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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

Case No. CV 15-4527-GW(PLAx)

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**BUNZAI MEDIA GROUP, INC.,
*et al.***

Defendants.

**ORDER FOR PERMANENT
INJUNCTION AND MONETARY
JUDGMENT AS TO
STIPULATING DEFENDANTS
ALAN ARGAMAN AND
SECURED MERCHANTS, LLC,
ONLY**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief (Dkt #3), subsequently amended as First Amended Complaint (“Complaint,” Dkt #235), seeking a permanent injunction and other equitable relief in this matter, pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, Section 5 of the Restore Online Shoppers’ Confidence

**STIPU AND MONETARY JUDGMENT
DEFENDANTS ALAN ARGAMAN AND SECURED MERCHANTS, LLC ONLY**

1 Act (“ROSCA”), 15 U.S.C. § 8404, and Section 917(c) of the Electronic Funds
2 Transfer Act (“EFTA”), 15 U.S.C. § 1693o(c).

3 The Commission and Alan Argaman and Secured Merchants, LLC
4 (collectively, “Stipulating Defendants”) stipulate to the entry of this Stipulated
5 Order for Permanent Injunction and Monetary Judgment (“Order”) to resolve all
6 matters in dispute in this action between them.

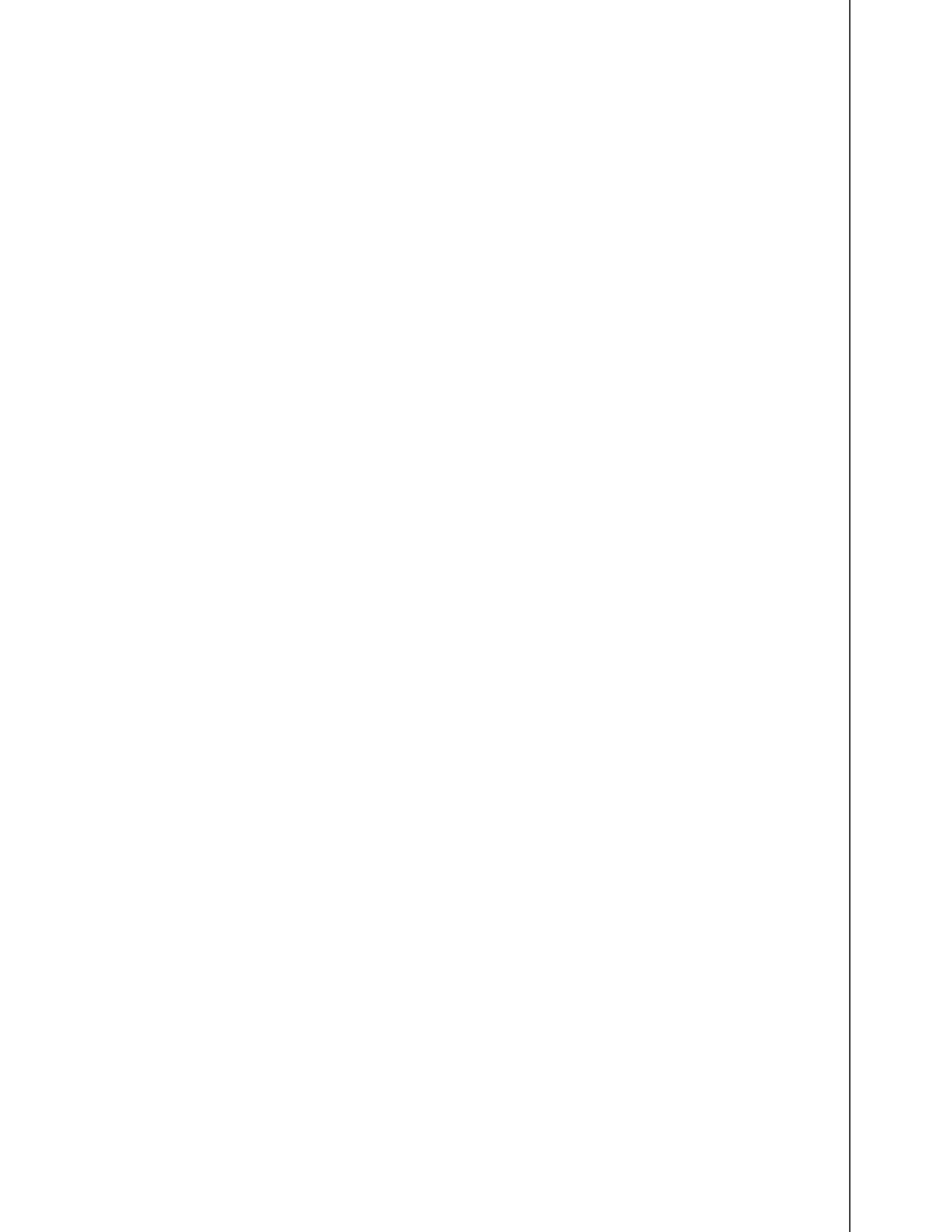
7 **THEREFORE, IT IS ORDERED** as follows:

8 **FINDINGS**

9 1. This Court has jurisdiction over this matter.

10 2. The Complaint charges that Defendants, through a common
11 enterprise and a unity of ownership and control between Individual Defendants
12 and Corporate Defendants, participated in deceptive and unfair acts or practices in
13 violation of Section 5 of the FTC Act, 15 U.S.C. § 45, Section 4 of ROSCA, 15
14 U.S.C. § 8403, and Section 907(a) of EFTA, 15 U.S.C. § 1693e(a), in connection
15 with the online sale of skincare products through a negative option continuity
16 plan.

17 3. Stipulating Defendants neither admit nor deny any of the allegations
18 in the Complaint, except as specifically stated in this Order. Only for purposes of
19 this action, Stipulating Defendants admit the facts necessary to establish
20 jurisdiction.



1 medium through which it is received, including all electronic devices and
2 face-to-face communications.

3 8. The disclosure must not be contradicted or mitigated by, or
4 inconsistent with, anything else in the communication.

5 9. When the representation or sales practice targets a specific
6 audience, such as children, the elderly, or the terminally ill, “ordinary
7 consumers” includes reasonable members of that group. “

8 C. **“Continuity Plan”** means any plan, arrangement, or system in
9 which a consumer is periodically charged for products or services *without* prior
10 notification by the seller before each charge.

11 D. **“Defendants”** means Bunzai Media Group, Inc., d/b/a AuraVie and
12 Miracle Face Kit; Pinnacle Logistics, Inc.; DSA Holdings, Inc.; Lifestyle Media
13 Brands, Inc.; Agoa Holdings, Inc.; Zen Mobile Media, Inc.; Safehaven Ventures,
14 Inc.; Heritage Alliance Group, Inc., also doing business as AuraVie Distribution;
15 AMD Financial Network, Inc.; SBM Management, Inc.; Media Urge, Inc.;
16 Adageo, LLC; Calenergy, Inc.; KAI Media, Inc.; Insight Media, Inc.; Focus
17 Media Solutions, Inc.; Secured Commerce, LLC; Secured Merchants, LLC; USM
18 Products, Inc.; Merchant Leverage Group, Inc.; DMA Media Holding, Inc.;
19 Shalita Holdings, Inc.; All Star Beauty Products, Inc., and their successors and
20 assigns, and Alon Nottea, Motti Nottea, Doron Nottea, Igor Latsanovski, Oz

1 Mizrahi, Roi Reuveni, Kristopher Bond a/k/a Ray Ibbot, Alan Argaman, and Paul
2 Medina individually, collectively, or in any combination.

3 1. **“Stipulating Defendants”** means Alan Argaman and Secured
4 Merchants, LLC, and its successors and assigns.

5 E. **“Electronic Fund Transfer”** means any transfer of funds, other than
6 a transaction originated by check, draft, or similar paper instrument, which is
7 initiated through an electronic terminal, telephonic instrument, or computer or
8 magnetic tape so as to order, instruct, or authorize a financial institution to debit or
9 credit an account. Such term includes point-of-sale transfers, automated teller
10 machine transactions, direct deposits or withdrawals of funds, and transfers
11 initiated by telephone. Such term does not include:

12 1. Any check guarantee or authorization service that does not
13 directly result in a debit or credit to a consumer’s account;

14 2. Any transfer of funds, other than those processed by automated
15 clearinghouse, made by a financial institution on behalf of a consumer by
16 means of a service that transfers funds held at either Federal Reserve banks
17 or other depository institutions and that is not designed primarily to transfer
18 funds on behalf of a consumer;

1 H. **“Preauthorized Electronic Fund Transfer”** as defined by the
2 Electronic Fund Transfer Act, 15 U.S.C. § 1693a(10), means an electronic fund
3 transfer authorized in advance to recur at substantially regular intervals.

4 I. **“Receiver”** means **Charlene Koonce of Scheef & Stone, LLP**, the
5 person appointed by the Court in this matter to serve as Receiver over Corporate
6 Defendants Bunzai Media Group, Inc.; Pinnacle Logistics, Inc.; DSA Holdings,
7 Inc.; Lifestyle Media Brands, Inc.; Agoa Holdings, Inc.; Zen Mobile Media, Inc.;
8 Safehaven Ventures, Inc.; Heritage Alliance Group, Inc.; AMD Financial
9 Network, Inc.; SBM Management, Inc.; Media Urge, Inc.; Adageo, LLC;
10 Calenergy, Inc.; KAI Media, Inc.; Insight Media, Inc.; Focus Media Solutions,
11 Inc.; Secured Commerce, LLC; Secured Merchants, LLC; USM Products, Inc.;
12 Merchant Leverage Group, Inc.; DMA Media Holding, Inc.; Shalita Holdings,
13 Inc.; and All Star Beauty Products, Inc.

14 J. **“Receivership Estate”** means all assets transferred to the Receiver
15 pursuant to prior orders of this Court.

16 **ORDER**

17 **I. PROHIBITED BUSINESS ACTIVITY**

18 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
19 Defendants’ officers, agents, and employees, and all other persons in active
20 concert or participation with any of them, who receive actual notice of this Order,

1 whether acting directly or indirectly, in connection with promoting or offering for
2 sale any good or service, are permanently restrained and enjoined from:

3 A. Before a customer consents to pay for such good or service, failing to
4 disclose, or assisting others in failing to disclose, in a clear and conspicuous
5 manner all material terms and conditions of any offer, including:

6 1. The amount, timing, and manner of all fees, charges, or other
7 amounts that a consumer will be charged or billed, including but not
8 limited to the date of the charge and whether it will be a credit card charge
9 or checking account debit;

10 2. The dates that any limited time sales offer begins and ends;

11 3. The identity of the seller, including the seller's name, physical
12 address, and customer service telephone number;

13 4. The total costs to purchase, receive, or use, and the quantity of,
14 any goods or services that are the subject of the sales offer;

15 5. Any material restriction, limitation, or condition to purchase,
16 receive, or use goods or services that are the subject of a sales offer;

17 B. Before a customer consents to pay for such good or service, failing to
18 disclose, or assisting others in failing to disclose, in a clear and conspicuous
19 manner all material terms and conditions rc rb

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1 F. Failing to obtaining written authorization signed or similarly
2 authenticated from consumers for Preauthorized Electronic Fund Transfers from
3 the consumer's account; or

4 G. Failing to provide a copy of a written authorization signed or
5 similarly authenticated by a consumer for Preauthorized Electronic Fund
6 Transfers from the consumer's account.

7 **II. PROHIBITIONS RELATED TO MERCHANT ACCOUNTS**

8 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
9 Defendants' officers, agents, and employees, and all other persons in active
10 concert or participation with any of them, who receive actual notice of this
11 Order, whether acting directly or indirectly, in connection with promoting or
12 offering for sale any good or service, are permanently restrained and enjoined
13 from violating any provision of the Telemarketing Sales Rule, including 16 CFR
14 310.3(c) of the Telemarketing Sales Act.

15 **III. MONETARY JUDGMENT AGAINST**
16 **STIPULATING DEFENDANTS**

17 **IT IS FURTHER ORDERED** that:

18 A. Judgment in the amount of THREE HUNDRED AND TWENTY
19 THOUSAND SIX HUNDRED AND SIXTY-FIVE DOLLARS AND EIGHTY-
20 NINE CENTS (\$320,665.89) is entered in favor of the Commission against

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1 4. The Financial Statement of Defendant Secured Commerce,
2 LLC, signed on July 6, 2016, including all tax filings, bank statements, and
3 attachments;

4 5. The Financial Statement of Vbonita, Inc., signed on February
5 26, 2018, including all tax filings, bank statements, and attachments;

6 6. The Financial Statement of E-Commerce Pack, LLC, signed on
7 February 26, 2018, including all tax filings, bank statements, and
8 attachments;

9 7. The Financial Statement of Pros Online, Inc., signed on
10 February 26, 2018, including all tax filings, bank statements, and
11 attachments;

12 8. The Financial Statement of Inventory Way, Inc. signed on
13 February 26, 2018, including all tax filings, bank statements, and
14 attachments.

15 9. The Financial Statement of E-Commerce Pack, Inc., signed on
16 March 19, 2018, including all tax filings, bank statements, and attachments;

17 D. The suspension of judgment will be lifted as to Alan Argaman and Secured
18 Merchants, LLC, if upon motion by the Commission, the Court finds that any such
19 Stipulating Defendant, individually or as a corporate representative, failed to
20 disclose any material asset, materially misstated the value of any asset, or made

1 any other material misstatement or omission in the financial re

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

6 D. All money paid to the Commission pursuant to this Order may be
7 deposited into a fund administered

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1 completion of those payments/transfers, the asset freeze is dissolved as to
2 Stipulating Defendants.

3 **V. CUSTOMER INFORMATION**

4 **IT IS FURTHER ORDERED** that Stipulating Defendants, Stipulating
5 Defendants' officers, agents, and employees, and all other persons in active
6 concert or participation with any of them, who receive actual notice of this Order,
7 whether acting directly or indirectly, are permanently restrained and enjoined
8 from directly or indirectly:

9 A. Failing to provide sufficient customer information to enable the
10 Commission to efficiently administer consumer redress. If a representative of the
11 Commission requests in writing any information related to redress, Stipulating
12 Defendants must provide it, in the form prescribed by the Commission, within 14
13 days.

14 B. Disclosing, using, or benefitting from customer information,
15 including the name, address, telephone number, email address, social security
16 number, other identifying information, or any data that enables access to a
17 customer's account (including a credit card, bank account, or other financial
18 account), that any Defendant obtained prior to entry of this Order in connection
19 with the sale of any product through a negative option continuity plan; and
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1 C. Failing to destroy such customer information in all forms in his
2 possession, custody, or control within 30 days after receipt of written direction to
3 do so from a representative of the Commission.

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

7 **VI. COMPLIANCE REPORTING**

8 **IT IS FURTHER ORDERED** that Stipulating Defendants make timely
9 submissions to the Commission:

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

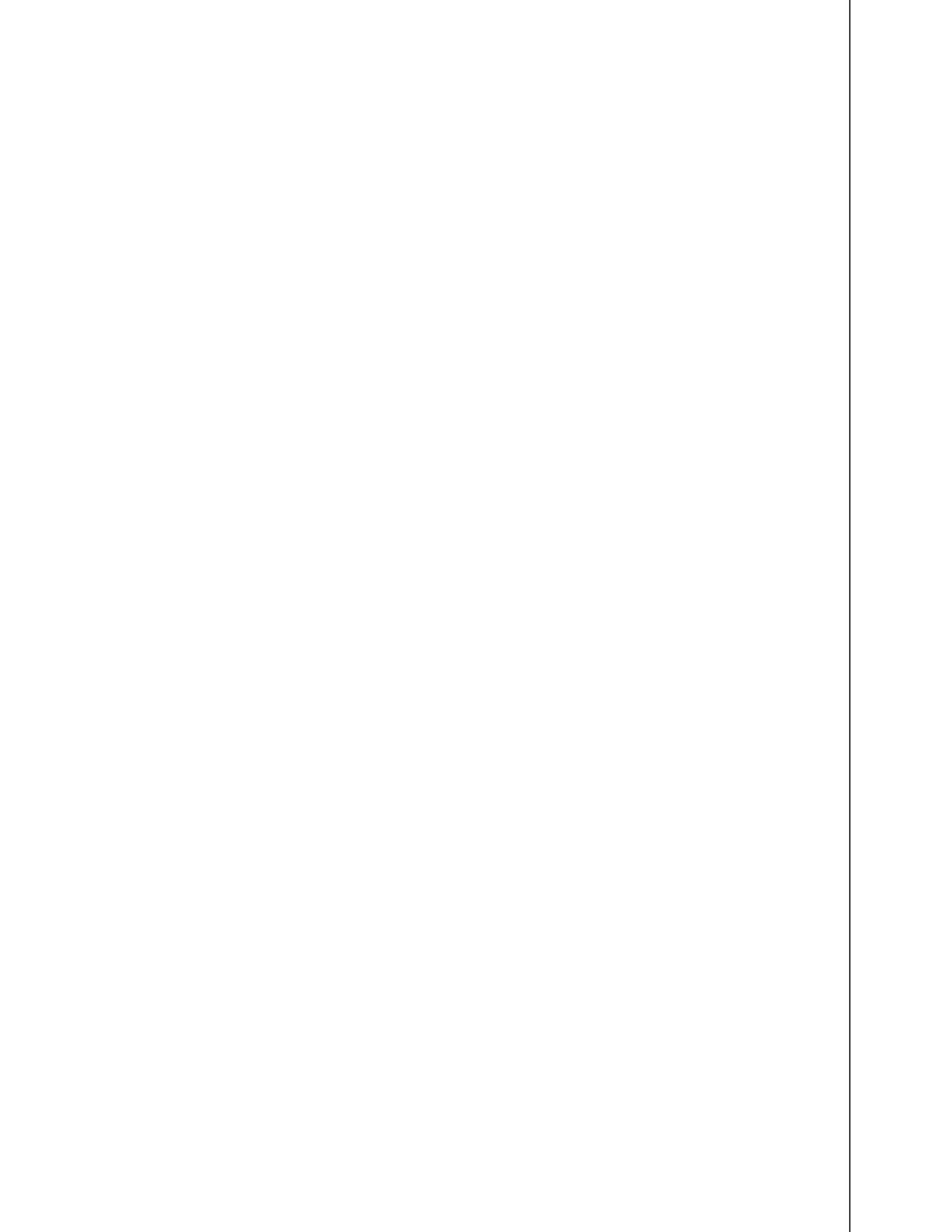
- 12 1. Each Stipulating Defendant must: (a) identify the primary
13 physical, postal, and email address and telephone number, as designated
14 points of contact, which representatives of the Commission may use to
15 communicate with that Stipulating Defendant; (b) identify all of that
16 Stipulating Defendant's businesses by all of their names, telephone
17 numbers, and physical, postal, email, and Internet addresses; (c) describe
18 the activities of each business, including the goods and services offered, the
19 means of advertising, marketing, and sales, and the involvement of any
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1 other Defendant (which each Stipulating Defendant must describe if he
2 knows or should know due to his own involvement); and (d) describe in
3 detail whether and how that Stipulating Defendant is in compliance with
4 each Section of this Order.

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

13 B. For 5 years after entry of this Order, each Stipulating Defendant must
14 submit a compliance notice, sworn under penalty of perjury, within 14 days of any
15 change in the following:

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



1 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
2 Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The
3 subject line must begin: *FTC v. BunZai Media Group, Inc., et al.* FTC File No.
4 X150047.

5 **VII. RECORDKEEPING**

6 **IT IS FURTHER ORDERED** that Stipulating Defendants must create
7 certain records for 5 years after entry of the Order, and retain each such record for
8 5 years. Specifically, Secured Merchants, LLC, and Alan Argaman, for any
9 business that such Stipulating Defendant, individually or collectively with any
10 other Defendant, is a majority owner or controls directly or indirectly, must create
11 and retain the following records:

12 A. Accounting records showing the revenues from all goods or services
13 sold;

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

18 C. Records of all consumer complaints and refund requests, whether
19 received directly or indirectly, such as through a third party, that concern or
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1 reference: (1) a negative option feature; (2) a continuity plan; or (3) Better
2 Business Bureau ratings or accreditation, and any response;

3 D. All records necessary to demonstrate full compliance with each
4 provision of this Order, including all submissions to the Commission; and
5 A copy of each unique advertisement or other marketing material that contains
6 any reference to (1) a negative option feature; (2) a continuity plan; or (3) Better
7 Business Bureau ratings or accreditation, unless, in comparison to an
8 advertisement or other marketing material already maintained by Respondent
9 pursuant to this Section, it differs only in the description of the product or service
10 or other ways not related to any representations concerning (1) a negative option
11 feature; (2) a continuity plan; or (3) Better Business Bureau ratings or
12 accreditation.

13 **VIII. COMPLIANCE MONITORING**

14 **IT IS FURTHER ORDERED** that, for the purpose of monitoring
15 Stipulating Defendants' compliance with this Order, including the financial
16 representations upon which part of any judgment was suspended and any failure to
17 transfer any assets as required by this Order:

18 A. Within 14 days of receipt of a written request from a representative
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1 penalty of perjury; appear for

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1 **IX. RETENTION OF JURISDICTION**

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

4 **SO ORDERED** this 27th day of July, 2018.

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8 **GEORGE H. WU**
9 **UNITED STATES DISTRICT JUDGE**