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ATTORNEY GENERAL OF NEW JERSEY
Division of Law - 5th floor
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07101

FILED

OCT 29 2009

Division of Consumer Affairs

By: James J. Savage
Assistant Attorney General
(973)877-1280

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS

IN THE MATTER OF AN INVESTIGATION
BY THE NEW JERSEY DIVISION OF
CONSUMER AFFAIRS

of

Federal Stereo Inc., and
David Bannon, individually and as owner of
Federal Stereo Inc.

Respondents

Administrative Action
I No. 09-100428

CONSENT ORDER

This matter having been opened by the Division of Consumer Affairs, Office of Consumer Protection (hereinafter referred to as "Consumer Affairs" or "Division"), as an investigation in order to ascertain whether violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (hereinafter referred to as "CFA" or the "Act"), and the regulations promulgated thereunder, N.J.A.C. 13:45A- 1.1 et seq., ("Regulations"), including but not limited to the Regulations Governing the Delivery of Household Furniture and Furnishings, N.J.A.C. 13:45A - 5.1 et seq. (hereinafter referred to as the "Furniture Regulations"), have been or are being committed by Federal Stereo, Inc., and David Bannon, individually as owner of

Federal Stereo Inc. with a place of business address located at 230 Tulip Lane, Freehold, NJ 07728 (hereinafter referred to as the "Respondent"), and the Division and Respondent (hereinafter collectively referred to as the "Parties") having reached an amicable agreement thereby resolving the issues in controversy and concluding this matter without the need for further action, and Respondents having voluntarily cooperated and consented to the entry of the within order (hereinafter referred to as the "Consent Order") without having admitted any fact or violation of law, and for good cause shown,

IT IS on this 2nd day of OCT, 2009 ORDERED and AGREED as follows:

29th
DB

BUSINESS PRACTICES

1. Respondents, its principals, officers, agents, representatives and employees shall not engage in any unfair or deceptive acts or practices in the conduct of their business in the State of New Jersey and shall comply with such state laws, rules and regulations as now constituted or as may hereafter be amended, including but not limited to, the CFA, the Furniture Regulations, in connection with all future sales of household furniture and furnishings.

2. Respondents shall cease and desist from engaging in the following:

a. Failing to have the "**Promise Statement**" printed in ten point bold type on contract form and/ or sales document as required by N.J.A.C. 13:45A-5.2 (a).

b. Failing to have the "**Choice Statement**" printed in ten point bold type on a contract form and/or sales document as required by N.J.A.C. 13:45A-5.3(a).

3. Specifically, Respondents shall comply with the following business practices:

a. In accordance with N.J.A.C. 13:45A-5.2 (a), at the time that any contract is signed, Respondents shall include on the first page of every contract form and/or sales document the

following sentence in ten-point bold face type:

The merchandise you have ordered is promised for delivery to you on or before (insert date or length of time agreed upon).

b. In accordance with N.J.A.C. 13:45A-5.3 (a), Respondents shall include on the first page of every contract form and/or sales document the following notice in ten point bold face type:

If the merchandise ordered by you is not delivered by the promised delivery date, (insert name of seller) must offer you the choice of (1) canceling your order with a prompt, full refund of any payments you have made, or (2) accepting delivery at a specific later date.

FUTURE CONSUMER COMPLAINTS

4. For a period of twelve (12) months from the entry of this Consent Order, the Division will forward to Respondents any consumer complaints it has received within thirty (30) days of receipt of the complaint. Complaints received by any county or municipal Consumer Affairs Local Assistance (CALA) office will be forwarded to Consumer Affairs which will then forward these complaints to Respondents within thirty (30) days of Consumer Affairs' receipt from the county or municipal CALA office.

4.1 The Division shall notify these consumers, in writing, of the following: (a) that their complaints have been forwarded to Respondents; (b) that they should expect a response from Respondents within thirty (30) days from the date of the notice; and (c) they have the right to refer their complaints to the Alternative Dispute Resolution ("ADR") Unit of the Division for binding arbitration if Respondents disputes the complaint and/or requested relief.

4.2 Within thirty (30) days of receipt of the complaint, Respondents shall send a written response to each listed consumer, with a copy to the following: Division of Consumer

Affairs, Office of Consumer Protection, Case Management Tracking Supervisor, 124 Halsey Street, P.O. Box 45025, Newark, New Jersey 07101.

4.3 If Respondents does not dispute the consumer's complaint and requested relief, the Respondent's written response shall so inform the consumer and shall include the appropriate restitution. Where restitution concerns a credit, Respondents shall include documents evidencing that such adjustments have been made. Where restitution concerns a refund or other payment, such shall be made by certified check, money order or other guaranteed funds made payable to the consumer. Upon verification by the Division that such consumer has been satisfied by Respondents, the consumer complaint shall be deemed closed by the Division's Office of Consumer Protection ("OCP").

4.4 If Respondent's written response disputes the consumer's complaint or the relief sought by the consumer, the response shall include copies of all documents related to Respondent's dispute of the complaint.

4.5 If the Division has not received notice from Respondents that a forwarded complaint has been settled on or before the forty-fifth (45) day after being transmitted to Respondents, the Division will notify the consumer of the right to arbitration and forward the complaint to the Division's ADR Unit to reach a resolution of the complaint through binding arbitration. Thereafter, the matter will proceed in accordance with the ADR guidelines. Respondents agrees herein to participate in this arbitration process and be bound by the arbitrator's decision. Respondents further agrees to be bound by the immunity provisions of the New Jersey Arbitration Act, N.J.S.A. 2A:23B-14, and the New Jersey Tort Claims Act, N.J.S.A. 59:10-1 et seq.

4.6 In the event that Respondents fails or refuses to participate in the arbitration

process with a consumer, the arbitrator may enter a default against Respondents.

4.7 Respondents shall pay any and all arbitration awards within 15 days of the arbitrator's decision unless otherwise specified in writing in the arbitration award.

4.8 Failure or refusal to participate in the arbitration process or to timely pay an award shall constitute a violation of this Consent Order.

4.9 If a consumer refuses to participate in the ADR program, the consumer's complaint shall be deemed closed for the purposes of this Consent Order.

4.10 After the initial year, the complaint resolution procedure set forth above will automatically renew for successive one year periods unless terminated in writing upon sixty (60) days advance written notice by either party. Written termination under this provision of the Consent Order shall be provided as follows: For the Division, written notice shall be forwarded via certified mail, return receipt requested, to the New Jersey Division of Consumer Affairs, Office of Consumer Protection, Supervisor, Case Management Tracking, 124 Halsey Street, P.O. Box 45025, Newark, New Jersey 07101; for Respondents, written notice shall be forwarded via certified mail, return receipt requested to: Federal Stereo Inc., 230 Tulip Lane, Freehold, NJ 07728 **Attention:** David Bannon

4.11 Nothing contained in this Consent Order shall be deemed to waive any right of the Division of Consumer Affairs or the Attorney General to take any civil or administrative action deemed appropriate in the best interest of the public with respect to any complaint received regarding Respondents after the date of this Consent Order.

5. Respondent shall pay the Division of Consumer Affairs the sum of \$3,000.00 as a civil penalty pursuant to N.J.S.A. 56:8-13 and \$478.99 as reimbursement for the Division's costs pursuant to N.J.S.A. 56:8-11 totaling \$3,478.99. Of this amount, \$3,000.00 shall be suspended for a period of twelve (12) months from the date of this order, and shall, at the expiration of said period, automatically be vacated provided Respondent:

- a. obeys the restraints and conditions set forth in this Order; and
- b. does not violate the Consumer Fraud Act, the regulations promulgated pursuant thereto and/or any other consumer protection statute.

An initial payment of \$478.99 shall be sent together with this Consent Order fully executed by the Respondent. However, in the event the Respondent fails to comply with the foregoing provisions, the entire suspended amount of \$3,000.00 shall be due and immediately payable upon notice by the Division.

6. The aforesaid payment for cost shall be made by certified check, attorney trust account check or other guaranteed funds made payable to the "New Jersey Division of Consumer Affairs" and shall be delivered to the following address:

Attention: Case Management Tracking
New Jersey Department of Law and Public Safety
Division of Consumer Affairs
124 Halsey Street
P.O. Box 45025
Newark, New Jersey 07101

GENERAL PROVISIONS

7. Nothing contained in this Consent Order shall be construed to limit or affect the rights of any persons or entities who are not parties to this Consent Order with respect to any of the matters contained herein.

8. Nothing contained herein shall in any manner or fashion be construed to limit or affect any position that the parties may take in any future or pending action not specifically encompassed herein.

9. If any provision of this Consent Order or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Consent Order or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each provision of this Consent Order shall be valid and enforced to the fullest extent permitted by law.

10. This Consent Order resolves all claims and causes of action against Respondents which were known by the Division's Office of Consumer Protection through June 23, 2009 for violations of the CFA and the regulations promulgated pursuant to the CFA , N.J.A.C. 13:45A-1.1 et seq., including but not limited to the Regulations Governing the Delivery of Household Furniture and Furnishings, N.J.A.C. 13:45A-5.1 et seq.

11. The parties represent that an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and that this person has done so with the authority to legally bind the respective parties.

12. This Consent Order constitutes the entire agreement between the parties hereto and shall bind the parties hereto and their representatives, officers, directors, agents, employees, successors and assigns.

13. Respondents shall not represent or imply that any advertising procedure or other act or practice hereinafter used or engaged in by Respondents has been required or approved, in whole or part, by the Attorney General or the Division of Consumer Affairs or any of the State's agencies or agents.

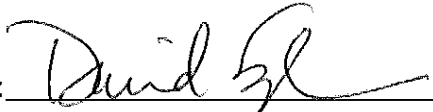
14. The Division has advised the Respondents to seek the advice of an attorney prior to entering into this agreement.

15. The parties acknowledge that for purposes of enforcement of this Consent Order, New Jersey law shall govern the terms and provisions herein.

16. This Consent Order constitutes a final agency action and shall be effective upon filing.

17. Respondents acknowledges that this Consent Order is a public document subject to the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 to -13.

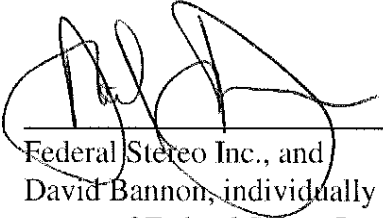
ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

BY: 
David Szuchman, Director
New Jersey Division of Consumer Affairs

DATED: 10/29/09

The undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.

Consent is hereby given as to the form and entry of this Order.


Federal Stereo Inc., and
David Bannon, individually and as
owner of Federal Stereo Inc.

DATED: 10-02-2009