

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

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FEDERAL TRADE COMMISSION,)
)
Plaintiff,)
)
v.) Civil No. 1:09-cv-01204-JBS-JS
)
HOPE NOW MODIFICATIONS, LLC, <i>et al.</i>)
)
Defendants.)
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**STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION AND
SETTLEMENT OF CLAIMS AS TO DEFENDANTS HOPE NOW
MODIFICATIONS, LLC, HOPE NOW FINANCIAL SERVICES CORP.,
SALVATORE PUGLIA, AND NICHOLAS PUGLIA**

Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on March 17, 2009, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), to obtain preliminary and permanent injunctive and other equitable relief for Defendants’ violations of Section 5 of the FTC Act, 15 U.S.C. § 45, in connection with the marketing and sale of mortgage loan modification and foreclosure relief services. On September 14, 2009, the FTC filed an amended complaint, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b, adding Kwasnik, Rodio, Kanowitz & Buckley P.C. and Michael Kwasnik as defendants and alleging violations of the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310. The FTC and Defendants Hope Now Modifications, LLC, Hope Now

Financial Services Corporation, Salvatore Puglia, and Nicholas Puglia (“Settling Defendants”) hereby stipulate to the entry of this Final Order for Permanent Injunction and Settlement of Claims (“Order”).

FINDINGS

By stipulation of the parties and being advised of the premises, the Court finds:

1. This is an action by the FTC instituted under Sections 5, 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45, 53(b), and 57b. The Amended Complaint seeks both permanent injunctive relief and consumer redress for the Settling Defendants’ alleged deceptive acts or practices in connection with the marketing and sale of mortgage loan modification and foreclosure relief services.

2. The FTC has the authority under Sections 13(b) and 19 of the FTC Act to seek the relief it has requested, and the Amended Complaint states a claim upon which relief can be granted against the Settling Defendants.

3. This Court has jurisdiction over the subject matter of this case and has jurisdiction over the Settling Defendants. Venue in the District of New Jersey is proper.

4. The activities of the Settling Defendants, as alleged in the Amended Complaint, are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

5. The parties stipulate and agree to entry of this Order, without trial or final adjudication of any issue of fact or law, to settle and resolve all matters in dispute between the FTC and the Settling Defendants arising from the conduct alleged in the Amended Complaint to the date of entry of this Order. This settlement does not settle and resolve any matters not alleged in the Amended Complaint. The Settling Defendants do not admit any of the allegations set forth in the Amended Complaint, other than the jurisdictional facts, merely by stipulating and agreeing to the entry of this Order.

6. The Settling Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order. The Settling Defendants also waive any claim that they may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorneys fees.

7. This action and the relief awarded herein are in addition to, and not in lieu of, other remedies as may be provided by law, including both civil and criminal remedies.

8. Entry of this Order is in the public interest.

DEFINITIONS

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

1. “*Assisting others*” includes, but is not limited to, providing any of the following goods or services to another person: (A) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (B) formulating or providing, or arranging for the formulation or provision of, any telephone sales script or any other marketing material, including but not limited to, the text of any Internet website, email, or other electronic communication; (C) providing names of, or assisting in the generation of, potential customers; (D) performing marketing services of any kind; or (E) acting or serving as an owner, officer, director, manager, or principal of any entity.

2. “*Credit*” means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

3. “*Debt relief good or service*” means any good, service, plan or program, including debt management plans, debt settlement, debt negotiation, and for-profit credit counseling, represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more unsecured creditors, servicers, or debt collectors, including but not limited to, a reduction in the balance, interest rate, or fees owed by a consumer to an unsecured creditor, servicer, or debt collector.

4. “*Settling Defendants*” means all of the Individual Settling Defendants and the Corporate Settling Defendants, individually, collectively, or in any

combination. “Corporate Settling Defendants” means Hope Now Modifications, LLC, Hope Now Financial Services Corporation, and their successors and assigns.

“Individual Settling Defendants” means Salvatore Puglia and Nicholas Puglia.

5. “*Financial related good or service*” means any good, service, plan, or program that is represented, expressly or by implication, to (A) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit, debit, or stored value cards; (B) improve, or arrange to improve, any consumer’s credit record, credit history, or credit rating; (C) provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating; (D) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a loan or other extension of credit; (E) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, debt relief goods or services; (F) provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more secured creditors, servicers, or debt collectors.

6. “*Federal homeowner relief or financial stability program*” means any program (including its sponsoring agencies, telephone numbers, and Internet

websites) operated or endorsed by the United States government to provide relief to homeowners or stabilize the economy, including but not limited to (A) the Making Home Affordable Program; (B) the Financial Stability Plan; (C) the Troubled Asset Relief Program and any other program sponsored or operated by the United States Department of the Treasury; (D) the HOPE for Homeowners program, any program operated or created pursuant to the Helping Families Save Their Homes Act, and any other program sponsored or operated by the Federal Housing Administration; or (E) any program sponsored or operated by the United States Department of Housing and Urban Development (“HUD”), the HOPE NOW Alliance, the Homeownership Preservation Foundation, or any other HUD-approved housing counseling agency.

7. **“For-profit”** means any activity organized to carry on business for the profit of the entity engaging in the activity or that of its members.

8. **“Material fact”** means any fact that is likely to affect a person’s choice of, or conduct regarding, goods or services.

9. **“Mortgage loan modification or foreclosure relief service”** means any good, service, plan, or program that is represented, expressly or by implication, to assist a consumer in any manner to (A) stop, prevent, or postpone any home mortgage or deed of trust foreclosure sale; (B) obtain or arrange a modification of any term of a home loan, deed of trust, or mortgage; (C) obtain any forbearance

from any mortgage loan holder or servicer; (D) exercise any right of reinstatement of any mortgage loan; (E) obtain, arrange, or attempt to obtain or arrange any extension of the period within which the owner of property sold at foreclosure may cure his or her default or reinstate his or her obligation; (F) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a deed of trust or mortgage on a residence in foreclosure or contained in that deed of trust; (G) obtain a loan or advance of funds that is connected to the consumer's home ownership; (H) avoid or ameliorate the impairment of the consumer's credit record, credit history, or credit rating that is connected to the consumer's home ownership; (I) save the consumer's residence from foreclosure; (J) assist the consumer in obtaining proceeds from the foreclosure sale of the consumer's residence; (K) obtain or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure; (L) obtain or arrange a refinancing, recapitalization, or reinstatement of a home loan, deed of trust, or mortgage; (M) audit or examine a consumer's mortgage or home loan application; or (N) obtain, arrange, or attempt to obtain or arrange any extension of the period within which the renter of property sold at foreclosure may continue to occupy the property. The foregoing shall include any manner of claimed assistance, including, but not limited to, debt, credit, budget, or financial counseling; receiving money for the purpose of distributing it to creditors;

contacting creditors or servicers on behalf of the consumer; and giving advice of any kind with respect to filing for bankruptcy.

10. “*Person*” means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, or any other group or combination acting as an entity.

11. “*Servicer*” means any beneficiary, mortgagee, trustee, loan servicer, loan holder, or other entity that performs loan or credit account administration or processing services and/or its authorized agents.

ORDER

I. BAN ON MORTGAGE LOAN MODIFICATION AND FORECLOSURE RELIEF SERVICES

IT IS THEREFORE ORDERED that the Settling Defendants, whether acting directly or through any other person, are permanently restrained and enjoined from

A. Advertising, marketing, promoting, offering for sale, or selling any mortgage loan modification or foreclosure relief good or service; and

B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any mortgage loan modification or foreclosure relief good or service.

II. PROHIBITED REPRESENTATIONS RELATING TO FINANCIAL RELATED GOODS AND SERVICES

IT IS FURTHER ORDERED that the Settling Defendants and their successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial related good or service, are hereby permanently restrained and enjoined from:

A. Misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

1. The terms or rates that are available for any loan or other extension of credit, including but not limited to:

(a) closing costs or other fees;

(b) the payment schedule, the monthly payment amount(s),

or other payment terms, or whether there is a balloon payment; interest rate(s),

annual percentage rate(s), or finance charge; the loan amount, the amount of credit,

the draw amount, or outstanding balance; the loan term, the draw period, or

maturity; or any other term of credit;

(c) the savings associated with the credit;

(d) the amount of cash to be disbursed to the borrower out of the proceeds, or the amount of cash to be disbursed on behalf of the borrower to any third parties;

(e) whether the payment of the minimum amount specified each month covers both interest and principal, and whether the credit has or can result in negative amortization;

(f) that the credit does not have a prepayment penalty or that no prepayment penalty and/or other fees or costs will be incurred if the consumer subsequently refinances; and

(g) that the interest rate(s) or annual percentage rate(s) are fixed rather than adjustable or adjustable rather than fixed;

2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;

3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;

4. Any aspect of any debt relief good or service, including but not limited to, the amount of savings a consumer will receive from purchasing, using,

or enrolling in such debt relief good or service; the amount of time before which a consumer will receive settlement of the consumer's debts; or the reduction or cessation of collection calls; and

5. That a consumer will receive legal representation;

B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

III. PROHIBITED REPRESENTATIONS RELATING TO ANY GOODS OR SERVICES

IT IS FURTHER ORDERED that the Settling Defendants and their successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any good, service, plan, or program are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

A. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a

consumer obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer;

B. That any person is affiliated with, endorsed or approved by, or otherwise connected to any other person, government entity, any federal homeowner relief or financial stability program, or any other program;

C. The total costs to purchase, receive, or use, and the quantity of, the good or service;

D. Any material restriction, limitation, or condition to purchase, receive, or use the good or service; and

E. Any material aspect of the performance, efficacy, nature, or characteristics of the good or service.

IV. PROHIBITIONS ON USE OF CUSTOMER INFORMATION

IT IS FURTHER ORDERED that the Settling Defendants and their successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from:

A. disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other

identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), of any person which any Defendant obtained prior to entry of this Order in connection with the advertising, marketing, promotion, offering for sale or sale of any mortgage loan modification or foreclosure relief service, and

B. failing to dispose of such customer information in all forms in their possession, custody, or control within thirty (30) days after entry of this Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed.

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

V. MONETARY RELIEF

IT IS FURTHER ORDERED that:

A. Judgment is hereby entered against the Settling Defendants, jointly and severally, in the amount of FIVE MILLION TWO HUNDRED SEVENTY EIGHT THOUSAND TWO HUNDRED AND SIX DOLLARS (\$5,278,206); *provided, however,* that this judgment shall be suspended:

1. Upon the completion of each of the following:
 - a. TD Commerce Bank shall transfer to the FTC or its designated agent all cash currently being held in account numbers xxxx8315, xxxx0943, xxxx2676, xxxx6864, xxxx5102, and xxxx6158;
 - b. ING Direct shall transfer to the FTC or its designated agent all cash (or liquidate all holdings and transfer the proceeds of such liquidation) currently being held in account numbers xxxx4605, xxxx9273, xxxx7122, xxxx7168, xxxx6065, xxxx4872, and xxxx3488;
 - c. Lydian Private Bank/Virtual Bank shall transfer to the FTC or its designated agent all cash currently being held in account numbers xxxx1744 and xxxx7939;
 - d. Spector, Gadon & Rosen shall transfer to the FTC or its designated agent all cash currently being held by it in escrow on behalf of the Settling Defendants pursuant to the Stipulated Preliminary Injunction entered in this action;
 - e. With respect to any monies awarded to any Settling Defendant as a result of the proceedings in (1) *Richard Gilliano v. Sal Puglia and Hope Now Modifications, LLC*, Docket No. L-795-09 (N.J. Sup. Ct., Gloucester County, Law Division), (2) *C Harvis Sons, Inc. v. Sal Puglia, et al.*, Docket No. L-739-09 (N.J. Sup. Ct., Gloucester County, Law Division), (3) *US Home*

Corporation v. Puglia, Docket No. L-3019-09 (N.J. Sup. Ct., Camden County, Law Division), or (4) *A Great Mortgage Company, Inc. v. Salvatore Puglia*, Docket No. L-3308-08 (N.J. Sup. Ct., Burlington County, Law Division) (collectively, “Sports Complex Litigation”), the Settling Defendants shall, within ten (10) days of receiving any such monies, transfer to the FTC or its designated agent seventy percent (70%) of the amount of such award; provided, however, that in no event shall such payment, when combined with funds already transferred to the FTC, exceed the total judgment amount; and

2. As long as the Court makes no finding, as provided in Section VI of this Order, that any Settling Defendant materially misrepresented or omitted the nature, existence, or value of any asset;

B. The Settling Defendants acknowledge, stipulate, and agree that the assets listed in Section V.A.1 are held in constructive trust under applicable state law.

C. In the event a petition for relief under the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, is filed by or against the Settling Defendants or any of them and to the extent that any such assets are later determined not be subject to the constructive trust, Section V.A.1 shall not take effect as to such assets unless and until the bankruptcy court grants relief from the automatic stay pursuant to 11 U.S.C. § 362(d). In the event of such a bankruptcy filing, the Settling Defendants

agree that they will not assert, or request any other party to assert, that the automatic stay under 11 U.S.C. § 362 shall operate or be interpreted to stay, interdict, condition, reduce, prohibit, or interfere with the ability of the FTC to enforce any of its rights under this Agreement. Further, Settling Defendants waive any rights they may have to object to, stay, oppose, or inhibit the FTC's rights and remedies under this Agreement, including any rights under 11 U.S.C. §§ 105 and 362, which are hereby released and waived. The foregoing waiver is a material inducement to the FTC's willingness to enter into this Order. The Settling Defendants further acknowledge and agree that there is no equity in the assets listed in Section V.A.1, the value thereof being less than the judgment owed to the FTC.

D. Any funds received by the FTC pursuant to this Section shall be deposited into a fund administered by the FTC or its agent to be used for equitable relief, including but not limited to consumer redress and any attendant expenses for the administration of any redress funds. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the FTC may apply any remaining funds for such other equitable relief, including but not limited to consumer information remedies, as the FTC determines to be reasonably related to the practices alleged in the Amended Complaint. Any funds not used for such equitable relief shall be deposited to the U.S. Treasury as

equitable disgorgement. Defendants shall have no right to challenge the FTC's choice of remedies or the manner of distribution.

E. The Settling Defendants relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law. The Settling Defendants shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise.

F. The Settling Defendants agree that the facts as alleged in the Amended Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the FTC to enforce its rights to any payment or money judgment pursuant to this Order, including but not limited to a nondischargeability complaint in any bankruptcy case. The Settling Defendants further stipulate and agree that the facts alleged in the Amended Complaint establish all elements necessary to sustain an action pursuant to, and that this Order shall have collateral estoppel effect for purposes of, Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A).

G. The judgment entered pursuant to this Section is equitable monetary relief, solely remedial in nature, and not a fine, penalty, punitive assessment or forfeiture.

H. Upon request, the Settling Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the FTC their tax identification

numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

I. Pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a consumer report concerning any Settling Defendant to the FTC, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

VI. RIGHT TO REOPEN

IT IS FURTHER ORDERED that, the FTC's agreement to, and the Court's approval of, this Order is expressly premised on the truthfulness, accuracy and completeness of each Settling Defendant's financial statement previously submitted to the FTC. If, upon motion by the FTC, the Court finds that the financial statement of any Settling Defendant contains any material misrepresentation or omission, the suspended judgment entered in Section V of this Order shall become immediately due and payable as to that defendant, less any amounts turned over to the FTC pursuant to Section V of this Order; *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 provision would be in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings that the FTC may initiate to enforce this Order. For purposes of this

Section, the Settling Defendants waive any right to contest any of the allegations in the Amended Complaint.

VII. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of (i) monitoring and investigating compliance with any provision of this Order, and (ii) investigating the accuracy of any Settling Defendant's financial statements upon which the FTC's agreement to this Order is expressly premised:

A. Within ten (10) days of receipt of written notice from a representative of the FTC, the Settling Defendants each shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in each Settling Defendant's possession or direct or indirect control to inspect the business operation;

B. In addition, the FTC is authorized to use all other lawful means, including but not limited to:

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;

2. posing as consumers and suppliers to the Settling Defendants, their employees, or any other entity managed or controlled in whole or in part by any Settling Defendant, without the necessity of identification or prior notice; and

C. The Settling Defendants each shall permit representatives of the FTC to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

D. *Provided however*, that nothing in this Order shall limit the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

VIII. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

A. For a period of five (5) years from the date of entry of this Order,

1. Each Individual Settling Defendant shall notify the FTC of the following:

a. Any changes in such Defendant's residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;

b. Any changes in such Defendant's employment status (including self-employment), and any change in such Defendant's ownership in any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that such Defendant is affiliated with, employed by, creates or forms, or performs services for; a detailed description of the nature of the business; and a detailed description of such Defendant's duties and responsibilities in connection with the business or employment; and

c. Any changes in such Defendant's name or use of any aliases or fictitious names;

2. The Settling Defendants shall notify the FTC of any changes in structure of any Corporate Settling Defendant or any business entity that any Settling Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any proposed change in the business entity about which a Settling Defendant learns less than thirty (30) days prior to the date such

action is to take place, such Defendant shall notify the FTC as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order and annually thereafter for a period of five (5) years, the Settling Defendants each shall provide a written report to the FTC, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

1. For each Individual Settling Defendant:
 - a. such Defendant's then-current residence address, mailing addresses, and telephone numbers;
 - b. such Defendant's then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that such Defendant is affiliated with, employed by, or performs services for; a detailed description of the nature of the business; and a detailed description of such Defendant's duties and responsibilities in connection with the business or employment; and
 - c. Any other changes required to be reported under Subsection A of this Section.

2. For all Settling Defendants:

a. A copy of each acknowledgment of receipt of this Order, obtained pursuant to the Section titled "Distribution of Order;" and

b. Any other changes required to be reported under Subsection A of this Section.

C. Each Settling Defendant shall notify the FTC of the filing of a bankruptcy petition by such Defendant within fifteen (15) days of filing.

D. For the purposes of this Order, the Settling Defendants shall, unless otherwise directed by the FTC's authorized representatives, send by overnight courier all reports and notifications required by this Order to the FTC, to the following address:

Associate Director for Enforcement
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

RE: *FTC v. Hope Now Modification*, Case No. 1:09-cv-1204-JBS-JS (D.N.J.)

Provided that, in lieu of overnight courier, the Settling Defendants may send such reports or notifications by first-class mail, but only such Defendant contemporaneously sends an electronic version of such report or notification to the FTC at: DEBrief@ftc.gov.

E. For purposes of the compliance reporting and monitoring required by this Order, the FTC is authorized to communicate directly with each Settling Defendant.

IX. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, in connection with any business where any Settling Defendant is the majority owner of the business or directly or indirectly manages or controls the business, each Settling Defendant and their agents, employees, officers, corporations, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are hereby restrained and enjoined from failing to create and retain the following records:

A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;

B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;

C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

D. Complaints and refund requests (whether received directly, indirectly, or through any third party) and any responses to those complaints or requests;

E. Copies of all sales scripts, training materials, advertisements, or other marketing materials; and

F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports submitted to the FTC pursuant to the Section titled "Compliance Reporting."

X. DISTRIBUTION OF ORDER

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, the Settling Defendants shall deliver copies of the Order as directed below:

A. Corporate Settling Defendant: Each Corporate Settling Defendant must deliver a copy of this Order to (1) all of its principals, officers, directors, and managers; (2) all of its employees, agents, and representatives who engage in

conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five (5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

B. Individual Settling Defendant as Control Person: For any business that an Individual Settling Defendant controls, directly or indirectly, or in which such Defendant has a majority ownership interest, such Defendant must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five (5) days of service of this Order upon such Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection

A.2 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

C. Individual Settling Defendant as employee or non-control person: For any business where an Individual Settling Defendant is not a controlling person of a business but otherwise engages in conduct related to the subject matter of this Order, such Defendant must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.

D. The Settling Defendants must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Section.

XI. ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that each Settling Defendant, within five (5) business days of receipt of this Order as entered by the Court, must submit to the FTC a truthful sworn statement acknowledging receipt of this Order.

XII. COOPERATION WITH FTC

IT IS FURTHER ORDERED that the Settling Defendants shall, in connection with this action or any subsequent investigation or litigation related to or associated with the transactions or the occurrences that are the subject of the FTC's Amended Complaint, cooperate in good faith with the FTC and appear at such places and times as the FTC shall reasonably request, after written notice, for

interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, the Settling Defendants shall appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Amended Complaint, without the service of a subpoena, *provided, however*, that the Settling Defendants shall be entitled to receive any witness fees and expenses allowable pursuant to Federal Rule of Civil Procedure 45.

XIII. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

XIV. ENTRY OF THIS JUDGMENT

IT IS FURTHER ORDERED that there is no just reason for delay of entry of this judgment, and that, pursuant to Fed. R. Civ. P. 54(b), the Clerk shall enter this Order immediately.

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SO STIPULATED:



GREGORY A. ASHE
LARRY HODAPP
STEPHANIE ROSENTHAL
Federal Trade Commission

Attorneys for Plaintiff

HOPE NOW MODIFICATIONS, LLC, Defendant

By:

HOPE NOW FINANCIAL SERVICES CORP., Defendant

By:

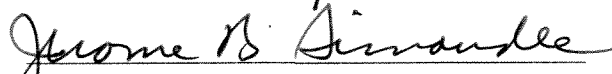
SALVATORE PUGLIA, Defendant

NICHOLAS PUGLIA, Defendant

RICHARD D. GALLUCCI, JR.
OLIVER D. GRIFFIN
Spector Gadon & Rosen

Attorneys for the Settling Defendants

IT IS SO ORDERED, this 12th day of July, 2010.



JEROME B. SIMANDLE
UNITED STATES DISTRICT JUDGE