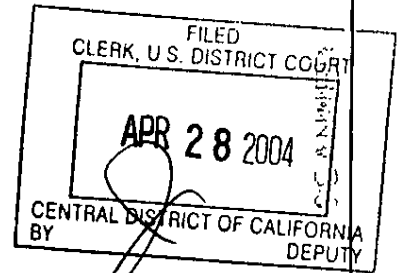


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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,
Plaintiff,

v.

JORDAN MAXWELL, also known as
RUSSELL PINE, individually and
doing business as BBCOA aka BBC
OF AMERICA aka BETTER BOOKS
AND CASSETTES OF AMERICA;
and VIC VARJABEDIAN aka
VICTOR VARJABEDIAN aka
VAROUJ VARJABEDIAN,
individually,

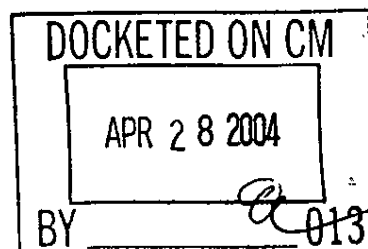
Defendants.

CASE NO. CV 03-0128 NM (CWx)

MEMORANDUM DECISION IN
SUPPORT OF ORDER GRANTING
PLAINTIFF FEDERAL TRADE
COMMISSION'S MOTION FOR
DEFAULT JUDGMENT

I. INTRODUCTION

The Federal Trade Commission ("Plaintiff" or "FTC") initiated this action on January 7, 2003 against Jordan Maxwell ("Maxwell"), Vic Varjabedian ("Varjabedian") (collectively, "Defendants"), and Russell Pine for violations of the Federal Trade Commission Act ("FTC Act") and Credit Repair Organizations



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1 Act ("CROA"). Compl. ¶ 1.¹ Plaintiff brought the following claims: (1) sale of
2 fake international driver's permits ("IDPs"), (2) sale of bogus credit repair
3 services, and (3) sale of sham debt termination programs. Mot. at 1. Plaintiff
4 sought damages as well as injunctive relief. Compl. at 17.

5 On January 8, 2003, the court granted Plaintiff's ex parte application for a

1 modify the proposed order. The court has considered this filing and made changes
2 to the judgment where appropriate.

RECORDED
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1 is adequately represented; (4) that the Soldiers' and Sailors' Civil Relief Act of
2 1940 does not apply; and (5) that notice of the application has been served on the
3 defaulting party, if required by Fed. R. of Civ. P. 55(b)(2). Local Rule 55-1. Rule
4 55(b)(2) requires a party against whom judgment by default is sought to be served
5 with written notice if the party has appeared in the action. Fed. R. Civ. P.
6 55(b)(2).

7 A defendant's default does not automatically entitle the plaintiff to a court-
8 ordered judgment. See Draper v. Coombs, 792 F.2d 915, 924-25 (9th Cir. 1986).
9 Rather, granting or denying relief is entirely within the court's discretion. See id.
10 The Ninth Circuit has enumerated the following factors (collectively, the Eitel
11 factors) that a court may consider in determining whether to grant default
12 judgment: (1) the merits of the plaintiff's substantive claim; (2) the sufficiency of
13 the complaint; (3) the sum of money at stake in the action; (4) the possibility of

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1 affidavits. Schwarzer et al., Federal Civil Procedure Before Trial, § 6:98 (2003)

2 (citing *Transportes Aereos De Angola v. Lat. Tredeco Int'l Corp.*, 624 F. Supp. 264



1

a) Injunctive Relief

2

The FTC Act prohibits "deceptive acts or practices in or affecting

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commerce" 15 U.S.C. § 45(a)(1). An act or practice is deceptive if a

ANNEX

1 these IDPs do not allow avoidance of points or sanctions, and cannot serve as
2 valid identification. Defendants' practices related to the sale of their fake IDPs

[REDACTED]

1 defraud, but only that the defendant "had actual knowledge of material
2 misrepresentations. [was] recklessly indifferent to the truth or falsity of a

017

1 similar activities in the future, directly endangering the general public. Plaintiff
2 would be without other recourse to ensure Defendants' future compliance with
3 FTC Regulations. Thus, potential prejudice to Plaintiff favors granting a default
4 judgment against Defendants.

5 **4. Possibility of Dispute**

6 The fifth Eitel factor considers the possibility of dispute as to any material

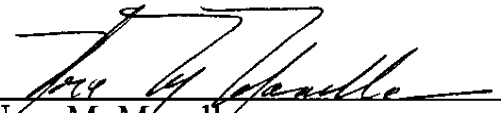
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IV. CONCLUSION

Accordingly, Plaintiff's motion for default judgment is **GRANTED**. This memorandum is filed concurrently with the Default Judgment and Order for Permanent Injunction.

IT IS SO ORDERED.

DATED: April 27, 2004


Nora M. Manella
United States District Judge