

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
Attorney for Plaintiffs

**RECEIVED**

JAN 26 2015

TRAVIS L. FRANCIS  
ASSIGNMENT JUDGE  
MIDDLESEX VICINAGE

**FILED**

JAN 28 2015

TRAVIS L. FRANCIS  
ASSIGNMENT JUDGE  
MIDDLESEX VICINAGE

By: David M. Reap (025632012) / Jeffrey Koziar (015131999)  
Deputy Attorneys General  
[REDACTED]

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION  
MIDDLESEX COUNTY  
DOCKET NO. MID-C-27-14

JOHN J. HOFFMAN, Acting Attorney General of the  
State of New Jersey, and STEVE C. LEE, Acting Director  
of the New Jersey Division of Consumer Affairs,

Plaintiffs,

v.

DIRECT BUY ASSOCIATES INC. D/B/A DIRECT BUY  
AUTO WARRANTY, JANE AND JOHN DOES 1-20,  
individually and as officers, directors, shareholders,  
founders, owners, managers, agents, servants, employees,  
representatives, sales representatives and/or independent  
contractors of DIRECT BUY ASSOCIATES INC. D/B/A  
DIRECT BUY AUTO WARRANTY, and XYZ  
CORPORATIONS 1-20,

Defendant.

Civil Action

**FINAL CONSENT JUDGMENT**

The Parties to this Action and Final Consent Judgment ("Consent Judgment") are plaintiffs John J. Hoffman, Acting Attorney General of the State of New Jersey ("Attorney General"), and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs

("Director"), (collectively, "Plaintiffs"),<sup>1</sup> and defendant Direct Buy Associates Inc. d/b/a Direct Buy Auto Warranty ("Defendant"). As evidenced by their signatures below, the Parties do consent to the entry of this Consent Judgment and its provisions without trial or adjudication of any issue of fact or law, and without an admission of any liability or wrongdoing of any kind.

### **PRELIMINARY STATEMENT**

Plaintiffs commenced this Action on February 19, 2014, alleging that Defendant violated the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), the Regulations Governing General Advertising, N.J.A.C. 13:45A-9.1 et seq. ("Advertising Regulations"), the Plain Language Act, N.J.S.A. 56:12-1 et seq. ("PLA"), and the Business Corporations Act, N.J.S.A. 14A:1-1 et seq. ("Business Corporations Act"), arising from its Advertisement, offer for Sale and Sale of MVSCs. Defendant has denied the allegations.

The Court has reviewed the terms of this Consent Judgment and based upon the Parties' agreement and for good cause shown:

### **IT IS HEREBY ORDERED, ADJUDGED AND AGREED AS FOLLOWS:**

#### **1. JURISDICTION**

1.1 The Parties admit jurisdiction of this Court over the subject matter and over the Parties for the purpose of entering into this Consent Judgment. The Court retains jurisdiction for the purpose of enabling the Parties to apply to the Court at any time for such further orders and relief as may be necessary for the construction, modification, enforcement, execution or satisfaction of this Consent Judgment.

#### **2. VENUE**

2.1 Pursuant to N.J.S.A. 56:8-8, venue as to all matters between the Parties hereto

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<sup>1</sup> This action was commenced on behalf of Eric Kanefsky, former Director. Pursuant to R. 4:34-4, the caption has been revised to reflect the current Acting Director.

relating to or arising out of this Consent Judgment shall lie exclusively in the Superior Court of New Jersey, Chancery Division, Middlesex County.

### **3. EFFECTIVE DATE**

3.1 This Consent Judgment shall be effective on the date that it is entered with the Court ("Effective Date").

### **4. DEFINITIONS**

As used in this Consent Judgment, the following capitalized words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Judgment:

4.1 "Action" shall refer to the matter titled John J. Hoffman, Acting Attorney General of the State of New Jersey, and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs v. Direct Buy Associates, Inc. d/b/a Direct Buy Auto Warranty, Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. MID-C-27-14, and all pleadings and proceedings related thereto, including the Complaint, filed February 19, 2014, and the Answer, filed May 1, 2014.

4.2 "Additional Consumer" shall refer to any Consumer who submits to the Division, directly or through another agency, after the Effective Date, a complaint concerning: (a) Defendant's business practices prior to the Termination Date; or (b) the administration of a New Jersey Consumer's Existing MVSC after the Termination Date.

4.3 "ADR Unit" shall refer to the Alternative Dispute Resolution Unit of the Division.

4.4 "Advertisement" shall be defined in accordance with N.J.S.A. 56:8-1(a). For purposes of the Advertising Regulations, "Advertisement" shall be defined in accordance with

N.J.A.C. 13:45A-9.1.

4.5 "Attorney General" shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

4.6 "Clear and Conspicuous" shall mean a statement that, regardless of the medium in which it is made, is presented in such size, color, contrast, duration, location and audibility, compared to the other information with which it is presented, that it is readily apparent and understandable and in language and in terms used in accordance with their common or ordinary usage and meaning.

4.7 "Consumer" shall refer to any Person who is offered Merchandise for Sale.

4.8 "Defendant's Websites" shall refer to the websites located at [www.directbuyautowarranty.com](http://www.directbuyautowarranty.com) and [www.dbwarranty.com](http://www.dbwarranty.com) as well as any other website owned or controlled by Defendant through which MVSCs are Advertised, offered for Sale and/or Sold.

4.9 "Division" or "Division of Consumer Affairs" shall refer to the New Jersey Division of Consumer Affairs.

4.10 "Existing MVSC" shall refer to a MVSC purchased by a Consumer prior to the Effective Date.

4.11 "Include" and "Including" shall be construed broadly and shall mean "without limitation."

4.12 "Merchandise" shall be defined in accordance with N.J.S.A. 56:8-1(c) and shall Include MVSCs.

4.13 "MVSC" shall refer to Defendant's motor vehicle service contract.

4.14 "New Jersey" and "State" shall refer to the State of New Jersey.

4.13 "New Jersey Consumer" shall refer to any Person residing in New Jersey who is



offered Merchandise for Sale.

4.16 "Person[s]" shall be defined in accordance with N.J.S.A. 56:8-1(d).

4.17 "Restitution" shall refer to all methods undertaken by Defendant to resolve Additional Consumer complaints Including the issuance of refund checks, reversal of credit or debit charges, or other payments.

4.18 "Sale" shall be defined in accordance with N.J.S.A. 56:8-1(e).

4.19 "Service Contracts Act" shall refer to the Act Concerning Service Contracts, N.J.S.A. 56:12-87 et seq.

4.20 "Termination Date" shall be defined in accordance with Section 5.7.

**5. INJUNCTIVE RELIEF AND REQUIRED BUSINESS PRACTICES**

5.1 With respect to its Advertisement, offer for Sale and Sale of MVSCs from the Effective Date to the Termination Date and its continued administration of New Jersey Consumers' Existing MVSCs, Defendant shall not engage in any unfair or deceptive acts or practices in the conduct of any business in the State and shall comply with such State and/or Federal laws, rules and regulations as now constituted, Including the CFA, the Advertising Regulations, the PLA, the Business Corporations Act, and/or the Service Contracts Act.

**Pre-Termination of Business Operations in the State:**

5.2 The requirements of Sections 5.3, 5.4, 5.5 and 5.6 shall be in effect from the Effective Date to the Termination Date.

5.3 In Defendant's Websites, Defendant shall Clearly and Conspicuously disclose that it will not pay for repair and/or replacement of motor vehicle parts for any amounts exceeding the Manufacturer's Suggested Retail Price for the motor vehicle parts.

5.4 In Defendant's Websites, Defendant shall Clearly and Conspicuously disclose that

it will not pay for the labor associated with repair and/or replacement of motor vehicle parts for any amounts exceeding the "current national flat rate hourly guide for labor" according to the Mitchell Virtual Guide.

5.5 In the event Defendant denies a Consumer's claim under his/her MVSC, within five (5) business days of the denial, Defendant shall provide the Consumer with written notification of the denial, which, at minimum, shall include:

- (a) Defendant's basis for the denial under the MVSC; and
- (b) notification of the process by which he/she may appeal the denial.

5.6 In the event a Consumer appeals a denial of his/her claim, within ten (10) business days of receiving the appeal, Defendant shall send to the Consumer written notification of the outcome of the appeal, which, at minimum, shall include:

- (a) Defendant's basis for the initial denial under the MVSC; and
- (b) Defendant's basis for the outcome of the appeal.

**Termination of Business Operations in the State:**

5.7 Within six (6) months of the Effective Date, Defendant shall terminate its business operations in the State, including the Advertisement, offer for Sale and/or Sale of MVSCs ("Termination Date").

5.8 On or before the Termination Date, Defendant shall provide written notification to the Division: (a) that it has terminated its business operations in the State; and (b) of Defendant's new business address, telephone number and fax number.

5.9 On or before the Termination Date, Defendant shall revise its Websites to identify Defendant's new business address, telephone number and fax number.

5.10 On or before the Termination Date, Defendant shall provide written notification to Consumers with Existing MVSCs of Defendant's new business address, telephone number, fax number and email address.

5.11 Defendant shall include, in its MVSCs offered for Sale and sold to Consumers after the Termination Date, Defendant's new business address, telephone number, fax number and email address.

**Termination of the Sale of MVSCs to New Jersey Consumers:**

5.12 As of the Effective Date, Defendant shall not offer for Sale and/or sell MVSCs to New Jersey Consumers.

5.13 As of the Effective Date, Defendant shall include in its Websites a Clear and Conspicuous statement that Defendant does not offer for Sale and/or sell MVSCs to New Jersey Consumers.

**Administering New Jersey Consumers' Existing MVSCs:**

5.14 On or before the Effective Date, Defendant shall provide Plaintiffs with written notification of all New Jersey Consumers with Existing MVSCs, Including the New Jersey Consumer's name, address, telephone number, and email address and the date the New Jersey Consumer's MVSC concludes.

5.15 Defendant shall continue to administer New Jersey Consumers' Existing MVSCs.

5.16 In the event Defendant denies a New Jersey Consumer's claim under his/her MVSC, within five (5) business days of the denial, Defendant shall provide the New Jersey Consumer with written notification of the denial, which, at minimum, shall Include:

- (a) Defendant's basis for the denial under the MVSC; and
- (b) notification of the process by which he/she may appeal the denial.

5.17 In the event a New Jersey Consumer appeals a denial of his/her claim, within ten (10) business days of receiving the appeal, Defendant shall send to the New Jersey Consumer written notification of the outcome of the appeal, which, at minimum, shall include:

- (a) Defendant's basis for the initial denial under the MVSC; and
- (b) Defendant's basis for the outcome of the appeal.

5.18 The written notification referenced in Sections 5.5, 5.6, 5.8, 5.10, 5.14, 5.16, and 5.17 may be sent by Defendants by email.

## **6. ADDITIONAL CONSUMER COMPLAINT RESOLUTION PROCESS**

### **General Provisions:**

6.1 During the duration of the Additional Consumer complaint resolution process, as set forth in Sections 6.12 and 6.13, the Division shall forward to Defendant copies of any Additional Consumer complaints. The Division shall forward to Defendant such complaints within thirty (30) days of the Division's receipt thereof.

6.2 After forwarding to Defendant the complaint of an Additional Consumer, the Division shall notify the Additional Consumer, in writing, of the following: (a) that his/her complaint has been forwarded to Defendant; (b) that he/she should expect a response from Defendant within thirty (30) days from the date of this notice; and (c) the right to refer his/her complaint to the ADR Unit for binding arbitration if Defendant disputes the complaint and/or requested relief.

6.3 Within thirty (30) days of receiving the Additional Consumer complaint from the Division, Defendant shall send a written response to the Additional Consumer, with a copy sent by first class mail, fax or email to the following:

New Jersey Division of Consumer Affairs,  
Office of Consumer Protection

Case Initiation and Tracking Unit  
124 Halsey Street, P.O. Box 45025  
Newark, New Jersey 07101  
Fax: (973) 648-3139  
E-mail: cmt@dca.lps.state.nj.us.

6.4 If Defendant does not dispute the Additional Consumer's complaint and requested relief, Defendant shall provide written notification to the Additional Consumer. Where Restitution concerns the reversal of credit or debit card charges, Defendant shall include in the written notification to the Additional Consumer documents evidencing that such adjustments have been made. Where Restitution concerns a refund or other payment, such shall be made to the Additional Consumer by check or money order.

6.5 If Defendant disputes the Additional Consumer's complaint and/or requested relief, Defendant's written response shall include copies of all documents, if any, concerning Defendant's dispute of the complaint.

6.6 Within forty-five (45) days of receiving from the Division the Additional Consumer's complaint, Defendant shall provide the Division with written notification whether the Additional Consumer's complaint has been resolved. Such notification shall include the following:

- (a) The Additional Consumer's name and address;
- (b) Whether the Additional Consumer's complaint has been resolved;
- (c) The Restitution provided to the Additional Consumer;
- (d) Copies of all documents evidencing Restitution provided to the Additional Consumer;
- (e) Confirmation that Defendant sent all mailings to the Additional Consumer as required by this Section; and
- (f) In the event Defendant's written response and/or Restitution to the Additional Consumer was returned as undeliverable, the efforts, if any,

Defendant has undertaken to locate the Additional Consumer.

Following the Division's receipt and verification that an Additional Consumer's complaint has been resolved, the Additional Consumer's complaint shall be deemed closed for purposes of this Consent Judgment.

6.7 If within sixty (60) days of Defendant's receipt of the Additional Consumer's complaint: (a) Defendant has not notified the Division that the Additional Consumer's complaint has been resolved; (b) Defendant has notified the Division that the Additional Consumer's complaint has not been resolved; or (c) Defendant has notified the Division that the Additional Consumer refuses Defendant's offer of Restitution, the Division shall forward such Additional Consumer complaint to the ADR Unit for binding arbitration. Defendant agrees herein to consent to this arbitration process and to be bound by the arbitrator's decision. Defendant 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. 59:1-1 et seq. The Division shall notify any such Additional Consumer and Defendant of the referral of the complaint to the ADR Unit. Thereafter, the arbitration shall proceed in accordance with the ADR Guidelines (a copy of which is attached as Exhibit A).

6.8 If Defendant refuses to participate in the ADR program, the arbitrator may enter a default against Defendant. Unless otherwise specified in the arbitration award, Defendant shall pay all arbitration awards within thirty (30) days of the arbitrator's decision.

6.9 Defendant's failure or refusal to comply with the requirements of Sections 6.3 through 6.6 and/or participate in the arbitration process or pay an arbitration award timely shall constitute a violation of this Consent Judgment. Under these circumstances, the Division may unilaterally discontinue the Additional Consumer complaint resolution process upon notice to

Defendant.

6.10 If an Additional Consumer refuses to participate in the ADR program, that Additional Consumer's complaint shall be deemed closed for the purposes of this Consent Judgment.

6.11 The Parties may agree in writing to alter any time periods or deadlines set forth in this Section.

**Duration:**

6.12 As to the Additional Consumers whose complaints arise from Defendant's business practices prior to the Termination Date, the complaint resolution process set forth in Sections 6.1 through 6.7 shall be in effect for one (1) year from the Effective Date.

6.13 Defendant may request to extend the duration of the Additional Consumer complaint resolution process set forth in Section 6.12 up to two (2) successive one (1) year durations, by providing the Division with written notification thirty (30) days prior to the expiration of the initial duration of the resolution process or any subsequent one (1) year extension. The Division may decline to grant Defendant's request, at its sole discretion for any reason including, but not limited to, those set forth in Section 6.9.

6.14 As to the Additional Consumers whose complaints arise from Defendant's administration of a New Jersey Consumer's Existing MVSC after the Termination Date, the complaint resolution process set forth in Sections 6.1 through 6.7 shall be in effect while any New Jersey Consumer Existing MVSCs are in effect.

6.15 Following conclusion of all New Jersey Consumers' Existing MVSCs, Defendant shall provide written notification to the Division that all New Jersey Consumers' Existing MVSCs have concluded. Upon verification by the Division, the complaint resolution process as

to New Jersey Consumers' Existing MVSC shall be concluded.

6.16 The written notification referenced in Sections 6.2, 6.3., 6.4, 6.5,-6.6, 6.13 and 6.15 may be sent by Defendants by email.

## **7. SETTLEMENT AMOUNT**

7.1 The Parties have agreed to a settlement of the Action in the amount of Eight Hundred Ten Thousand Five Hundred Sixty-Nine and 16/100 Dollars (\$810,569.16) ("Settlement Amount").

7.2 The Settlement Amount comprises Five Hundred Thousand and 00/100 Dollars (\$500,000.00) in civil penalties, pursuant to the CFA, N.J.S.A. 56:8-13, and the Business Corporations Act, N.J.S.A. 14A:13-11(3), One Hundred Ninety Nine Thousand Five Hundred Fifty Nine and 75/100 Dollars (\$199,559.75) in Restitution, pursuant to the CFA, N.J.S.A. 56:8-8, and One Hundred Eleven Thousand Nine and 41/100 Dollars (\$111,009.41) in reimbursement of Plaintiffs' attorneys' fees and investigative costs, pursuant to the CFA, N.J.S.A. 56:8-11 and 56:8-19, the PLA, N.J.S.A. 56:12-12, and the Business Corporations Act, N.J.S.A. 14A:13-11(3).

7.3 Four Hundred Thousand and 00/100 Dollars (\$400,000.00) of Settlement Amount shall be suspended subject to the conditions set forth in Section 7.7 ("Suspended Penalty"). The remaining Four Hundred Ten Thousand Five Hundred Sixty-Nine and 16/100 Dollars (\$410,569.16) ("Settlement Payment") shall be paid by Defendant as follows:

- (a) On or before March 1, 2015, Defendant shall pay Fifty Thousand Dollars and 00/100 (\$50,000.00);
- (b) From April 1, 2015 to April 1, 2017, Defendant shall pay twenty-four (24) installments of Six Thousand Two Hundred Fifty and 00/100 Dollars (\$6,250.00), and such installments shall be due on the first day of every month; and
- (c) From May 1, 2017 to May 1, 2019, Defendant shall pay twenty-four (24) installments of Eight Thousand Seven Hundred Seventy-Three and 72/100



Dollars (\$8,773.72), and such installments shall be due on the first day of every month.

7.4 Defendant shall make the Settlement Payment by wire transfer, certified or cashier's check, money order or credit card made payable to "New Jersey Division of Consumer Affairs" and forwarded to:

David M. Reap, Deputy Attorney General  
Consumer Fraud Prosecution Section  
State of New Jersey  
Office of the Attorney General  
Department of Law and Public Safety  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101

7.6 Upon making the Settlement Payment, Defendant shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, and Plaintiffs shall have sole discretion as to the application of such monies.

7.7 The Suspended Penalty shall be automatically vacated on March 1, 2019, provided:

- (a) Defendant complies in all material respects with the restraints and conditions set forth in Section 5;
- (b) Defendant complies in all material respects with the Additional Consumer Complaint resolution process in Section 6; and
- (c) Defendant makes the Settlement Payment in the manner required under Section 7.3.

7.8 In the event Defendant fails to comply with Section 7.7, Plaintiffs shall provide Defendant with written notice ("Notice to Cure") seeking payment of the Suspended Penalty as well as any unpaid portion of the Settlement Payment. In any such Notice to Cure, however,

Plaintiffs shall provide Defendant with the specific details of the alleged noncompliance, as well as any supporting documents, and shall afford Defendant a twenty (20) day period from receipt of such Notice to Cure within which to cure any such noncompliance ("Cure Period"). In the event that Defendant has failed to cure any alleged non-compliance identified in the Notice to Cure during the Cure Period, Plaintiffs shall meet and confer with Defendant to attempt to resolve any such non-compliance before making an application to the Court for relief. If the alleged non-compliance is not cured or otherwise resolved within ten (10) days after such meeting, Plaintiffs may move on Notice of Motion or by Order to Show Cause to have a judgment entered for the Suspended Penalty as well as any unpaid portion of the Settlement Payment. Defendant shall have the right to submit opposition to any Motion or Order to Show Cause application filed by Plaintiffs.

#### **8. DISMISSAL OF ACTION**

8.1 The entry of this Consent Judgment constitutes a dismissal with prejudice of the Action, provided however, that the Court shall retain jurisdiction to enforce the terms of the Consent Judgment.

#### **9. GENERAL PROVISIONS**

9.1 This Consent Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Judgment.

9.2 This Consent Judgment shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey.

9.3 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Judgment and the rule that uncertainty or ambiguity is to be construed against the

drafter shall not apply to the construction or interpretation of this Consent Judgment.

9.4 This Consent Judgment contains the entire agreement among the Parties. Except as otherwise provided herein, this Consent Judgment shall be modified only by a written instrument signed by or on behalf of the Plaintiffs and Defendant.

9.5 Except as otherwise explicitly provided for in this Consent Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

9.6 If any portion of this Consent Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Judgment shall not be affected.

9.7 This Consent Judgment shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Judgment avoid compliance with this Consent Judgment.

9.8 This Consent Judgment is agreed to by the Parties and entered into for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Judgment nor any action taken hereunder shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division, or any other governmental unit of the State of any act or practice of Defendant; and (b) an admission by Defendant that any of its acts or practices described in or prohibited by this Consent Judgment are unfair or deceptive or violate or are governed by the Consumer protection laws of the State. This Consent Judgment is not intended, and shall not be deemed, to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms of this Consent Judgment; or (b) any action or proceeding involving a Released Claim (as defined in Section 10) to support a defense of res judicata,

collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

9.9 Nothing contained in this Consent Judgment shall be construed to limit or otherwise affect the rights of any Persons who are not Parties to this Consent Judgment with respect to any of the matters contained herein.

9.10 The Parties represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective Parties.

9.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

#### **10. RELEASE**

10.1 In consideration of the injunctive relief, payments, undertakings, mutual promises and obligations provided for in this Consent Judgment and conditioned on Defendant participating in the Additional Consumer complaint process in the manner specified in Section 6 and making the Settlement Payment in the manner specified in Section 7, Plaintiffs hereby agree to release Defendant from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which the Plaintiffs could have brought prior to the Effective Date against Defendant for violations of the CFA, the Advertising Regulations, the PLA and the Business Corporations Act as alleged in the Action, as well as the matters specifically addressed in Section 5 of the Consent Judgment ("Released Claims").

10.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims: (a) actions to enforce this Consent Judgment; and (b) any claims against Defendant by any other agency or subdivision of the State.

**11. PENALTIES FOR FAILURE TO COMPLY**

11.1 The Attorney General (or designated representative) shall have the authority to enforce the provisions of this Consent Judgment.

**12. COMPLIANCE WITH ALL LAWS**

12.1 Except as provided in this Consent Judgment, no provision herein shall be construed as:

- (a) Relieving Defendant of its obligations to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or
- (b) Limiting or expanding any right Plaintiffs may otherwise have to obtain information, documents or testimony from Defendant pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Defendant may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by Plaintiffs to obtain such information, documents or testimony.

**13. NOTICES UNDER THIS CONSENT JUDGMENT**

13.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Parties pursuant to this Consent Judgment shall be sent by UPS overnight delivery or other nationally recognized courier service that provides for tracking services and identification of the person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Plaintiffs:

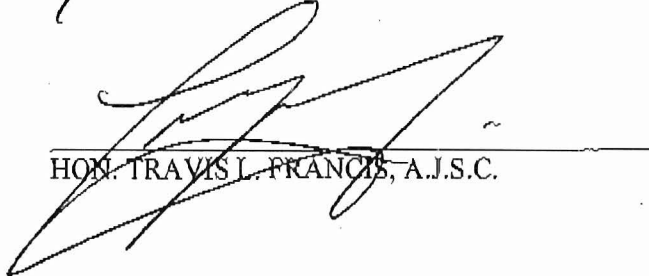
David M. Reap, Deputy Attorney General  
Consumer Fraud Prosecution Section  
State of New Jersey  
Office of the Attorney General  
Department of Law and Public Safety  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor

P.O. Box 45029  
Newark, New Jersey 07101

For the Defendant:

Darren Oved, Esq.  
Oved & Oved LLP  
401 Greenwich Street  
New York, New York 10013

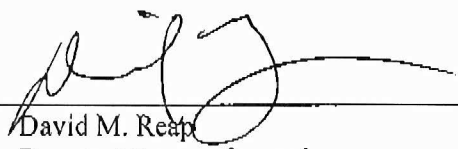
IT IS ON THE 28<sup>th</sup> DAY OF January 2015, SO ORDERED, ADJUDGED  
AND DECREED.

  
\_\_\_\_\_  
HON. TRAVIS L. FRANCIS, A.J.S.C.


JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS.

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By:   
David M. Reap  
Deputy Attorney General  
Consumer Fraud Prosecution Section

Dated: January 22, 2015

124 Halsey Street - 5<sup>th</sup> Floor  
P. O. Box 45029  
Newark, New Jersey 07101  


FOR DEFENDANT:

OVED & OVED, LLP

By: \_\_\_\_\_  
Aaron J. Solomon, Esq.

Dated: \_\_\_\_\_, 2015

401 Greenwich Street  
New York, New York 10013  
Telephone: (212) 226-2376

DIRECT BUY ASSOCIATES, INC. D/B/A DIRECT BUY AUTO WARRANTY

By: \_\_\_\_\_  
Albert V. Hakim, President

Dated: \_\_\_\_\_, 2015

\_\_\_\_\_  
Telephone: ( ) \_\_\_\_\_

JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS:

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_ Dated: \_\_\_\_\_, 2015  
David M. Reap  
Deputy Attorney General  
Consumer Fraud Prosecution Section

124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
[REDACTED]

FOR DEFENDANT:

OVED & OVED, LLP

By:  \_\_\_\_\_ Dated: January 21, 2015  
Aaron J. Solomon, Esq.

401 Greenwich Street  
New York, New York 10013  
Telephone: (212) 226-2376

DIRECT BUY ASSOCIATES, INC. D/B/A DIRECT BUY AUTO WARRANTY

By:  \_\_\_\_\_ Dated: 21 January, 2015  
Albert V. Hakim, President

\_\_\_\_\_  
Telephone: [REDACTED] [REDACTED] [REDACTED]



JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS:

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_ Dated: \_\_\_\_\_, 2015

David M. Reap  
Deputy Attorney General  
Consumer Fraud Prosecution Section

124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
[REDACTED]

FOR DEFENDANT:

OVED & OVED, LLP

By: \_\_\_\_\_ Dated: \_\_\_\_\_, 2015

Aaron J. Solomon, Esq.  
  
401 Greenwich Street  
New York, New York 10013  
Telephone: (212) 226-2376

DIRECT BUY ASSOCIATES, INC. D/B/A DIRECT BUY AUTO WARRANTY

By:  Dated: 21 January, 2015  
Albert V. Hakim, President

\_\_\_\_\_  
Telephone: [REDACTED]

**LIMITED PERSONAL GUARANTY**

The Undersigned, Albert Hakim, does hereby personally guarantee the amounts due and owing by defendant Direct Buy Associates Inc. d/b/a Direct Buy Auto Warranty ("Defendant") to the New Jersey Division of Consumer Affairs ("Division") set forth in Section 7.3(a) and (b) of the Final Consent Judgment entered into between the plaintiffs John J. Hoffman, Acting Attorney General of the State of New Jersey ("Attorney General"), and Steve C. Lee, Acting Director of the Division ("Director") ("Plaintiffs") and Defendant.

The Undersigned further agrees that if Defendant defaults and fails to make any or all of the payments set forth in Section 7.3(a) and (b) of the Final Consent Judgment, at the time of such default the Undersigned will pay any and all outstanding amounts due and owing to the Division pursuant to Sections 7.3(a) and (b). In the event the Defendant defaults and the Undersigned does not pay any and all outstanding amounts due and owing to the Division pursuant to Sections 7.3(a) and (b), Plaintiffs may seek to obtain such amounts from the Undersigned to the extent permitted by law.

The Undersigned's personal guarantee of the amounts due and owing by the Defendant in the Final Consent Judgment is limited to the amounts due and owing under Section 7.3(a) and (b), which comprises Two Hundred Thousand Dollars and 00/100 (\$200,000.00). Upon the Defendant and/or the Undersigned's making the payments set forth in Section 7.3(a) and (b), the obligations of the Undersigned that are personal guaranteed hereunder shall be deemed discharged in full, and this limited personal guarantee shall be deemed satisfied and of no further effect.

The Undersigned agrees that this Guaranty shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey.

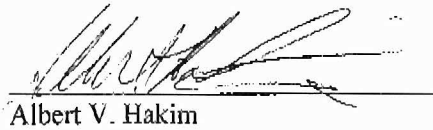
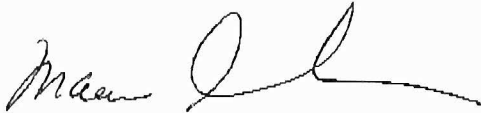
The Undersigned also covenants and agrees that his liability on this Guaranty shall be absolute and unconditional.

In WITNESS WHEREOF, Albert V. Hakim has signed this Guaranty on the 21 day of

January, 2015

SIGNED, SEALED AND DELIVERED

IN THE PRESENCE OF:

  
Albert V. Hakim

(Sign Name)

(Print Name)

MARINA CORCORAN

AN ATTORNEY AT

LAW IN THE STATE OF NEW JERSEY