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FEDERAL TRADE COMMISSION

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

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Civil No. 97-7947-IH- (AJWx)

**NIA CANO, a/k/a, Nghia F. Cano, Nina
DeCano, Nia S. Cano, Individually and
Doing Business as Credit Development
International and Drivers Seat Network;**

**Stipulated Final Order for Permanent
Injunction Against Defendants Nia Cano,
Drivers Seat Network, Credit
Development International, and Leaders
Alliance**

**CHARLES JOHNSON; JAIME
MARTINEZ; Defendants, and**

**LEADERS ALLIANCE, INC., a Nevada
Corporation; Relief Defendant.**

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), commenced this action by filing a Complaint pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), charging the defendants with engaging in unfair or deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

The Commission, by and through its counsel, and defendants Nia Cano, Drivers Seat Network, Credit Development International, and Leaders Alliance (hereinafter "Stipulating Defendants") have agreed to the entry of this Stipulated Permanent Injunction by this Court. The Commission and Stipulating Defendants have consented to entry of this Final Order without trial or adjudication of any issue of law or fact herein.

NOW, THEREFORE, upon the consent of the parties hereto, **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

FINDINGS

1. This Court has jurisdiction of the subject matter of this case and of the parties consenting hereto;
2. The Complaint states a claim upon which relief may be granted against the defendants under Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b);
3. Entry of this Stipulated Permanent Injunction is in the public interest;
4. Stipulating Defendants have waived all rights to seek appellate review or otherwise challenge or contest the validity of this Stipulated Permanent Injunction or the temporary or preliminary orders entered in this proceeding;
5. The Stipulating Defendants waive any claim they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action; and
6. This Stipulated Permanent Injunction does not constitute and shall not be interpreted to constitute either a finding by the Court or an admission by the Stipulating Defendants that any of the Stipulating Defendants has engaged in violations of the FTC Act.

Definitions

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

1. "Stipulating Defendants" means Nia Cano, Drivers Seat Network, Credit Development International, and Leaders Alliance and each of them and their agents, servants, employees, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or other device, unless specified otherwise.
2. "Defendants" means Nia Cano, a/k/a, Nghia F. Cano, Nina DeCano, Nia S. Cano, individually and doing business as Credit Development International and Drivers Seat Network; Leaders Alliance, Inc.; Charles Johnson; Jaime Martinez and each of them and their successors, assigns, officers, agents, servants, employees, and those

- persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or other device, unless specified otherwise.
3. “Receivership Defendants” means Leaders Alliance, Inc., doing business as American Business Consultants, ABC or ABC, LP, Credit Development International, and Drivers Seat Network, their successors, assigns, officers, agents, servants, employees, and those persons in active concert or participation with such entities who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or other device.
 4. “Assets” means all real and personal property of any defendant or held for the benefit of any defendant, including, but not limited to “goods,” “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” or “notes” (as these terms are defined in the Uniform Commercial Code), and all cash, wherever located.
 5. “CDI/DSN Program” means the Credit Development International and Drivers Seat Network program, promoted by the defendants, through which members would purportedly receive an unsecured major credit card, including VISA or MasterCard credit cards, and monthly income through the recruitment of others into such program.
 6. “Prohibited Marketing Scheme ” means a pyramid sales scheme, Ponzi scheme, chain marketing scheme, or other marketing plan or program in which a person who participates makes a payment and receives the right, license or opportunity to derive income as a participant primarily from: (i) the recruitment of additional recruits by the participant, program promotor or others; (ii) sales made to or by such recruits or their recruits; or (iii) any other payments made by recruits. A “Prohibited Marketing Scheme ” does not include a marketing plan or program in which the program promotor demonstrates that it has instituted and enforced rules that have the actual effect of insuring that a participant derives income primarily from the sale of goods or services to persons who do not recruit participants into the program. For purposes of this Order, “goods or services” does not include sales aids, membership certificates, or an opportunity to participate in a sales or marketing program.
 7. “Receiver ” means Nathan Hochman, Esq., appointed by this Court as Receiver for the corporate defendants in this matter.

I.

INJUNCTION AGAINST PARTICIPATION IN PROHIBITED MARKETING SCHEME

IT IS THEREFORE ORDERED that Stipulating Defendants are permanently enjoined from offering for sale or selling to any person the right to participate in any prohibited marketing scheme.

II.

INJUNCTION AGAINST MISREPRESENTATIONS

IT IS FURTHER ORDERED that in connection with the offering for sale or sale of the right to participate in any marketing scheme, Stipulating Defendants are hereby permanently restrained and enjoined from making or assisting in the making of, directly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading including, but not limited to:

A. Misrepresentations that consumers who participate in such program will receive a certain sum of money through such participation; and

B. Misrepresentations that consumers who participate in such program will receive certain benefits such as an unsecured VISA or MasterCard credit card or other unsecured credit card.

III.

INJUNCTION AGAINST PROVIDING OTHERS WITH THE MEANS AND INSTRUMENTALITIES TO VIOLATE SECTION 5 OF THE FTC ACT

IT IS FURTHER ORDERED that in connection with the offering for sale or sale of the right to participate in any marketing scheme, Stipulating Defendants are hereby permanently restrained and enjoined from providing to others the means and instrumentalities with which to make, directly or by implication, orally or in writing, any statement or representation of material fact that is false or misleading including, but not limited to:

A. Misrepresentations that consumers who participate in such program will receive a certain sum of money through such participation; and

B. Misrepresentations that consumers who participate in such program will receive certain benefits such as an unsecured VISA or MasterCard credit card or other unsecured credit card.

IV.**APPOINTMENT OF PERMANENT RECEIVER**

IT IS FURTHER ORDERED that Nathan J. Hochman, Esq. is appointed as permanent Receiver, with the full power of an equity receiver, for the Receivership Defendants and their affiliates and subsidiaries, and of all the funds, properties, premises, accounts and other assets directly or indirectly owned, beneficially or otherwise, by the Receivership Defendants, with directions and authority to accomplish the following:

A. Assume full control of the Receivership Defendants by removing defendant Nia Cano and any other officer, independent contractor, employee, or agent of any of the Receivership Defendants, from control and management of the affairs of the Receivership Defendants;

B. Take custody, control, and possession of all the funds, property, premises, accounts, mail and other assets of, or in the possession or under the control of, the Receivership Defendants, wherever situated, the income and profits therefrom, and all sums of money now or hereafter due or owing to the Receivership Defendants, with full power to: collect, receive and take possession of all goods, chattels, rights, credits, moneys, effects, lands, leases, books and records, work papers, and records of accounts, including computer-maintained information, contracts, financial records, monies on hand in banks and other financial institutions, and other papers and documents of the Receivership Defendants and purchasers of the CDI/DSN program whose interests are now held by or under the direction, possession, custody, or control of the Receivership Defendants;

C. Perform all acts necessary to preserve the value of those assets, in order to prevent any irreparable loss, damage or injury to purchasers of the CDI/DSN program, and all acts incidental thereto, including the suspension of operations;

D. Enter into such agreements in connection with administration of the receivership, including, but not limited to: (1) the retention and employment of investigators, attorneys or accountants of the Receiver's choice, including without limitation members and employees of the Receiver's firm, to assist, advise, and represent the Receiver; (2) the movement and storage of any equipment, furniture, records, files, or other physical property of the Receivership Defendants; and (3) the retention of auctioneers or other

professionals to assist in the liquidation of the Receivership Defendants' assets;

E. Institute, prosecute, compromise, adjust, intervene in or become party to such actions or proceedings in state, federal, or foreign courts that the Receiver deems necessary and advisable to preserve or increase the value of the receivership estate, or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Final Order, and likewise to defend, compromise, or adjust or otherwise dispose of any or all actions or proceedings instituted against the Receiver or the Receivership Defendants that the Receiver deems necessary and advisable to preserve the properties of the Receivership Defendants or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Final Order;

F. Liquidate assets of the Receivership Defendants and all assets transferred to the Receiver in accordance with the terms of this Final Order or any prior or subsequent order of this Court; and to transfer receivership property to storage facilities, cancel leases, and breach and enter contracts;

G. To maximize the amount of funds available for consumer redress, formulate a plan for distribution of the assets of the Receivership Defendants to consumers who sent money to defendants in order to become members of defendants' CDI/DSN program, and to administer the distribution of such assets pursuant to further order of this Court; and

H. To execute all bills of sale and deeds to personal and real property belonging to or coming into possession of the Receivership Defendants.

The Receiver shall maintain with the Clerk of this Court a bond in the sum of \$25,000 with sureties to be approved by the Court, conditioned that the Receiver will well and truly perform the duties of the office and abide by and perform all acts the Court directs.

V.

COOPERATION WITH RECEIVER

IT IS FURTHER ORDERED that defendant Nia Cano shall cooperate fully with the Receiver in: (A) pursuing any and all claims by the receivership against third parties; (B) assisting the Receiver in defending any and all actions or claims brought against the receivership by third parties; and (C) executing any documents necessary to transfer assets or ownership interests to the Receiver pursuant to the terms of this Final Order.

VI.**RELEASE OF CLAIMS AGAINST RECEIVERSHIP**

IT IS FURTHER ORDERED that defendant Nia Cano shall, within ten (10) days of notice of entry of this Order, make and deliver a release of all claims against the Receivership Defendants and the Receiver, his accountants and attorneys, and his agents in the form attached as Attachment A to this Order.

VII.**TURNOVER TO RECEIVER**

IT IS FURTHER ORDERED that, immediately upon service of this Final Order upon them, Stipulating Defendants and any other person or entity served with a copy of this Final Order, if they have not done so already, shall forthwith or within such additional time as permitted by the Receiver in writing, deliver over to the Receiver: (A) possession and custody of all funds, assets, property owned beneficially or otherwise, and all other assets, wherever situated, of the Receivership Defendants; (B) all stock, ownership, legal, beneficial, or other interests that they hold in any of the Receivership Defendants; (C) possession and custody of all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents and other papers of the Receivership Defendants; (D) possession and custody of all funds and other assets belonging to members of the public now held by the Receivership Defendants; (E) all keys, computer passwords, entry codes, combinations to locks required to open or gain access to any of the property or effects of the Receivership Defendants; (F) all monies in any financial institution deposited to the credit of the Receivership Defendants, wherever situated; and (G) information identifying the accounts, employees, properties, or other assets or obligations of the Receivership Defendants.

VIII.**LIQUIDATION OF RECEIVERSHIP ASSETS**

IT IS FURTHER ORDERED that the Receiver shall liquidate all assets and maintain the assets transferred pursuant to Paragraph IV and the proceeds of the liquidated assets pending the formulation and implementation of a plan to distribute these assets to purchasers of the CDI/DSN program pursuant to Paragraph IV (G), above. Such funds shall be used to provide redress to persons injured by the defendants' alleged violations of the FTC Act and to pay any attendant expenses of administering the receivership estate or

distribution of funds. No portion of the payment as herein provided shall be deemed a payment of any fine, penalty, forfeiture, or punitive assessment. The Stipulating Defendants may request to be notified as to how funds are disbursed, but shall have no right to contest the manner of distribution chosen by the Commission or the Receiver.

IX.

PROHIBITION ON RELEASING NAMES

IT IS FURTHER ORDERED that the Stipulating Defendants are hereby permanently restrained and enjoined from providing to any person, except agents of the Commission, the Receiver, or other law enforcement authorities, the name, address, telephone number, or credit card or bank account number, of any person who purchased membership in the CDI/DSN program, unless required to do so by court order.

X.

REPORTING REQUIREMENT

IT IS FURTHER ORDERED that, within ten (10) days of notice of entry of this Order and for a period of five (5) years commencing with the date of entry of this Final Order, defendant Nia Cano shall:

A. Notify the Commission in writing of her current address and any change in her residential address within ten (10) days of such change;

B. Notify the Commission in writing of her current employment and any change in her employment status within ten (10) days of such change. Such notice shall include the name and address of each business that Nia Cano is affiliated with or employed by, a statement of the nature of the business, and a statement of her duties and responsibilities in connection with the business; and

C. Notify the Commission in writing at least thirty (30) days prior to the effective date of any proposed change in the structure of any business entity owned or controlled by Nia Cano, such as creation, incorporation, dissolution, assignment, sale, creation or dissolution of subsidiaries, or any other changes that may affect compliance obligations arising out of this Stipulated Permanent Injunction.

XI.

COMPLIANCE OBLIGATIONS

IT IS FURTHER ORDERED that for purposes of determining or securing compliance with this Final Order, in connection with any business owned or controlled in whole or in part by Nia Cano, said defendant, upon reasonable written notice, shall permit representatives of the Federal Trade Commission:

A. Access during normal business hours to the offices of any such business to inspect and copy all documents; and

B. Subject to defendant's reasonable convenience and without restraint or interference from her, to interview the officers, directors or employees of any such business with regard to compliance with the terms of this Stipulated Permanent Injunction. Such officers, directors or employees may have counsel present.

XII.**DISTRIBUTION OF STIPULATED
PERMANENT INJUNCTION**

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of the entry of this Order, Nia Cano, immediately upon being employed or retained, or employing, directing, or managing any person, in connection with that part of any business entity that is engaged in the advertising, offering for sale, promotion, or sale of any program in which participants recruit other consumers to participate in a marketing scheme shall provide a copy of this Order to any person or entity by whom Nia Cano is employed or retained, whether as employee, consultant, independent contractor, or otherwise, and to any person or entity whom Nia Cano retains, whether as employee, consultant, independent contractor or otherwise. As to each such person, Nia Cano shall either secure a signed statement acknowledging receipt of such Order or prepare a sworn affidavit attesting to the fact that Nia Cano has provided a copy of the Order to that person. The information in the affidavit shall include, but is not limited to, the name and address of the person or entity to whom the Order was provided and the date the Order was provided.

XIII.**RELEASE OF FROZEN ASSETS**

IT IS FURTHER ORDERED that the freeze on the personal assets of Nia Cano shall be lifted upon the entry of this Stipulated Permanent Injunction. Financial institutions

holding the assets of Nia Cano, including safe deposit boxes, shall release these assets immediately upon receiving a copy of this Stipulated Permanent Injunction.

XIV.

RIGHT TO REOPEN BASED ON UNTRUTHFUL FINANCIAL DISCLOSURES

IT IS FURTHER ORDERED that the Commission's acceptance and the Court's approval of this Stipulated Permanent Injunction is expressly premised upon the truthfulness, accuracy, and completeness of the financial statements provided by Nia Cano to counsel for the Commission on November 14, 1997, and supplemented on December 2, 1997. If, upon motion by the Commission, this Court finds that the financial statement of Nia Cano either failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentations in or omissions of assets, the Commission may request that the Judgment herein be reopened for the purpose of requiring full restitution from Nia Cano; provided, however, that in all other respects this Injunction shall remain in full force and effect unless otherwise ordered by this Court; and provided further, that proceedings instituted under this section are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings the Commission may initiate to enforce this Final Order. Solely for the purposes of reopening or enforcing this Paragraph, Nia Cano waives any right to contest any of the allegations contained in the Complaint in this matter.

XV.

ATTORNEYS' FEES

IT IS FURTHER ORDERED that each party to this Final Order shall bear its own costs and attorneys' fees, if any.

RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

SO ORDERED, this ____ day of _____, 1998.

United States District Judge
Central District of California

Submitted by:

Betsy Broder
Counsel for Plaintiff
Federal Trade Commission

The undersigned hereby consent to the terms and conditions set forth above and hereby consent to the entry of this Final Order at the Court's convenience and without further notice to the parties.

Betsy Broder, Esq.
Attorney for Plaintiff
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(202) 326-2968

Nathan Hochman, Esq.
Receiver for Defendants
Drivers Seat Network,
Credit Development International,
and Leaders Alliance, Inc.

Nia Cano, Defendant
Individually and as Officer of
Drivers Seat Network,
Credit Development International, and
Leaders Alliance, Inc.

Approving as to form and content:

Mark Potter, Esq.
Attorney for Defendants
Credit Development International, and

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Dated: