

ANN I. JONES
RAYMOND E. McKOWN
GREGORY W. STAPLES

Federal Trade Commission
11000 Wilshire Blvd., Suite 13209
Los Angeles, California 90024
(310) 235-4040

JOHN ANDREW SINGER

Federal Trade Commission
6th & Pennsylvania Ave., NW
Washington, DC 20580
(202) 326-3234

Attorneys for Plaintiff

FEDERAL TRADE COMMISSION
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WORLD CLASS NETWORK, INC., a Nevada corporation; WORLD CLASS TRAVEL,
L.L.C., a California limited liability corporation; DANIEL R. DIMACALE, an
individual; DENISE L. DIMACALE, an individual; ROBERT C.K. LEE, an individual;
HOWARD K. COOPER, an individual; and JEROME L. GOLDBERG, an individual,

Defendants.

CIVIL NO. SACV-97-162 AHS (EE_x)

STIPULATED FINAL JUDGMENT
AND ORDER FOR PERMANENT INJUNCTION
AS TO DEFENDANTS WORLD CLASS TRAVEL, L.L.C. AND JEROME L.
GOLDBERG

Plaintiff Federal Trade Commission ("Commission") filed its Complaint and Application for a temporary restraining order and other equitable relief on February 28, 1997. The

Court granted plaintiff's *ex parte* Application, without notice, on February 28, 1997. On March 11, 1997, the Court dissolved its Temporary Restraining Order as to defendants World Class Travel, L.L.C. and Jerome L. Goldberg and entered a Preliminary Injunction as to all other defendants.

The Complaint charged defendants World Class Network, Inc., World Class Travel, L.L.C., Daniel R. Dimacale, Denise L. Dimacale, Robert C.K. Lee, Howard K. Cooper, and Jerome L. Goldberg with violations of Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45. Defendants World Class Travel, L.L.C. and Jerome L. Goldberg dispute these charges. Plaintiff Commission and defendants World Class Travel, L.L.C. and Jerome L. Goldberg have agreed to entry of this Stipulated Final Judgment and Order for Permanent Injunction ("Order") by the Court to resolve all matters in dispute in this action, without admission of liability, and without trial or adjudication of any issue of law or fact herein.

FINDINGS

1. This Court has jurisdiction of the subject matter of this case and over defendants.
2. The Complaint asserts claims, if proved, upon which relief may be granted against the defendants, under Sections 5 and 13(b) of the FTC Act, as amended, 15 U.S.C. §§ 45 and 52(b).
3. Entry of this Order is in the public interest.
4. The defendants enter into this Order freely and without coercion and acknowledge that they understand the provisions of this Order and are prepared to abide by them.
5. Venue in this district is proper under 28 U.S.C. §§ 1391 (b) and (c) and 15 U.S.C. § 53(b).
6. The acts and practices of the defendants were or are in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFINITIONS

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

- A. "Defendants" means World Class Travel, L.L.C. and Jerome L. Goldberg.
- B. "Multi-level marketing program" means any marketing program in which participants pay money to the program promoter in return for which a program participant obtains the right to (1) recruit additional participants, or to have additional participants placed by the promoter or any other person into the program participant's downline, tree, cooperative, income center, or other similar program grouping; (2) sell goods or services; and (3) receive payment or other compensation; provided that: (a) the payments received by each

program participant are derived primarily from the sale of goods or services, and not from recruiting additional participants nor having additional participants placed into the program participant's downline, tree, cooperative, income center, or other similar program grouping; and (b) the marketing program has instituted and enforces rules to ensure it is not a plan where participants earn profits primarily by recruiting additional participants rather than by the sale of goods or services to persons not eligible to recruit participants into the marketing program.

C. "Chain or pyramid marketing program" is a sales device whereby a person, under a condition that he or she make a payment, directly or indirectly, is granted a license or right to recruit for consideration one or more additional persons who are also granted a license or right upon condition of making a payment, directly or indirectly, and may further perpetuate the chain or pyramid of persons who are granted a license or right upon such condition. A limitation as to the number of persons who may participate, or the presence of additional conditions affecting eligibility for the above license or right to recruit or the receipt of profits therefrom, does not change the identity of the program as a chain or pyramid marketing program.

D. "Independent travel agent business opportunity" shall mean any written or oral business arrangement, however denominated, which consists of payment of any consideration, whether or not directly received by the defendants, providing, promising to provide or purporting to provide more than nominal assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business, where such person or entity becomes or is supposed to be able to become an independent travel agent.

ORDER

I.

IT IS THEREFORE ORDERED that defendants, their successors, assigns, officers, agents, servants, employees and distributors, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are permanently restrained and enjoined from engaging, participating, or assisting in any manner or capacity whatsoever, directly, in concert with others, or through any business entity or other device, in the advertising, promoting, offering for sale, or sale of any pyramid marketing program, except that defendants are not enjoined from engaging, participating, or assisting in multi-level marketing programs subject to the terms of this Order.

II.

IT IS FURTHER ORDERED that defendants, their successors, assigns, officers, agents, servants, employees, and distributors, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, in connection with the advertising, promoting, offering for sale, sale, or distribution of any product or service in any way relating to any type of independent travel agent business opportunity, are hereby permanently restrained and enjoined from misrepresenting, or participating in or affiliating with any business venture that defendants know or should know misrepresents, directly or by implication any of the following:

- A. The earnings any person actually made or can potentially make;
- B. The amount of sales any person actually made or can potentially make;
- C. The discounts, upgrades or benefits any person actually received or can potentially receive;
- D. The ownership or possession of identifying information conferred by the Airline Reporting Corporation or the International Air Transport Association, including but not limited to an ARC or IATA identification number;
- E. That defendants have received any type of approval or endorsement from the Federal Trade Commission for any product or service marketed or sold by defendants; and
- F. Any other material fact.

III.

IT IS FURTHER ORDERED that defendants, their successors, assigns, officers, agents, servants, employees and distributors, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, in connection with the advertising, promoting, offering for sale, sale, or distribution of any product or service in any way relating to any type of independent travel agent business opportunity, are hereby permanently restrained and enjoined from making any specific earnings claim to any person, or participating in or affiliating with any business venture that defendants know or should know makes any specific earnings claim to any person, without also disclosing (1) the number of purchasers who make at least the same earnings; and (2) the percentage of total purchasers who earn the represented amount.

IV.

IT IS FURTHER ORDERED for a period of three years from the date of entry of this Order the defendants, when acting in an individual capacity, or in connection with any entity in which either defendant obtains at least a five percent ownership interest, or becomes a director, officer (or comparable position with a non-corporate entity) or person that formulates policies or procedures in any way relating to any type of independent travel agent business opportunity, are hereby restrained and enjoined from failing to create, maintain and make available to representatives of the Commission, upon reasonable notice:

A. Books, records and accounts which, in reasonable detail, accurately and fairly reflect the income, disbursements, transactions and use of monies;

B. Records accurately reflecting the name, address, and phone number of each employee, independent contractor, or distributor of any defendant, that person's job title or position, the date upon which the person commenced work, and the date and reason for his or her termination, if applicable. Defendants shall retain such records for any terminated person for a period of two years following the date of termination;

C. Records that, for every consumer complaint or refund request, whether received directly or indirectly or through any third party, reflect:

1. the consumer's name, address, telephone number and the dollar amount paid by the consumer;
2. the written complaint, if any, and the date of the complaint or refund request;
3. the basis of the complaint and the nature and the result of any investigation conducted as to the validity of any complaint;
4. each response by any defendant and the date of the response;
5. any final resolution and the date of the resolution; and
6. in the event of a denial by any defendant of a refund request, the reason for such denial, or if cured, the basis for determining that such complaint has been cured; and

D. Records relating to all ventures undertaken by any defendant that uses multi-level marketing, group or individual meetings, telemarketing, television or radio advertising, or direct mail, including but not limited to copies of all contracts or agreements between any defendant and any sales company, mailhouse, printer, information provider, telephone company, television or radio station, or other person through whom any defendant advertises or promotes products or services, as well as copies of all advertisements or promotional materials utilized in such ventures.

V.

IT IS FURTHER ORDERED that, for a period of three years from the date of entry of this Order, for purposes of determining or securing compliance with this Order, in connection with advertising, promoting, offering for sale, sale, or distribution of any product or service in any way relating to any type of independent travel agent business opportunity, defendants, their successors, assigns, officers, agents, servants, employees and distributors, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, shall permit representatives of the Commission upon reasonable written notice:

A. Access during normal office hours to any office or business facility in which documents relating to compliance with the terms of this Order are stored or held, to inspect and copy such documents; and

B. To interview current officers, directors, distributors, independent contractors, and employees of any entity directly or indirectly under their control or under common control with them, relating to compliance with the terms of this Order without restraint or interference from any defendant at a location reasonably convenient to the defendant and the person to be interviewed. The person interviewed may have counsel present.

Provided further, that plaintiff may otherwise monitor defendants' compliance with this Order by all lawful means available, including the use of investigators posing as consumers and suppliers.

VI.

IT IS FURTHER ORDERED that defendant Jerome L. Goldberg for a period of three years from the date of entry of this Order, shall give written notice to the Commission of his affiliation or employment with any travel-related business entity within twenty-one days of the commencement of such affiliation or employment. Such notice shall include the new business name and address, a statement of the nature of the business, and of his or her position and responsibilities with the business.

VII.

IT IS FURTHER ORDERED that defendant Jerome L. Goldberg for a period of three years from the date of entry of this Order, shall, in order to enable the Commission to monitor compliance with the provisions of this Order, give written notice within twenty-one days to the Commission indicating any change in his residential address.

VIII.

IT IS FURTHER ORDERED that defendants shall notify the Commission ten days prior to any proposed change in World Class Travel, L.L.C., such as a dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, declaration of bankruptcy or any other change in World Class Travel, L.L.C. that may affect compliance obligations under this Order.

IX.

IT IS FURTHER ORDERED that, for a period of three years from the date of entry of this Order, the defendants shall:

A. Provide a copy of the injunctive provisions of this Order to, and obtain a signed and dated acknowledgment of receipt of the same from, any officer, director, managing agent, employee, or independent contractor of any business entity in any way related to any type of independent travel agent business opportunity in which either defendant obtains at least a five percent ownership interest, or becomes a director, officer (or comparable position with a non- corporate entity) or person that formulates policies or procedures; and

B. Maintain, and upon reasonable notice make available to representatives of the Commission, the original and dated acknowledgments of receipts of copies of this Order required by subparagraph A.

X.

IT IS FURTHER ORDERED that within ten business days after entry of this Order, each defendant shall submit to the Commission a truthful sworn statement in the form of Exhibit 1 to this Order that shall reaffirm and attest to the truthfulness, accuracy, and completeness of the financial statements and related papers that were submitted on behalf of: (A) Jerome L. Goldberg, and (B) World Class Travel, L.L.C.. The financial statement of Jerome L. Goldberg was executed on May 13, 1997. The financial statement submitted on behalf of World Class

Travel, L.L.C. was provided to the Commission on or about May 5, 1997. These statements have been supplemented by the May 12, 1997 depositions of defendants Goldberg and World Class Travel, L.L.C. The Commission's agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of the financial condition of the defendants as represented in the financial statements or disclosures of each as referenced above, each of which contains material information upon which the Commission relied in negotiating and agreeing to the amount and/or terms of the redress payment stated in this Order. If, upon motion by the Commission, this Court finds that

either defendant failed to file the sworn statements required by this Paragraph, or filed a financial statement or gave testimony that failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from the financial statement or testimony, this Order herein shall be reopened for the purpose of imposing or assessing the amount and/or terms of the redress payment from such defendant; provided, however, that in all other respects this Order shall remain in full force and effect unless otherwise ordered by the Court; and provided further, that proceedings instituted under this Paragraph 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 Order. Solely for purposes of this Paragraph, each defendant waives any right to contest any of the allegations in the Commission's Complaint.

XI.

IT IS FURTHER ORDERED that the expiration of any requirement imposed by this Order shall not affect any other obligation arising under this Order. This Court shall retain jurisdiction of this matter for all purposes. Each party shall bear its own costs and attorney's fees; provided however, in the event the Commission initiates proceedings to enforce the provisions of this Order and provided further the Court determines that either defendant has violated any term or provision of this Order, such defendant or defendants shall pay the costs and attorneys fees incurred by the United States in connection with proceedings to enforce this Order.

XII.

IT IS FURTHER ORDERED that defendants shall submit any information, notifications, or reports required by this Order to: Regional Director, Federal Trade Commission, Los Angeles Regional Office, 11000 Wilshire Boulevard, Room 13209, Los Angeles, California 90024, or at such future address as the Commission may designate in writing to the defendants.

XIII.

The parties hereby stipulate and agree, without further notice to any of them, to entry of the foregoing Order, which shall constitute a Final Judgment in this action. Defendants hereby waive any claim any of them may have under the Equal Access to Justice Act, 28 U.S.C.

§ 2412, amended by PL 104-121, 110 Stat. 847, 863-64 (1996), concerning the prosecution of this action to the date of this Order.

SIGNED AND STIPULATED BY:FEDERAL TRADE COMMISSION

Dated: , 1997

Raymond E. McKown
John Andrew Singer
Gregory W. Staples

FOR THE DEFENDANTS

Dated: , 1997

Jerome L. Goldberg, individually and
on behalf of defendant World Class
Travel, L.L.C.

WORLD CLASS TRAVEL, L.L.C.

Dated: , 1997 By:

Jerome L. Goldberg
ItsManager and CEO
Approved as to Form.

Dated: , 1997

James T. Duff
Attorney for Defendants Jerome L.
Goldberg and World Class
Travel, L.L.C.

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

IT IS SO ORDERED.

Dated: , 1997

The Honorable Alicemarie H. Stotler
United States District Judge

EXHIBIT 1

DECLARATION OF JEROME L. GOLDBERG

I, Jerome L. Goldberg hereby state that the information contained in the financial statement executed on , and related papers provided to the Federal Trade Commission, was true, accurate, and complete at such time. The financial statement and the related papers shall be retained in Commission files.

I declare under penalty of perjury that the foregoing is true and correct. Executed this day of , 1997, at , California.

Jerome L. Goldberg

EXHIBIT 2**DECLARATION OF WORLD CLASS TRAVEL, L.L.C.**

I, Jerome L. Goldberg Manager and CEO of World Class Travel, L.L.C., hereby state on behalf of the company that the information contained in the financial statement and related papers provided to the Federal Trade Commission on or about _____, was true, accurate, and complete at such time. The financial statement and the related papers shall be retained in Commission files.

I declare under penalty of perjury that the foregoing is true and correct. Executed this day of , 1997, at , California.

Jerome L. Goldberg