator
21 Receiver may request them to sign in connection with the sale of the Real
22 Property and any documents necessary for the transfer of the Real Property to
23 new buyers, as well as any documents necessary to transfer any accounts, mail, or
24 notices related to the Real Property to the Liquidator Receiver;

25 h. Cooperate fully and not interfere with the Liquidator
26 Receiver's efforts to enter onto, market, and sell the Real Property, including, but
27 not limited to, the Liquidator Receiver's efforts to gain access to and show the

1 Real Property to prospective purchasers or brokers or to evaluate or cause its
2 agents, representatives, or contractors to maintain, repair, restore, and evaluate the
3 condition of the property from the entry of this Order and thereafter. Upon
4 request of the Liquidator Receiver, Defendant Sami Charchian and Relief
5 Defendants shall provide a set of all keys and/or codes used for the Real Property
6 to the Liquidator Receiver and/or its agent(s);

7 i. Until possession, custody, and control of the Real Property is
8 transferred to the Liquidator Receiver, maintain property and liability insurance
9 on the Real Property for at least its replacement value; remain current on all
10 amounts due and payable on the Real Property, including, but not limited to,
11 taxes, utilities, reasonable and necessary maintenance, homeowner's assessments,
12 sewer and/or water use charges and similar fees; and promptly provide the
13 Commission and the Liquidator Receiver with written paid receipts to the
14 satisfaction of Commission representatives and the Liquidator Receiver upon the
15 transfer of the Real Property. In the event that the Real Property suffers any loss
16 or damage covered by any applicable insurance policy prior to the transfer of the
17 Real Property to the Liquidator Receiver, Individual Defendant Sami Charchian
18 and Relief Defendant Bahareh Ramin shall make such claims as are permitted by
19 the insurance policy and shall assign or remit any insurance payment they receive
20 as a result of such loss or damage to the Commission. Upon transfer of
21 possession, custody, and control of the Real Property to the Liquidator Receiver,
22 the Liquidator Receiver shall maintain property and liability insurance and use its
23 best efforts to include Individual Defendant Sami Charchian and Relief
24 Defendants as additional insured parties until such time as they no longer own and
25 maintain title to the Real Property. Nothing in this Order requires Individual
26 Defendant Sami Charchian or Relief Defendants to pay any amount relating to or
27 concerning the Real Property, including, but not limited to, any taxes, insurance,

1 homeowner's assessments, maintenance, and similar fees, arising or incurred after
2 Individual Defendant Sami Charchian and Relief Defendants transfer possession,
3 custody, and control of the Real Property to the Liquidator Receiver;

4 j. Take no action to diminish or encumber the value of the Real
5 Property;

6 k. Upon entry of this Order, notify all tenants in the Real
7 Property as follows:

8 (i) that a Liquidator Receiver has been appointed to sell the
9 Real Property and is in charge of the Real Property;

10 (ii) that all rents shall be paid to the Liquidator Receiver;

11 (iii) that all requests concerning the Real Property should be
12 made to the Liquidator Receiver; and

13 (iv) that they are required to cooperate with the Liquidator
14 Receiver;

15 l. Upon transfer of possession, custody, and control of the Real
16 Property to the Liquidator Receiver, which transfer shall occur within seven (7)
17 days of entry of this Order, Individual Defendant Sami Charchian and Relief
18 Defendants shall no longer receive any rent, or anything of value, for the Real
19 Property, and shall immediately turn over any rents received since entry of this
20 Order to the Liquidator Receiver;

21 m. Within seven (7) days of entry of this Order, transfer to the
22 Liquidator Receiver any security deposits or other payments that any tenants of
23 the Real Property have paid to or deposited with Individual Defendant Sami
24 Charchian and Relief Defendants in connection with any leases or contracts with
25 respect to the Real Property;

1 n. Within three (3) days after entry of this Order, provide a list to
2 the Liquidator Receiver setting forth the names of all tenants in the Real Property
3 and their contact information, including any phone numbers and e-mail addresses;

4 o. Upon sale of the Real Property, forever waive, release,
5 discharge, and disclaim all right, title, and interest, including any homestead, in
6 the Real Property;

7 p. All ad valorem taxes, any transfer fees, recording fees, other
8 fees, advertising, and any commissions associated with or resulting from the sale
9 of the Real Property shall be paid from the proceeds of the sale at the time the
10 Real Property is sold; and

11 q. In no way profit from the sale of the Real Property, including
12 by sharing in any sales commission or fee, or by receiving anything of value in
13 kind.

14 3. Within seven (7) days of the date of entry of this Order, Individual
15 Defendant Sami Charchian and Relief Defendant Bahareh Ramin shall promptly
16 take all steps necessary to sell the following vehicles: (i) a 2009 Mercedes-Benz
17 AMG and (ii) a 2008 Murc 640 Lamborghini (collectively the “Vehicles”) for fair
18 market value to a third-party buyer, and pay to the Commission the proceeds of
19 the sale, after paying off any existing loan or other monetary obligation owed on
20 the Vehicles, subject to the following:

21 a. Individual Defendant Sami Charchian and Relief Defendant
22 Bahareh Ramin represent that no encumbrances have been added to the vehicles
23 since the Court’s entry of the Temporary Restraining Order on December 3, 2013,
24 and that they will not add any such encumbrances after signing this Order, except
25 as needed to secure their performance under this Subsection.

26 b. Individual Defendant Sami Charchian and Relief Defendant
27 Bahareh Ramin shall keep the Vehicles in conditions suitable for showing to

1 prospective purchasers; sign the contracts for sale of the Vehicles; sign all
2 documents necessary or appropriate for the transfer of the Vehicles to new buyers,
3 and comply with any reasonable requests from Commission representatives
4 related to those sales;

5 c. Individual Defendant Sami Charchian and Relief Defendant
6 Bahareh Ramin shall immediately transfer, by electronic fund transfer in
7 accordance with instructions provided by a representative of the Commission, the
8 proceeds from the sale of each of the Vehicles to the Commission within three (3)
9 days from the date of sale;

10 d. If, after four (4) months from the date of entry of this Order,
11 any of the Vehicles have not been sold, Individual Defendant Sami Charchian
12 Relief Defendant Bahareh Ramin shall immediately retain an auction company,
13 and direct such auction company to sell each property at a public auction. Any
14 and all costs associated with the auction of the Vehicles shall be deducted from
15 the proceeds of such sales. All net proceeds shall be paid to the Commission by
16 electronic fund transfer in accordance with instructions provided by a
17 representative of the Commission within three (3) days of the date of auction.
18 Any sheriff, title company, or other person involved in such sale or auction may
19 rely on this Order as authority to deliver the net proceeds to the Commission;

20 e. As long as any of the Vehicles are owned by Individual
21 Defendant Sami Charchian and Relief Defendant Bahareh Ramin, they shall be
22 maintained in good working order and in the same condition as of the date of the
23 entry of the Temporary Restraining Order on December 3, 2013, and Individual
24 Defendant Sami Charchian and Relief Defendant Bahareh Ramin shall take no
25 action to diminish or encumber their value;

26 f. Until Individual Defendant Sami Charchian and Relief
27 Defendant Bahareh Ramin transfer the proceeds of the sale of the Vehicles to the

1 Commission, they shall remain current on all amounts due and payable on the
2 Vehicles, including, but not limited to, tax, insurance, reasonable and necessary
3 maintenance, registration, and similar fees. Individual Defendant Sami Charchian
4 and Relief Defendant Bahareh Ramin shall cause existing insurance coverage for
5 the Vehicles to remain in force until the transfer of ownership. In the event that
6 the Vehicles suffer any loss or damage covered by such insurance policy,
7 Individual Defendant Sami Charchian and Relief Defendant Bahareh Ramin shall
8 make such claims as are permitted by the insurance policy and shall assign or
9 remit any insurance payment they receive as a result of such loss or damage to the
10 Commission;

11 g. Individual Defendant Sami Charchian and Relief Defendant
12 Bahareh Ramin shall in no way profit from the sale of the Vehicles, including by
13 sharing in any sales commission or fee, or by receiving anything of value in kind;
14 and

15 h. Upon sale of the Vehicles, Individual Defendant Sami
16 Charchian and Relief Defendant Bahareh Ramin forever waive, release,
17 discharge, and disclaim all right, title, and interest in the Vehicles.

18 C. Stipulating Defendants grant to the Commission all rights and claims
19 they have to any assets currently in the possession, custody, or control of the
20 Receiver, including, but not limited to, all funds transferred to the Receiver from
21 the following accounts:

22 a. JP Morgan Chase account ending 7023, held in
23 the name of Applied Design Services, Inc.;

24 b. JP Morgan Chase account ending 7487, held in
25 the name of Cream Group, Inc.;

26 c. US Bank account ending 7268, held in the name
27 of Cream Group, Inc.;

1 d. Bank of America account ending 2431, held in
2 the name of Oro Marketing, Inc.; and

3 e. Bank of America account ending 3598, held in
4 the name of Oro Marketing, Inc.

5 D. Upon completion of all obligations under Subsections III.B. through
6 III.C., above, including all asset transfers and payments, the remainder of the
7 judgment set forth in Subsection III.A. is suspended, subject to the following:

8 1. The Commission's agreement to the suspension of part of the
9 judgment is expressly premised upon the truthfulness, accuracy, and completeness
10 of Stipulating Defendants' sworn financial statements and related documents
11 (collectively, "financial representations") submitted to the Commission, namely:

12 a. the sworn Corporate Financial Statement of Cream
13 Group, Inc., signed on October 1, 2014, including all
14 attachments and enclosures, submitted by counsel for
15 Corporate Defendant Cream Group, Inc., via Secure File
16 Transfer on October 1, 2014, at 5:18 pm;

17 b. the sworn Individual Financial Statement of Individual
18 Defendant Sami Charchian, signed on December 30,
19 2013, including all attachments and enclosures,
20 submitted by counsel for Individual Defendant Sami
21 Charchian via email on December 30, 2013, at 3:30 pm,
22 and as amended and signed on October 1, 2014,
23 including all attachments and enclosures, submitted by
24 counsel for Individual Defendant Sami Charchian via
25 Secure File Transfer on October 1, 2014, at 5:18 pm,
26 and further amended via email on October 2, 2014 at
27 2:58 pm;

- c. all documents and information submitted by counsel for Individual Defendant Sami Charchian via email on September 15, 2014, at 9:26 am, including an appraisal for Individual Defendant Sami Charchian's residence in Los Angeles, California;
- d. all documents and information submitted by counsel for Individual Defendant Sami Charchian via email on August 27, 2014, at 2:49 pm, including photographs of Individual Defendant Sami Charchian's residence in Los Angeles, California;
- e. all documents and information submitted by counsel for Individual Defendant Sami Charchian via email on January 23, 2014, at 10:26 am, including information concerning the payment of property taxes;
- f. all documents and information submitted by counsel for Individual Defendant Sami Charchian via email on January 22, 2014, at 4:52 pm, including information concerning the payment of homeowners' insurance and property taxes; and
- g. Stipulating Defendants' representations that none of the properties described in Subsections III.B., above, are currently encumbered by any other lien, mortgage, deed of trust, assignment, pledge, security interest, or other interest, except as disclosed in the financial representations identified above.

2. The suspension of the judgment will be lifted as to Stipulating Defendants if, upon motion by the Commission, the Court finds that Stipulating

1 Defendants failed to disclose any material asset, materially misstated the value of
2 any asset, or made any other material misstatement or omission in the financial
3 representations identified above; and

4 3. If the suspension of the judgment is lifted, the judgment
5 becomes immediately due as to Stipulating Defendants in the amount specified in
6 Subsection III.A., above, less any payment previously made pursuant to this
7 Section III., plus any interest computed from the date of entry of this Order.

8 **IV. ADDITIONAL MONETARY PROVISIONS**

9 IT IS FURTHER ORDERED that:

10 A. Stipulating Defendants and Relief Defendants relinquish dominion
11 and all legal and equitable right, title, and interest in all assets transferred pursuant
12 to this Order and may not seek the return of any assets.

13 B. The facts alleged in the First Amended Complaint will be taken as
14 true, without further proof, in any subsequent civil litigation by or on behalf of the
15 Commission, including in a proceeding to enforce its rights to any payment or
16 monetary judgment pursuant to this Order, such as a nondischargeability
17 complaint in any bankruptcy case.

18 C. The facts alleged in the First Amended Complaint establish all
19 elements necessary to sustain an action by the Commission pursuant to Section
20 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order
21 will have collateral estoppel effect for such purposes.

22 D. Stipulating Defendants acknowledge that their Taxpayer
23 Identification Numbers (Social Security Numbers or Employer Identification
24 Numbers), which Stipulating Defendants previously submitted to the
25 Commission, may be used for collecting and reporting on any delinquent amount
26 arising out of this Order, in accordance with 31 U.S.C. § 7701.

1 E. All money paid to the Commission pursuant to this Order may be
2 deposited into a fund administered by the Commission or its designee to be used
3 for equitable relief, including consumer redress and any attendant expenses for
4 the administration of any redress fund. If a representative of the Commission
5 decides that direct redress to consumers is wholly or partially impracticable or
6 money remains after redress is completed, the Commission may apply any
7 remaining money for such other equitable relief (including consumer information
8 remedies) as it determines to be reasonably related to Defendants' practices
9 alleged in the First Amended Complaint. Any money not used for such equitable
10 relief is to be deposited to the U.S. Treasury as disgorgement. Stipulating
11 Defendants and Relief Defendants have no right to challenge any actions the
12 Commission or its representatives may take pursuant to this Subsection.

13 F. The Preliminary Injunction's freeze of the Stipulating Defendants'
14 and Relief Defendants' assets shall remain in effect until the assets have been
15 transferred in accordance with Subsections III.B. – C. *Provided, however*, that
16 the asset freeze may be lifted as to the Stipulating Defendants and Relief
17 Defendants to the extent necessary to comply with the transfer and turnover
18 requirements of Subsections III.B. – C. Upon compliance with the transfer and
19 turnover requirements of Subsections III.B. – C., the freeze on the assets of
20 Individual Defendant Sami Charchian and Relief Defendants pursuant to the
21 Stipulated Preliminary Injunction entered in this action is lifted.

22 **V. APPOINTMENT AND DUTIES OF LIQUIDATOR RECEIVER**

23 IT IS FURTHER ORDERED that the Permanent Receiver in this matter, is
24 appointed as Liquidator Receiver, with all the rights and powers of an equity
25 receiver, over the Real Property listed in Subsection III.B.2.

1 A. As soon as reasonably possible, the Liquidator Receiver shall, at
2 reasonable cost and in a commercially reasonable fashion, liquidate, without
3 further approval from the Court, the Real Property for fair market value.

4 B. Upon Individual Defendant Sami Charchian's and Relief
5 Defendants' transfer of possession, the Liquidator Receiver shall assume
6 responsibility for management and maintenance of the Real Property, including,
7 but not limited to, making disbursements for operating expenses as may be
8 appropriate, undertaking repairs, procuring appropriate insurance or modifying
9 existing insurance, making payment for all amounts due and payable on the Real
10 Property, including, but not limited to, taxes, insurance, homeowner's
11 assessments, reasonable and necessary maintenance, and similar fees, and making
12 payments for and taking any other actions necessary to efficiently manage the
13 Real Property and to maintain their value.

14 C. The Liquidator Receiver shall have all necessary powers to manage
15 and maintain the Real Property, including without limitation, the following
16 powers and responsibilities:

- 17 1. To take possession of the Real Property;
- 18 2. To employ such counsel, real estate agents, auctioneers,
19 appraisers, accountants, contractors, other professionals, and other such persons,
20 including maintenance and repair persons, as may be necessary in order to carry
21 out its duties as Liquidator Receiver and to preserve, maintain, and protect the
22 Real Property;
- 23 3. To determine or abrogate, in the Liquidator Receiver's sole
24 sound business discretion, any and all agreements, contracts, understandings, or
25 commitments entered into by Individual Defendant Sami Charchian and Relief
26 Defendants with respect to the Real Property to the extent permitted by law;

1 4. To open new accounts with, or negotiate, compromise or
2 otherwise modify Individual Defendant Sami Charchian's and Relief Defendants'
3 existing obligations to third parties, including utility companies, secured creditors,
4 other service providers or suppliers of goods and services related to the Real
5 Property, and to otherwise enter into such agreements, contracts, or understanding
6 with such third parties as are necessary to maintain, preserve, and protect the Real
7 Property;

8 5. To open new bank accounts with respect to the Liquidator
9 Receiver's management and operation of the Real Property; and

10 6. To rent the Real Property to third parties, until the Real
11 Property is sold.

12 D. The Liquidator Receiver shall keep a true and accurate account of
13 any and all receipts and expenditures and periodically file with the Court a
14 Liquidatorship Report under oath, accurately identifying all such revenues
15 received and expenditures made, including adequately detailed information
16 concerning income, expenses, payables, and receivables. These periodic filings
17 shall be served by the Liquidator Receiver on the Commission and Stipulating
18 Defendants' and Relief Defendants' counsel.

19 E. Any and all sums collected by the Liquidator Receiver over and
20 above those necessary to manage and maintain the Real Property or those
21 necessary to make payments authorized by this Order shall be paid to the
22 Commission.

23 F. The Liquidator Receiver is entitled to reasonable compensation for
24 the performance of duties pursuant to this Order and for the cost of actual out-of-
25 pocket expenses incurred by it. The Liquidator Receiver's compensation and the
26 compensation of any persons hired by it are to be paid solely from the proceeds of
27 the sale of the Real Property and other sums collected by the Liquidator Receiver

1 pursuant to this Section V., and such payments shall have priority over all other
2 distributions except for any transfer fees, recording fees, or other payments owed
3 through the transfer of the Real Property at the time of their sale. The Liquidator
4 Receiver shall file with the Court and serve on the Commission and Individual
5 Defendant Sami Charchian and Relief Defendants periodic requests for the
6 payment of such reasonable compensation. The Liquidator Receiver shall not
7 increase the fees or rates used as the bases for such fee applications without prior
8 approval of the Court.

9 G. The Liquidator Receiver shall file its final application for fees,
10 complete liquidation, and terminate its service within twelve (12) months of the
11 execution of this Order unless good cause is shown to extend beyond twelve (12)
12 months.

13 H. Upon the final transfer of all funds to the Commission pursuant to
14 this Section, the duties of the Liquidator Receiver shall terminate.

15 I. The powers and duties of the Liquidator Receiver under this Order
16 are in addition to, and not in lieu of, its powers and duties as the Court-appointed
17 Receiver in this matter. Nothing in Sections III. or V. of this Order shall be
18 construed to, nor does, limit the powers and duties of the Receiver as set forth in
19 the prior Orders of this Court in this litigation, which powers and duties shall
20 continue until the termination of the entire Receivership in this litigation. Further,
21 nothing in this Order limits the obligations of any Defendant or third party to
22 cooperate with the Receiver as set forth in the Court's prior Orders until
23 termination of the entire Receivership.

24 VI. CONTINUATION OF RECEIVERSHIP

25 IT IS FURTHER ORDERED that the Receiver shall continue to exercise
26 its full powers, including, but not limited to, those powers set forth in the
27 Preliminary Injunction, and including full liquidation powers. The Receiver is

1 directed to wind down the Corporate Defendant and liquidate, for fair market
2 value, any assets of the Corporate Defendant that the Receiver obtained pursuant
3 to the Preliminary Injunction as well as any other assets of the Receivership. To
4 the extent that the assets of the Receivership estate are insufficient to cover the
5 Court-approved costs of the Receiver, the Receiver may recover its Court-
6 approved costs from the assets of the Liquidator Receivership. The Receiver
7 must complete all remaining actions concerning the Receivership over the
8 Corporate Defendant and terminate the receivership over them within 180 days
9 after entry of the final order resolving the Commission's claims against the last
10 Defendant in this action. Provided, however, that any party or the Receiver may
11 request that the Court extend that Receiver's term for a specified term for good
12 cause. Upon termination of the receivership, and final payment to the Receiver of
13 all approved fees, costs, and expenses, the Receiver shall turn over to the FTC or
14 its designated agent all remaining assets in the receivership estate.

15 **VII. CUSTOMER INFORMATION**

16 IT IS FURTHER ORDERED that Stipulating Defendants, Stipulating
17 Defendants' officers, agents, servants, employees, and attorneys, and all other
18 persons in active concert or participation with any of them, who receive actual
19 notice of this Order are permanently restrained and enjoined from directly or
20 indirectly:

21 A. Failing to provide sufficient customer information to enable the
22 Commission to efficiently administer consumer redress. If a representative of the
23 Commission requests in writing any information related to redress, Stipulating
24 Defendants must provide it, in the form prescribed by the Commission, within
25 fourteen (14) days;

26 B. Disclosing, using, or benefitting from customer information,
27 including the name, address, telephone number, email address, social security

1 number, other identifying information, or any data that enables access to a
2 customer's account (including a credit card, bank account, or other financial
3 account), that any Defendant obtained prior to entry of this Order in connection
4 with the marketing or sale of goods or services; and

5 C. Failing to destroy such customer information in all forms in their
6 possession, custody, or control within thirty (30) days after receipt of written
7 direction to do so from a representative of the Commission. Disposal shall be by
8 means that protect against unauthorized access to the customer information, such
9 as by burning, pulverizing, or shredding any papers, and by erasing or destroying
10 any electronic media, to ensure that the customer information cannot practicably
11 be read or reconstructed. *Provided, however,* that customer information need not
12 be disposed of, and may be disclosed, to the extent requested by a government
13 agency or required by law, regulation, or court order.

14 **VIII. PROHIBITION ON COLLECTING ON ACCOUNTS**

15 IT IS FURTHER ORDERED that Stipulating Defendants, Stipulating
16 Defendants' officers, agents, servants, employees, attorneys, and all other persons
17 in active concert or participation with any of them who receive actual notice of
18 this Order, whether acting directly or indirectly, are permanently restrained and
19 enjoined from attempting to collect, collecting, or assigning any right to collect
20 payment from any consumer who purchased or agreed to purchase any good or
21 service from any Defendant.

22 **IX. ORDER ACKNOWLEDGEMENTS**

23 IT IS FURTHER ORDERED that Stipulating Defendants obtain
24 acknowledgements of receipt of this Order:

25 A. Each Stipulating Defendant, within seven (7) days of entry of this
26 Order, must submit to the Commission an acknowledgment of receipt of this
27 Order sworn under penalty of perjury.

1 B. For five (5) years after entry of this Order, Individual Defendant
2 Sami Charchian, for any business that he, individually or collectively with any
3 other Defendant, is the majority owner or controls directly or indirectly, and the
4 Corporate Defendant, must deliver a copy of this Order to: (1) all principals,
5 officers, directors, and LLC managers and members; (2) all employees, agents,
6 and representatives who participate in conduct related to the subject matter of the
7 Order; and (3) any business entity resulting from any change in structure as set
8 forth in the section of this Order titled Compliance Reporting. Delivery must
9 occur within seven (7) days of entry of this Order for current personnel. For all
10 others, delivery must occur before they assume their responsibilities.

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

14 X. COMPLIANCE REPORTING

15 IT IS FURTHER ORDERED that Stipulating Defendants make timely
16 submissions to the Commission:

17 A. One (1) year after entry of this Order, each Stipulating Defendant
18 must submit a compliance report, sworn under penalty of perjury:

19 1. Each Stipulating Defendant must: (a) identify the primary
20 physical, postal, and email address and telephone number, as designated points of
21 contact, which representatives of the Commission may use to communicate with
22 Defendant; (b) identify all of that Defendant's businesses by all of their names,
23 telephone numbers, and physical, postal, email, and Internet addresses; (c)
24 describe the activities of each business, including the goods and services offered,
25 the means of advertising, marketing, and sales, and the involvement of any other
26 Defendant (which Individual Defendant Sami Charchian must describe if he
27 knows or should know due to his own involvement); (d) describe in detail

1 whether and how that Defendant is in compliance with each Section of this Order;
2 and (e) provide a copy of each Order Acknowledgment obtained pursuant to this
3 Order, unless previously submitted to the Commission.

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

12 B. For ten (10) years after entry of this Order, each Stipulating
13 Defendant must submit a compliance notice, sworn under penalty of perjury,
14 within fourteen (14) days of any change in the following:

15 1. Each Stipulating Defendant must report any change in: (a) any
16 designated point of contact; or (b) the structure of any Corporate Defendant or
17 any entity that Stipulating Defendant has any ownership interest in or controls
18 directly or indirectly that may affect compliance obligations arising under this
19 Order, including: creation, merger, sale, or dissolution of the entity or any
20 subsidiary, parent, or affiliate that engages in any acts or practices subject to this
21 Order.

22 2. Additionally, Individual Defendant Sami Charchian must
23 report any change in: (a) name, including aliases or fictitious name, or residence
24 address; or (b) title or role in any business activity, including any business for
25 which he performs services whether as an employee or otherwise and any entity
26 in which he has any ownership interest, and identify the name, physical address,
27 and any Internet address of the business or entity.

1 C. Each Stipulating Defendant must submit to the Commission notice of
2 the filing of any bankruptcy petition, insolvency proceeding, or similar
3 proceeding by or against such Stipulating Defendant within fourteen (14) days of
4 its filing.

5 D. Any submission to the Commission required by this Order to be
6 sworn under penalty of perjury must be true and accurate and comply with
7 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury
8 under the laws of the United States of America that the foregoing is true and
9 correct. Executed on: _____” and supplying the date, signatory’s full name,
10 title (if applicable), and signature.

11 E. Unless otherwise directed by a Commission representative in
12 writing, all submissions to the Commission pursuant to this Order must be
13 emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal
14 Service) to: Associate Director for Enforcement, Bureau of Consumer Protection,
15 Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC
16 20580. The subject line must begin: *FTC v. Cream Group, Inc., et al.* (FTC
17 Matter No. X140010).

18 XI. RECORDKEEPING

19 IT IS FURTHER ORDERED that Stipulating Defendants must create
20 certain records for ten (10) years after entry of the Order, and retain each such
21 record for five (5) years. Specifically, Corporate Defendant and Individual
22 Defendant Sami Charchian for any business that he, individually or collectively
23 with any other Defendant, is a majority owner or controls directly or indirectly,
24 must create and retain the following records:

25 A. accounting records showing the revenues from all goods or services
26 sold;

1 B. personnel records showing, for each person providing services,
2 whether as an employee or otherwise, that person's: name; addresses; telephone
3 numbers; job title or position; dates of service; and (if applicable) the reason for
4 termination;

5 C. records of all consumer complaints and refund requests, whether
6 received directly or indirectly, such as through a third party, and any response;

7 D. all records necessary to demonstrate full compliance with each
8 provision of this Order, including all submissions to the Commission; and

9 E. a copy of all scripts, training materials, unique advertisements, or
10 other marketing materials.

11 XII. COMPLIANCE MONITORING

12 IT IS FURTHER ORDERED that, for the purpose of monitoring
13 Stipulating Defendants' compliance with this Order, and any failure to transfer
14 any assets as required by this Order:

15 A. Within fourteen (14) days of receipt of a written request from a
16 representative of the Commission, each Stipulating Defendant must: submit
17 additional compliance reports or other requested information, which must be
18 sworn under penalty of perjury; appear for depositions; and produce documents
19 for inspection and copying. The Commission is also authorized to obtain
20 discovery, without further leave of court, using any of the procedures prescribed
21 by the Federal Rules of Civil Procedure 29, 30 (including telephonic depositions),
22 31, 33, 34, 36, 45, and 69.

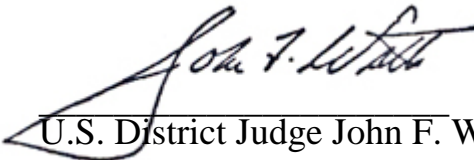
23 B. For matters concerning this Order, the Commission is authorized to
24 communicate directly with each Stipulating Defendant. Stipulating Defendants
25 must permit representatives of the Commission to interview any employee or
26 other person affiliated with any Defendant who has agreed to such an interview.
27 The person interviewed may have counsel present.

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

7 **XIII. RETENTION OF JURISDICTION**

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

10
11 **SO ORDERED this 22nd day of December, 2014.**

12 
13 U.S. District Judge John F. Walter
14

15 //
16 //
17 //
18 //