

1 JONATHAN E. NUECHTERLEIN
2 General Counsel

3 SARAH SCHROEDER, Cal. Bar # 221528
4 Federal Trade Commission
5 901 Market Street, Ste. 570
6 San Francisco, CA 94103
7 (415) 848-5100 (voice), (415) 848-5184 (fax)
8 sschroeder@ftc.gov

9 Attorney for Plaintiff
10 Federal Trade Commission

11 UNITED STATES DISTRICT COURT
12 EASTERN DISTRICT OF CALIFORNIA

13 FEDERAL TRADE COMMISSION,

14 Plaintiff,

15 v.

16 BROADWAY GLOBAL MASTER INC.,
17 a corporation, also d/b/a BGM,

18 IN-ARABIA SOLUTIONS INC., a
19 corporation, and

20 KIRIT PATEL, individually and as an officer
21 of BROADWAY GLOBAL MASTER INC.,
22 and IN-ARABIA SOLUTIONS INC.

23 Defendants.

Case No. 2:12-cv-0855 JAM GGH

**STIPULATED ORDER FOR
PERMANENT INJUNCTION AND
MONETARY JUDGMENT**

24 Plaintiff, the Federal Trade Commission (“Commission”), filed its Complaint for
25 Permanent Injunction and Other Equitable Relief (“Complaint”) in this matter pursuant to
26 Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b)
27 and 57b, and Section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C.
28 § 1692l. The Commission and Defendants stipulate to the entry of this Stipulated Order for

1 Permanent Injunction and Monetary Relief (“Order”) to resolve all matters in dispute in this
2 action between them.

3 THEREFORE, IT IS ORDERED as follows:

4 **FINDINGS**

5 1. This Court has jurisdiction over this matter.

6 2. The Complaint charges that Defendants participated in deceptive acts or practices
7 in violation of Section 5(a) of the FTC Act, 15 U.S.C. §§ 45(a), and deceptive and abusive
8 practices in violation of Section 814 of the FDCPA, 15 U.S.C. § 1692l, in the collection of
9 phantom debts.

10 3. Defendants neither admit nor deny any of the allegations in the Complaint, except
11 as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts
12 necessary to establish jurisdiction.

13 4. Defendants waive any claim that they may have under the Equal Access to Justice
14 Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order,
15 and agree to bear their own costs and attorney fees.

16 5. Defendants and the Commission waive all rights to appeal or otherwise challenge
17 or contest the validity of this Order.

18 **DEFINITIONS**

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

20 1. **“Corporate Defendants”** means Broadway Global Master, Inc., d/b/a BGM, and
21 In-Arabia Solutions, Inc., both of which are currently dissolved, and their successor and assigns.

22 2. **“Debt collection activities”** means any activity the principal purpose of which is
23 to collect or attempt to collect, directly or indirectly, debts owed or asserted to be owed, or due.

24 3. **“Defendants”** means the Individual Defendant and all of the Corporate
25 Defendants, individually, collectively, or in any combination.

26 4. **“Individual Defendant”** means Kirit Patel.
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1 **ORDER**

2 **I.**

3 **BAN ON DEBT COLLECTION**

4 IT IS ORDERED that Defendants are permanently restrained and enjoined from
5 participating in debt collection activities, whether directly or through an intermediary.

6 **II.**

7 **PROHIBITION AGAINST MISREPRESENTATIONS**

8 IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, and
9 employees, and all other persons in active concert or participation with any of them, who receive
10 actual notice of this Order, whether directly or indirectly, in connection with promoting or
11 offering for sale any good or service, are permanently restrained and enjoined from
12 misrepresenting, or assisting others in misrepresenting, expressly or by implication:

13 A. that any person is affiliated with, endorsed or approved by, or otherwise
14 connected to any other person; government entity; public, non-profit, or other non-commercial
15 program; or any other program;

16 B. the total cost to purchase, receive, or use the good or service;

17 C. any material restriction, limitation, or condition to purchase, receive, or use the
18 good or service;

19 D. any material aspect of the nature or terms of a refund, cancellation, exchange, or
20 repurchase policy for the good or service; and

21 E. any material aspect of the performance, efficacy, nature, or central characteristics
22 of the good or service.

23 **III.**

24 **MONETARY JUDGMENT AND PARTIAL SUSPENSION**

25 IT IS FURTHER ORDERED that:

26 A. Judgment in the amount of Four Million Three Hundred Eighteen Thousand Six
27 Hundred Thirty Seven Dollars (\$4,318,637) is entered in favor of the Commission and against
28 the Individual and Corporate Defendants, jointly and severally, as equitable monetary relief.

1 B. Defendants are ordered to pay to the Commission Thirty Three Thousand Five
2 Hundred Dollars (\$33,500), which, as Defendants stipulate, their undersigned counsel holds in
3 escrow for no purpose other than payment to the Commission. Such payment must be made
4 within 14 days of entry of this Order by wire transfer in accordance with directions provided by
5 the Commission. Upon such payment, and the asset transfers in the Section titled Turnover of
6 Assets Held by Third Parties, the remainder of the judgment is suspended, subject to the
7 Subsections below.

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

- 12 1. the Financial Statement of Individual Defendant Kirit Patel signed on
13 July 24, 2015, including the attachments;
- 14 2. documentation submitted by letter from Defendants' counsel Andrew
15 Steinheimer to Commission counsel Lisa Rosenthal dated May 9, 2012;
- 16 3. the Financial Statement of Corporate Defendant Broadway Global Master,
17 Inc., signed by President Kirit Patel on July 24, 2015, including the
18 attachments; and
- 19 4. the Financial Statement of Corporate Defendant In Arabia Solutions, Inc.,
20 signed by President Kirit Patel on July 24, 2015.

21 D. The suspension of the judgment will be lifted as to any Defendant if, upon motion
22 by the Commission, the Court finds that Defendant failed to disclose any material asset,
23 materially misstated the value of any asset, or made any other material misstatement or omission
24 in the financial representations identified above.

25 E. If the suspension of the judgment is lifted, the judgment becomes immediately
26 due as to that Defendant in the amount specified in Subsection A above (which the parties
27 stipulate only for purposes of this Section represents the consumer injury alleged in the
28 Complaint), less any payment previously made pursuant to this Section plus interest computed

1 from the date of entry of this Order.

2 F. Defendants relinquish dominion and all legal and equitable right, title, and interest
3 in all assets transferred pursuant to this Order and may not seek the return of any assets.

4 G. The facts alleged in the Complaint will be taken as true, without further proof, in
5 any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to
6 enforce its rights to any payment or monetary judgment pursuant to this Order, such as a
7 nondischargeability complaint in any bankruptcy case.

8 H. The facts alleged in the Complaint establish all elements necessary to sustain an
9 action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. §
10 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

11 I. Defendants acknowledge that their Taxpayer Identification Numbers (Social
12 Security Numbers or Employer Identification Numbers), which Defendants previously submitted
13 to the Commission, may be used for collecting and reporting on any delinquent amount arising
14 out of this Order, in accordance with 31 U.S.C. §7701.

15 J. All money paid to the Commission pursuant to this Order may be deposited into a
16 fund administered by the Commission or its designee to be used for equitable relief, including
17 consumer redress and any attendant expenses for the administration of any redress fund. If a
18 representative of the Commission decides that direct redress to consumers is wholly or partially
19 impracticable or money remains after redress is completed, the Commission may apply any
20 remaining money for such other equitable relief (including consumer information remedies) as it
21 determines to be reasonably related to Defendants' practices alleged in the Complaint. Any
22 money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement.

23 Defendants have no right to challenge any actions the Commission or its representatives may
24 take pursuant to this Subsection.

25 **IV.**

26 **TURNOVER OF ASSETS HELD BY THIRD PARTIES**

27 IT IS FURTHER ORDERED that, to partially satisfy the monetary judgment set forth in
28 the Section titled Monetary Judgment and Partial Suspension, any financial institution that holds,

1 controls, or maintains custody of any account of any Defendant that is frozen pursuant to the
 2 Court’s April 26, 2012, *Preliminary Injunction With Asset Freeze and Other Equitable Relief*
 3 shall turn over all funds in such account to the Commission within ten (10) business days of
 4 receiving notice of this Order by any means, including, but not limited to, notice provided by
 5 email or facsimile. Accordingly, the following institutions shall transfer funds in the following
 6 accounts to the Commission:
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Financial Institution	Account Name	Last 4 Digits of Account Number	Approximate Amount
Global Payments, Inc.	Broadway Global Master	-1039	\$500,781
Global Payments, Inc.	Broadway Global Master	-0300	\$18,532
Group ISO	Broadway Global Master	-6875	\$10,696
Bank of America, NA	Broadway Global Master	-7820	\$6,135
Chase Bank	Broadway Global Master	-3512	\$445
Chase Bank	Kirit Patel	-1249	\$2,535
Chase Bank	Kirit Patel	-1346	\$15,115
First South Bank	Kirit Patel	-8527	\$8,179
First South Bank	Kirit Patel	-5085	\$12,673
		TOTAL:	\$575,091

20 Payments to the Commission shall be made by wire transfer in accordance with directions
 21 provided by the Commission.

22 **V.**

23 **CUSTOMER INFORMATION**

24 IT IS FURTHER ORDERED that Defendants, Defendants’ officers, agents, and
 25 employees, and all other persons in active concert or participation with any of them, who receive
 26 actual notice of this Order are permanently restrained and enjoined from directly or indirectly:

- 27 A. failing to provide sufficient customer information to enable the Commission to
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1 efficiently administer consumer redress. If a representative of the Commission requests in
2 writing any information related to redress, Defendants must provide it, in the form prescribed by
3 the Commission, within 14 days.

4 B. disclosing, using, or benefitting from customer information, including the name,
5 address, telephone number, email address, social security number, other identifying information,
6 or any data that enables access to a customer's account (including a credit card, bank account, or
7 other financial account), that any Defendant obtained prior to entry of this Order; and

8 C. failing to destroy such customer information in all forms in their possession,
9 custody, or control within 30 days after receipt of written direction to do so from a representative
10 of the Commission.

11 *Provided, however,* that customer information need not be disposed of, and may be
12 disclosed, to the extent requested by a government agency or required by a law, regulation, or
13 court order.

14 VI.

15 ORDER ACKNOWLEDGMENTS

16 IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this
17 Order:

18 A. Each Defendant, within 7 days of entry of this Order, must submit to the
19 Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

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

28 C. From each individual or entity to which a Defendant delivered a copy of this

1 Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of
2 receipt of this Order.

3 **VII.**

4 **COMPLIANCE REPORTING**

5 IT IS FURTHER ORDERED that Defendants make timely submissions to the
6 Commission:

7 A. One year after entry of this Order, each Defendant must submit a compliance
8 report, sworn under penalty of perjury:

9 1. Each Defendant must: (a) identify the primary physical, postal, and email
10 address and telephone number, as designated points of contact, which
11 representatives of the Commission may use to communicate with
12 Defendant; (b) identify all of Defendant's businesses by all of their names,
13 telephone numbers, and physical, postal, email, and Internet addresses;
14 (c) describe the activities of each business and the involvement of any
15 other Defendant, including the goods and services offered and the means
16 of advertising, marketing, and sales; (d) describe in detail whether and
17 how Defendant is in compliance with each Section of this Order; and (e)
18 provide a copy of each Order Acknowledgment obtained pursuant to this
19 Order, unless previously submitted to the Commission.

20 2. Additionally, the Individual Defendant must: (a) identify all telephone
21 numbers and all physical, postal, email and Internet addresses, including
22 all residences; (b) identify all business activities, including any business
23 for which such Defendant performs services whether as an employee or
24 otherwise and any entity in which such Defendant has any ownership
25 interest; and (c) describe in detail such Defendant's involvement in each
26 such business, including title, role, responsibilities, participation,
27 authority, control, and any ownership.

28 B. For 15 years after entry of this Order, each Defendant must submit a compliance

1 notice, sworn under penalty of perjury, within 14 days of any change in the following:

2 1. Each Defendant must report any change in: (a) any designated point of
3 contact; or (b) the structure of any Corporate Defendant or any entity that
4 Defendant has any ownership interest in or controls directly or indirectly
5 that may affect compliance obligations arising under this Order, including:
6 creation, merger, sale, or dissolution of the entity or any subsidiary,
7 parent, or affiliate that engages in any acts or practices subject to this
8 Order.

9 2. Additionally, each Individual Defendant must report any change in:
10 (a) name, including aliases or fictitious name, or residence address; or
11 (b) title or role in any business activity, including any business for which
12 Defendant performs services whether as an employee or otherwise and any
13 entity in which Defendant has any ownership interest, and identify the
14 name, physical address, and any Internet address of the business or entity.

15 C. Each Defendant must submit to the Commission notice of the filing of any
16 bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such
17 Defendant within 14 days of its filing.

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

23 E. Unless otherwise directed by a Commission representative in writing, all
24 submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or
25 sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement,
26 Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW,
27 Washington, DC 20580. The subject line must begin: *FTC v. Broadway Global Master Inc.*
28 (X120020).

1 **VIII.**

2 **RECORDKEEPING**

3 IT IS FURTHER ORDERED that Defendants must create certain records for 20 years
4 after entry of the Order, and retain each such record for 5 years. Specifically, Corporate
5 Defendants and the Individual Defendant for any business that he, individually or collectively
6 with any other defendants, is a majority owner or controls directly or indirectly, must create and
7 retain the following records:

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

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

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

14 D. all records necessary to demonstrate full compliance with each provision of this
15 Order, including all submissions to the Commission.

16 **IX.**

17 **COMPLIANCE MONITORING**

18 IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance
19 with this Order, including the financial representations upon which part of the Judgment was
20 suspended and any failure to transfer any assets as required by this Order:

21 A. Within 14 days of receipt of a written request from a representative of the
22 Commission, each Defendant must submit additional compliance reports or other requested
23 information, which must be sworn under penalty of perjury; appear for depositions; and produce
24 documents, for inspection and copying. The Commission is also authorized to obtain discovery,
25 without further leave of court, using any of the procedures prescribed by Federal Rules of Civil
26 Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69, provided that
27 Defendants, after attempting to resolve a dispute without court action and for good cause shown,
28 may file a motion with this Court seeking an order for one or more of the protections set forth in

1 Rule 26(c).

2 B. For matters concerning this Order, the Commission is authorized to communicate
3 directly with each Defendant. Defendant must permit representatives of the Commission to
4 interview any employee or other person affiliated with any Defendant who has agreed to such an
5 interview. The person interviewed may have counsel present.

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

11 D. Upon written request from a representative of the Commission, any consumer
12 reporting agency must furnish consumer reports concerning the Individual Defendant, pursuant
13 to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1).

14 X.

15 **DISSOLUTION OF ASSET FREEZE**

16 IT IS FURTHER ORDERED that the freeze on the assets of Defendants shall remain in
17 effect until Defendants have complied with all requirements set forth in the Section titled
18 Monetary Judgment and Partial Suspension and financial institutions have turned over assets in
19 accordance with the section titled Turnover of Assets Held by Third Parties. Once Defendants
20 have fully complied with the requirements of the Section titled Monetary Judgment and Partial
21 Suspension and financial institutions have complied with the Section titled Turnover of Assets
22 Held by Third Parties, the freeze against the assets of Defendants shall be lifted permanently.

23 XI.

24 **RETENTION OF JURISDICTION**

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

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SO ORDERED, this 9th day of September, 2015

/s/ John A. Mendez
Hon. John A. Mendez
United States District Court Judge
Eastern District of California

SO STIPULATED AND AGREED:

FEDERAL TRADE COMMISSION

/s/
SARAH SCHROEDER, Attorney
Federal Trade Commission
901 Market Street, Suite 570
Phone: (415) 848-5186
Fax: (415) 848-5184
sschroeder@ftc.gov

Date: 9/4/2015

COUNSEL FOR DEFENDANTS:

/s/
ANDREW STEINHEIMER, Esq.
Ellis Law Group, LLC
740 University Avenue, Suite 100
Sacramento, CA 95825
Phone: (916) 283-8820
Fax: (916) 283-8821
ASteinheimer@EllisLawGrp.com

Date: 7/27/2015

DEFENDANTS:

/s/
KIRIT PATEL, individually and as an officer
of BROADWAY GLOBAL MASTER INC.,
and IN-ARABIA SOLUTIONS INC.

Date: 7/24/2015

ATTACHMENT A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

BROADWAY GLOBAL MASTER INC.,
a corporation, also d/b/a BGM,

IN-ARABIA SOLUTIONS INC., a
corporation, and

KIRIT PATEL, individually and as an officer
of BROADWAY GLOBAL MASTER INC.,
and IN-ARABIA SOLUTIONS INC.

Defendants.

Case No. 2:12-cv-0855 JAM GGH

**ACKNOWLEDGMENT BY
AFFIDAVIT OF RECEIPT
OF ORDER BY DEFENDANT KIRIT
PATEL**

1. My name is Kirit Patel and I am the agent of service for Broadway Global Masters, Inc. and In Arabia Solutions, Inc. I have personal knowledge of the facts set forth in this Acknowledgment.

2. I was a Defendant and Broadway Global Masters, Inc. and In-Arabia Solutions, Inc. were Defendants in *FTC v. Broadway Global Master Inc.*, which is the court case listed near the top of this page.

3. On _____, 2015, I received a copy of the Stipulated Order for Permanent Injunction and Monetary Judgement, which was signed by the Honorable John A. Mendez and entered by the Court on _____, 2015. A true and correct copy of the Order that I received is attached to this Acknowledgment.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on _____ [date].

Kirit Patel, individually and as an officer Broadway Global
Master Inc. and In-Arabia Inc.

ATTACHMENT A

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State of _____, City of _____

Subscribed and sworn to before me
this _____ day of _____, 2015.

Notary Public
My Commission Expires: