VPJP'FET.3 STATES DLSTXICT COUXT
BESTRICT OF NEW JERSEY

- FEDERAL TI?-ADE COMMISSION, 1 CIVIL ACTION NQ.

1 97-3459 (MTB) Plaintiff, 1

1
V. 2)
1
NATIONAL IWENTION SERVICES, INC.,)
a corporation (flNISI1l) 1
)
and 1
1
JOHNF. LEE, 1
individually, 1

\

STIPULATED ORDER FOR PEW~ELTIWmCTIOM AND FINAL RELIEF

REG&XD%MG DEFEliD.AATTS MATI0NA.L IWEMTION SERVICES, INC. (BsNIS18B) , k"%9JOEIN I?. LEE.

On July 14, 1997, plaintiff Federal Trade Commission

("commission"or "FTC"),commenced this action by filing its

complaint against defendants National Invention Services, Inc.

(uNISI1'),and John F. Lee ("Lee") (collectively, the

"defendants"). The cornplaint alleges chat the defendants engagsd

- in unfair or

*.,.

. - - persons or entities in active concert or participation with them
who receive actual of this

a

approved the sales materials or sales practices of any defendant, except provided this Final Order;
(7) Falsely representing,directly or by implication, the terms, effect, or purpose of this Final Order.

(A) IT IS FmZTBEB ORDERED that defendants and their
a.

officers: agents, servants, employees, attorneys (excepting any ..\
patent attorney who contracts with defendants' customers to do ...patcnt wmk for those customers who are not in active concert or participation with defendants), corporations, subsidiari.es,
I

successors, assigns, and independent contractors, and those persons or entities in active concert or participation with either of them who receive actual notice of this Order by personal senice or otherwise, in connection with the advertising, promotion, offer for sale, or sale of invention g~ornotisnservices shall:
(1) Furnish each client or prospective client a retainable copy, identified as client copy, of the Affirmative Disc~osureStatement (wDisclosureStatementH) as set forth
in Appendix C during each contact between the client and defendant for the solicitation of each of defendant NISI'S services for which payment of money is sought; provided, however, the Disclosure Statement is not revired for each

- installment payment where the customer has agreed to finance
his or her payments to NISI ; and
Where defendant required provide client
retainable Statement, set
I%(A)(I),request that the client sign and date said
\

Disclosure Statement before contracting for any of defendant
X- NISIts senices ; and
(3) Require that the person responsible for compliance with
this provision sign 'and and and and 'Tm ('-Tc 54675 0 0 12.75 264 1942745.6803 518

a

, - serson' s te~.ninaeicn, Le agpliczble. The

ccm'pilal~~ was rescl-tie<, the basis f3z dec=-p-r14 -.-., -rLI-d.Lq nAm thzc
the ccrnclain~was ressived;
(E) Cogies cf alL sales scri~cs,=rainins gackecs,
-- advercisernencs, cr ocher inar!<ecing ma~erialsutilized; and
(F) Records reflec~ingall csntracts, agreements or correspondence w2th any advertising company, or customer lead

(G) It is uncerscsod that these orovisions do not rewire
- M.

defendants to rnaiztain multiple cogies where single recsres
. . ::

satisfy the requirements of (D), (El and (F) .

ORDER DIST3Il3UTION

IT IS HIRTHER OmZDEREL) that, for a period of five years frcm
the date entry this Order, defendants shall:
Provide this Order and obtain

and dated acknowledgement receipt same each
or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether

-

(2) rhe business e3cages in, or assiscs others who are
engaged in, the busizess of selling invention promorion
se-rvices ; and

(B) Maintain for a period of three years after creation,
and upon reasonable nocice make available to represextatiires of
i

the Coti-mission, the original signed and dated ac.lnowle6ggements of A-- the receipt of copies of this Order, as required in the above

this

ACCZSS .kND MONITORING
v.

IT IS ZTRmE,P ORDERED that, for a period of five years from I#
the date of entry of this Order, for purposes of determinina or securing compliance with this Order, defendants shall permit

4

. - - 1
Ccmrnissim exTense alL 6cc-mencs rzl-?~~arac ta any matt2,' csncained in this Order; and
(3) To incer-ritw cr desose che officers, dirwz:crs, and
mployees, includisc all personnel involved in respondins to consumer inquiries, and all sales
whether designate8 as employees, consultants, independent contTactors or otherdise, of any business to which Subsection (A) of this Paragraph apy?lies, relatin9 to com~iiancewith the terms
' of this Order. Each defzndant acres not to interfere with these

...>

interviews or depositions. The Csrnrnission may otheririse monitor the compliance of any defendant with this Order by all lawful means available, includino the taking of depositions, the use of
.J

corngulsory process seeking production of documents, and the use of investigators

- -

a (c) For the SuTcses cf this Grder, written notiflcaricr,s
:a the Commission shall be mailed ts:

Associarz Direcrsr, Division cf Servica Indusi,~Practices Bureau of Consumer ?rct=ction
Federal Trade Ccrnrnission, Worn iOD
6th St. and Pennsylvania Ave ., NW
Washington, DC'20580

(D) For the,puqoses of this Paragraph QI, ltem~loymentN ,--

includes the performaace of sexvices as an employee, consultant,

or independent contractor; and Nemoloyersflinclude any in2ividua.l n

or an business for which aefendanc h839 perfmss

independent

the

p

4

exchange far research. patent, rnarlrecing, and/or invention promotion services from defendants.

IT IS FURTH~~~ ORDERED that the Commission1s claims for
monetary relief shall be sritisfied as follows:
Within five days after the entry of the Order the
Commissibn will provide prcper Sococuments from the financial ..\

..\

institution(s), wherein NISI assets have been frozen pursuant to the consent order of the Court, releasing from said account (s) to the Federal Trade Commission an amount of $68,000. I

I

(B) Within five (5) days after the entry of the Order the Commission aad defendant Lee, by their attorneys, shall agree upon the equity value of the entire stock pa-

, a n

transfers of sccck cerr:=:caces, a grs~erlyissued check frzm Quick &. Rzilly, or a ceszified

r l

IT IS FUXTBEX ORDEXED lihac, within rive days of rec5i~iinc d notice that this Crder has keec entered, defsndznt Lee shall submit to the Commission a truthful sworn scaternenc, in the form shown on Ag~endixA, that shall reaffirm and actzst to the truth, accuracy, and completeness of his personal financial statement, which statement shall have been previously submitted to the Commission on 'July 30, 1997. In addition, defendants shail submit to the Commission a truzkful sworn staterneni, iful

Order shall remain in fnll forcz and rffzct unless otherwise orlered by rne CsurE; and provided further that ;r~cesiinps instituted under this provision would be in addition to and not in lieu of any ocher civil or criminal remedies as may be provided by law, including any other proceedings that the Commission may,institute to enforce the Order. Solely for the purposes of this Paragraph, defendants waive any right to ccntest any of the alleaations in the Complaint filed in this matter.

XI.

IT IS FURTHXX ORDERED that the Court retains jurisdiction cf this matter for ail purposes including the construction, modification, and enforcement of this Order.

STIPULATED ILND AGRSED TO BY:

FOR THE PLAINTIFF:

DATED:
DAVID C. FIX
MICHELLE.CMJA
Federal Trade Commission 6th St. 6r Penn. Ave., N.W. Washington, D.C. 20580
(202) 326-3274 (voice)
(202) 326-3392 (facsimile)

DATED:

DATED:

FOR THE DEFEM1SANTS:

BATED:

DATED:

Vederal Trade commission
98% Market Street, Suite 576 Sari Francisco, a'94163
(415) 356-5282 (voice) (4151)356-5284 (.facsimile)

United states Attorney8s Ofc. 990 Broad St., 7th Floor Newark, MJ 8'9102
(973) 645-2771 (voice)
(973) 297-2010 (facsimile)

Attorneys for Plaintiff

* N/NISI~)~~~ John F. ~e%
sole corporate officer
%

JAMES D. CUTLIP, Esq.
Cutlip Er Associates, P.C.
170 Ridgewood Ave.
Glen Ridge, NJ 07028
(973: 748-1384 (voice)
(973) 898-2025 (voice)
(973 429-0229 (voice)
(973) 89.8-2891 (facsimile)

Attorney for the defendants

Bated: ___M

~ niteqStates l~istribt\~udge

SC. I havc knowledge of the matters discussed in this declaration.
2, 1: am a defendant in FTC 77. N~ttionaiTslt~esatianServices, Inc., et . al., CIVIL ACTION NO. 97-3459 (19TB).
I have received a copy of the Final Order entered by
the Court in the above-captioned action.
4. The information contained in the financial statements executed by me on July 29, 1997, and July 30, 1997, and previously provided to the Federal ~radk.Commission, was true, accurate, and complete when executed.
I hereby declare under

PETER W. L!AIYBERTON 0 914 DAVID C. FIX 7448 MICHELLE CmA 2194 Federal Trade Commission 6th St.

declaration. I am the sole corporate officer and sole shareholder

*-.

Ya, shculd be aware ckac siner its i~~~qd.oa. is: Jan~aary1994.

ded. Ecz Puzz,"-e+~hveccicr,, ~%e 1 pr~motionsa-zt?lces vast -r * i

majoriky of all izmzm,tlcJn ideas shittei it far a !

NISI ae my srzgt, perfom any evaluation er
I * asssssmac or' ;he marker goeea.=~al,pate~zahility, ~ec~iczi feasi5iLi.t~. cr ineri: of ideas sbir~edco I;.
As cf 12/1/57,
NISI clients have siped represencarrioz aqreerplcqrs wkP,
31%PI,

NISI clieats hava mad@ mcre money from ebeir iilveztian
as a resulk cf using MSI's regresenracion sr-iea than tRey paid NISZ Ens -this senirp.

Cliw-r: signature

Electronic Funds Transfer

-