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Superior Court of California
County of Los Angeles

MAR 09 2021

**Sherri R. Carter, Executive Officer/Clerk
By: Jed Jimenez, Deputy**

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

**THE PEOPLE OF THE STATE OF
CALIFORNIA,**

Plaintiff,

v.

**ADIR INTERNATIONAL, LLC,
A DELAWARE LIMITED LIABILITY
COMPANY ALSO DOING BUSINESS AS
CURACAO AND LA CURACAO; AND
RON AZARKMAN, AN INDIVIDUAL,**

Defendants.

Case No. BC680425

**~~PROPOSED~~ PARTIAL JUDGMENT
AND PERMANENT INJUNCTION**

Plaintiff, the People of the State of California (“People” or “Plaintiff”), through its attorney, Xavier Becerra, Attorney General of the State of California, by Supervising Deputy Attorney General Michele Van Gelderen and Deputy Attorneys General Alicia K. Hancock, Michael Reynolds, Shanaira U. Banerjee, and Rosailda Perez, and Defendants Adir International, LLC, dba Curacao and La Curacao (“Curacao”) and Ron Azarkman (collectively, “Defendants”), appearing through its attorneys Jeffrey Tsai, Michael T. Boardman, and Alexander E. Wolf of DLA Piper LLP (US), have stipulated and consented to the entry of this Partial Judgment and Permanent Injunction (“Partial Judgment”) without the taking of proof and without trial or adjudication of any fact or law, without this Partial Judgment constituting evidence of or an

BY FAX

1 admission by Defendants regarding any issue of law or fact alleged in the First Amended
2 Complaint on file, and without Defendants admitting any liability, and with all parties having
3 waived their right to appeal any issue of fact or law arising from the allegations addressed by this
4 Partial Judgment. The Court having considered the matter and good cause appearing:

5 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

6 1. This Court has jurisdiction over the allegations and subject matter of the People's
7 First Amended Complaint filed in this action, and the parties to this action; venue is proper in this
8 County; and this Court has jurisdiction to enter this Partial Judgment.

9 2. This Partial Judgment shall apply to all claims under Business and Professions
10 Code section 17500 as alleged in paragraph 33 of the First Amended Complaint. This Partial
11 Judgment also shall apply to all predicate violations of Business and Professions Code section
12 17200 as alleged in the First Amended Complaint, with the exception of violations alleged in
13 Paragraph 35, subsections k(iii), k(iv), k(v), or m (collectively the "Reserved Claims"), which
14 concern violations of the Unruh Act related to the sale of Adir Global Protection, Curacao Credit
15 Shield and similar products, and violations of the Insurance Code. Specifically, this Partial
16 Judgment does not apply to, resolve, estop, adjudicate, preclude or bar the claims that Defendants
17 engaged in unlawful, unfair or fraudulent business acts or practices as alleged in the Reserved
18 Claims, and to any legal or factual allegations in the First Amended Complaint that relate to those
19 claims. The Court retains jurisdiction to resolve the Reserved Claims and Defendants shall not
20 challenge, by way of motion or any other procedure, those claims on the grounds of res judicata,
21 collateral estoppel, claim-splitting or similar doctrines, all of which have been waived by
22 Defendants by stipulating to entry of this Partial Judgment.

23 3. This Court will retain jurisdiction over the subject matter of the Partial Judgment
24 for the purpose of enabling the People, by and through the Attorney General, to apply to this
25 Court for such further orders and directions as may be necessary or appropriate for the
26 construction and modification of the injunctive provisions of this Partial Judgment, and for the
27 enforcement of this Partial Judgment.

1 **DEFINITIONS**

2 4. For purposes of this Partial Judgment:

3 4.1. "Account" or "sub-account" shall mean any arrangement established by an
4 agreement between Curacao and a consumer pursuant to which the consumer promises to pay to
5 Curacao an outstanding balance incurred in a retail sale, in installments or otherwise, and
6 specifically includes accounts pursuant to a retail installment contract, retail installment account,
7 or any other credit arrangement.

8 4.2. "Actively control" shall mean that a person either (a) is the Chief
9 Executive Officer, or functional equivalent of a Chief Executive Officer, of a company; or (b)
10 owns, either directly or indirectly, more than 50.0% of the membership shares, stock, or equity of
11 the company, or otherwise owns a controlling interest in the company. A person shall not be
12 deemed to actively control a company if they have been deemed to be mentally incapacitated.

13 4.3. "Advertise," "Advertisement," or "Advertising" shall mean any written,
14 oral, or electronic statement, illustration, or depiction that promotes the sale or lease of goods or
15 services, whether the statement is made directly to a consumer or appears in a brochure,
16 newspaper, magazine, freestanding insert, marketing kit, leaflet, circular, mailer, book insert,
17 letter, catalog, poster, chart, billboard, public-transit card, point-of-purchase display, package
18 insert, package label, product instructions, electronic mail, website, homepage, film, slide, radio,
19 television, cable television, program-length commercial or "infomercial," mobile media, social
20 media, or any other medium directed to consumers residing in California.

21 4.4. "APR" shall mean Annual Percentage Rate, which is the annualized cost of
22 borrowing expressed as an interest rate.

23 4.5. "Assistant sales manager" shall mean a Curacao employee who supervises
24 a department within a Curacao store location.

25 4.6. "Attorney General" shall mean the Attorney General of the State of
26 California.

1 4.7. “Automatic renewal” or “automatically renewing” shall refer to a plan or
2 arrangement in which a paid subscription or purchasing agreement is automatically renewed at
3 the end of a definite term for a subsequent term.

4 4.8. “Bundle” shall mean one or more products, services, warranties, service
5 contracts, or insurance products sold together as a package.

6 4.9. “CCB” shall mean the Compliance Certification Board established by the
7 Society of Corporate Compliance and Ethics.

8 4.10. “Compliance Monitor” shall mean a person retained by Defendants as
9 described in Paragraph 8 for the purpose of ensuring compliance with this Partial Judgment and
10 whose duties include, but are not limited to, preparing a compliance report for the Parties every
11 six months for two and one-half years.

12 4.11. “Consumer credit reporting agency” shall have the same definition as in
13 California Civil Code section 1785.3(d), as any person who, for monetary fees, dues, or on a
14 cooperative nonprofit basis, regularly engages in whole or in part in the business of assembling or
15 evaluating consumer credit information or other information on consumers for the purpose of
16 furnishing consumer credit reports to third parties, and shall specifically include Equifax,
17 Experian, and TransUnion.

18 4.12. “Credit associate” shall mean any Curacao employee whose primary duties
19 include offering credit accounts to or setting up credit accounts for consumers, including, but not
20 limited to, retail installment contracts or retail installment accounts, or an employee whose
21 primary duties include assisting customers with credit-related issues.

22 4.13. “Consumer credit report” shall mean any written, oral, or other
23 communication of any information by a consumer credit reporting agency bearing on a
24 consumer’s credit worthiness, credit standing, credit capacity, character, general reputation,
25 personal characteristics, or mode of living which is used or expected to be used or collected in
26 whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for
27 credit, insurance, or employment.

28

1 4.14. “Curacao” shall mean Defendant Adir International, LLC, dba Curacao and
2 La Curacao, and its successors and assigns.

3 4.15. “Debt collection” shall mean any act or practice in connection with the
4 collection of consumer debts.

5 4.16. “Defendants” shall mean Curacao and Ron Azarkman.

6 4.17. “District manager” shall mean a Curacao employee who supervises the
7 sales and retail operations of multiple Curacao store locations and supervises the general
8 managers of those store locations.

9 4.18. “Effective Date” shall mean the date on which a copy of this Partial
10 Judgment is approved by and becomes a judgment of the Court.

11 4.19. “Electronic signature” shall mean a process by which Curacao, using a
12 technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar
13 capabilities, collects a signature from a consumer demonstrating an intent by the consumer to sign
14 a contract, agreement, or other record.

15 4.20. “Finance charge” shall have the same definition as in California Civil Code
16 section 1802.10, as the amount however denominated or expressed which a retail buyer contracts
17 to pay or pays for the privilege of purchasing goods or services to be paid for by the buyer in
18 installments.

19 4.21. “First Amended Complaint” shall mean the document entitled First
20 Amended Complaint for Permanent Injunction, Civil Penalties, Restitution, and Other Equitable
21 Relief in the matter of *People of the State of California v. Adir International, LLC, dba Curacao*,
22 Case No. BC680425, filed on February 19, 2020, in the Superior Court of the State of California,
23 County of Los Angeles.

24 4.22. “Form EJ-100” or “EJ-100” shall mean the Form EJ-100
25 Acknowledgement of Satisfaction of Judgment published by the Judicial Council of California.

26 4.23. “Form SC-100” or “SC-100” shall mean the Form SC-100 Plaintiff’s
27 Claim and Order To Go to Small Claims Court published by the Judicial Council of California.

28

1 4.24. “Form SC-105” or “SC-105” shall mean the Form SC-105 Request for
2 Court Order and Answer published by the Judicial Council of California.

3 4.25. “Form SC-290” or “SC-290” shall mean the Form SC-290
4 Acknowledgement of Satisfaction of Judgment published by the Judicial Council of California.

5 4.26. “General manager” shall mean a Curacao employee who is primarily
6 responsible for supervising the sales and retail operations at a Curacao store location.

7 4.27. “GPS tracking system” shall mean a system that uses Global Position
8 System technology to acquire and store the geolocation data of a process server.

9 4.28. “Hard credit check” shall mean any inquiry to a consumer credit reporting
10 agency for information bearing on that consumer’s credit worthiness, credit standing or credit
11 capacity, that is reflected in a consumer credit report.

12 4.29. “LPEC” shall mean the Leadership Professional in Ethics and Compliance
13 certification established by the Ethics and Compliance Initiative.

14 4.30. “Partial Judgment” shall mean this document entitled Partial Judgment and
15 Permanent Injunction in the matter of *People of the State of California v. Adir International, LLC,*
16 *dba Curacao*, Case No. BC680425, filed in the Superior Court of the State of California, County
17 of Los Angeles.

18 4.31. “Parties” shall mean Plaintiff and Defendants, collectively.

19 4.32. “Plaintiff,” “People,” and “State” shall mean the People of the State of
20 California.

21 4.33. “Policy” shall mean any procedure, rule, guideline, or practice, whether
22 written or unwritten, that Curacao employees follow in the course of performing their regular
23 duties.

24 4.34. “Profit-sharing agreement” shall mean any agreement or arrangement
25 between Curacao and a third-party warranty provider, third-party service provider, or third-party
26 administrator whereby Curacao would receive any payment or compensation based on profits
27 from the sale and administration of warranties or service contracts sold by Curacao.

28

1 4.35. “‘Regular’ price” shall mean an advertised price that is published in
2 comparison to an advertised “sale” price in a manner that implies that the “sale” price is a
3 discount from the price at which the advertised product or service is regularly sold. This includes,
4 but is not limited to, a price designated as the “Reg.” price, “Regular” price, “Compare at” price,
5 “Value” price, “Normal” price, a price with a strike through, or any other similar designation that
6 implies it is the price at which the product or service has been offered for sale or sold.

7 4.36. “Regularly maintained consumer call log” shall mean a record of calls
8 made by a consumer that Curacao maintains in its regular course of business.

9 4.37. “Restocking fee” shall mean any fee charged to a consumer for returning a
10 product or service.

11 4.38. “Retail installment contract” shall have the same definition as in the Unruh
12 Act, Civil Code section 1802.6, as any contract for a retail installment sale between a buyer and
13 seller, entered into or performed in this state, which provides for (a) repayment in installments,
14 whether or not such contract contains a title retention provision, and in which the buyer agrees to
15 pay a finance charge, or in which the buyer does not agree to pay a finance charge but the goods
16 or services are available at a lesser price if paid for by either cash or credit card, or in which the
17 buyer would have received any additional goods or services or any higher quality goods or
18 services at no added cost over the total amount payable in installments if the sale had been for
19 cash, or (b) which provides for payment in more than four installments. “Retail installment sale”
20 shall mean the sale of goods or the furnishing of services by a retail seller to a retail buyer for a
21 deferred payment price payable in installments.

22 4.39. “Rosenthal Fair Debt Collection Practices Act” shall refer to California
23 Civil Code section 1788 et seq.

24 4.40. “‘Sale’ price” shall mean an advertised price that is published in
25 comparison to a higher price in a manner that implies that the “sale” price is a discount from the
26 price at which the advertised product or service has been offered.

27 4.41. “Sales associate” shall mean any Curacao employee who sells or offers to
28 sell products or services to consumers at a Curacao store location.

1 **Advertising Practices**

2 7.1. Curacao shall sell products and services to consumers at the price it has
3 advertised for those products and services.

4 7.2. Curacao shall have enough products in stock to meet reasonably expected
5 demand at each of its stores; except if Curacao does not have (or does not expect to have) enough
6 products to meet reasonably expected demand, or is unwilling to meet reasonably expected
7 demand of an advertised product at the advertised price, Curacao shall clearly and conspicuously
8 state the following in its advertisement of the product:

9 7.2.1. that the particular product advertised is subject to limited quantities;

10 7.2.2. the quantities available for sale at the advertised price or, if that
11 information is not available, the quantities Curacao has ordered for
12 sale at the advertised price;

13 7.2.3. that rain checks will not be available (if applicable);

14 7.2.4. that the consumer may contact the local store for details; and

15 7.2.5. if detailed quantity information will be available via website or
16 other online source, the directions for a consumer to access such
17 information on the website or online source where that information
18 will be available.

19 7.3. If Curacao advertises a product or service with a “regular” price, Curacao
20 shall ensure that the “regular” price is a price at which Curacao actually offered the product or
21 service for sale within the three months immediately preceding the publication of the
22 advertisement, unless the date when Curacao last offered the product or service at the “regular”
23 price is clearly and conspicuously stated in the advertisement. Curacao shall maintain an internal
24 tracking system to ensure compliance with this provision.

25 7.4. If any Curacao store location will sell a particular product or service only
26 as part of a bundle, Curacao shall clearly and conspicuously disclose that condition in all
27 advertisements regarding that product or service.

28

1 7.5. Curacao shall clearly and conspicuously disclose to consumers whether any
2 product it is selling is used, second-hand, returned, refurbished, damaged, or a display model.

3 7.6. Curacao shall draft a statement that informs consumers clearly and
4 conspicuously of consumers' rights when shopping at Curacao, including, but not limited to,
5 consumers' rights to: (i) purchase products at the advertised price; (ii) receive a copy of their
6 contract before signing; (iii) receive contracts in Spanish if they negotiate such contracts
7 primarily in Spanish; (iv) know the applicable return policy for products before purchase; and
8 (v) return products pursuant to the applicable return policy. Curacao shall post this statement of
9 consumers' rights prominently and permanently in English and Spanish in all Curacao stores, and
10 shall include this statement of consumers' rights in Curacao's catalog advertisements on a
11 quarterly basis for a period of 10 years.

12 7.7. Curacao's senior management with responsibility for the content of
13 Curacao's advertisements shall review and approve all advertisements prior to their release to
14 ensure they conform to the requirements of this Partial Judgment.

15 7.8. In any advertisements that advertise any products or services in Spanish
16 and contain, list, or describe any monthly payments or financing terms, Curacao shall include a
17 prominent APR disclosure in Spanish that clearly states the requirements for receiving the
18 advertised terms and conditions, including, but not limited to, whether the advertised terms are
19 available only to very well-qualified consumers.

20 7.9. Curacao shall not advertise monthly payments unless such payments are
21 based upon an APR that at least 15% of Curacao's current customers (as of the time of
22 advertising) have qualified to receive.

23 **Sales Practices**

24 7.10. Before asking any consumer to sign a retail installment contract, Curacao
25 shall first print and deliver to the consumer an unsigned copy of such retail installment contract.
26 Such copy shall clearly itemize all individual products and services purchased, all prices, all
27 discounts, and all applicable return policies, and shall include the amount financed, the interest
28 rate, the amount of monthly payments, the number of monthly payments, and the total amount to

1 be paid, including, but not limited to, financing. The copy shall also include all terms and
2 conditions associated with the retail installment contract and shall be fully translated into the
3 language the consumer primarily used to negotiate the purchase. Curacao may accept the
4 consumer's signature on the copy of the retail installment contract, and shall provide the
5 consumer with a copy of the signed retail installment contract. Curacao may also request a
6 consumer's electronic signature acknowledging receipt of the unsigned copy of the retail
7 installment contract and agreement to the retail installment contract, but only if the electronic
8 signature pad or sales computer screen is shown to the consumer and clearly and conspicuously
9 states, in the language primarily used by the consumer to negotiate the contract, that the consumer
10 is signing as an acknowledgment that the consumer has received and been given an opportunity to
11 review the unsigned retail installment contract.

12 7.11. For every consumer who signs a retail installment contract, Curacao shall
13 retain such retail installment contract for a period of at least 48 months after the date of the
14 consumer's final payment in connection with that retail installment contract. Curacao shall also
15 maintain and retain consumer call logs related to the retail installment contract for a period of at
16 least 48 months after the date of the consumer's final payment in connection with that retail
17 installment contract.

18 7.12. Curacao shall not request or obtain the signature of a consumer on a retail
19 installment contract if the contract contains blank spaces to be filled in after it has been signed.

20 7.13. Curacao shall disclose in each of its retail installment contracts the method
21 of computing the unearned portion of the finance charge in the event of prepayment in full of the
22 consumer's obligation under such contract.

23 7.14. Curacao shall not misrepresent any aspect of a consumer's purchase,
24 Curacao contract, or retail installment contract, including, but not limited to, the following: the
25 account or sub-account to which the purchase is charged; the price of any item of merchandise,
26 service, warranty, or insurance; the existence, amount, or application of any discounts, rebates, or
27 other reductions in price; the applicable return policy or cancellation policy for any item of
28 merchandise, service, warranty, or insurance; the amount financed; the interest rate; the amount

1 of monthly payments; the number of monthly payments; or the total amount to be paid, including,
2 but not limited to, financing.

3 7.15. Curacao shall inform each consumer, in writing, of each type of instance in
4 which Curacao might pull a consumer credit report or run a hard credit check on a consumer's
5 credit report. This disclosure shall be contained, at the very least, in the Curacao contract or
6 application provided to any consumer who applies for credit with Curacao. Curacao sales
7 associates and credit associates shall be trained on each instance in which Curacao might pull a
8 consumer credit report or run a hard credit check on a consumer's credit report. Curacao sales
9 associates shall be trained to connect consumers directly with a Curacao credit associate to
10 answer any questions regarding credit checks, including, but not limited to, questions whether any
11 transaction or account-related request might result in Curacao pulling a consumer credit report or
12 running a hard credit check on the consumer's credit report.

13 7.16. Before opening any consumer account or sub-account, Curacao shall
14 inform the consumer that a new account or sub-account is being opened and shall obtain the
15 consumer's express consent in writing before opening the account or sub-account.

16 7.17. Curacao shall confirm any sale conducted via telephone in writing with the
17 consumer within five calendar days of the sale, either through email or US Mail, based on the
18 consumer's express preference (which shall be solicited and appropriately recorded during any
19 sale conducted by Curacao via telephone). The written confirmation sent to the consumer shall
20 contain all terms and conditions applicable to the product or service purchased, including, but not
21 limited to, its price, and shall provide the consumer with the right, ability, and necessary
22 instructions to cancel the product purchase or service—without charge, fee, or penalty—within 30
23 calendar days of the consumer's receipt of the written confirmation. However, in those cases
24 where the purchase is of a product that Curacao has already shipped by the date of the consumer's
25 cancellation (rather than those cases involving cancellation of a service), Curacao shall handle the
26 cancellation as a return. Curacao shall record the audio of the entire call of any sale conducted via
27 telephone, including, but not limited to, the consumer's confirmation or verification, and shall
28 retain such recordings for at least 48 months.

1 7.18. If Curacao offers a product or service under a paid subscription or
2 purchasing agreement that is automatically renewed at the end of a definite term for a subsequent
3 term, Curacao shall clearly and conspicuously disclose the following before the sale: (a) that the
4 subscription or purchasing agreement will be automatically renewed; (b) the cancellation policy,
5 including, but not limited to, how the consumer may cancel the subscription or purchasing
6 agreement; (c) the amount of the recurring charge, including, but not limited to, any changes; (d)
7 the length of the renewal term; and (e) the minimum purchase obligation, if any. Curacao may not
8 charge a consumer for an automatic renewal unless it has obtained the consumer's affirmative
9 consent to the terms above. Curacao must provide an acknowledgement to the consumer in a form
10 that may be retained by the consumer that contains the terms above.

11 7.19. Curacao shall provide the following methods for a consumer to cancel an
12 automatically renewing subscription or purchasing agreement: (1) by an in-person visit to a
13 Curacao store location and (2) by telephone. If Curacao no longer maintains a telephone line for
14 incoming calls from customers or potential customers for the purpose of sales, payment, or
15 customer service, and if Curacao no longer makes outgoing calls to customers or potential
16 customers related to the sale of any automatically renewing product or service, then Curacao may
17 replace telephone as a cancellation method with another cost-effective, timely, and easy-to-use
18 mechanism for cancellation that is described in the disclosures described in Paragraph 7.18. If the
19 terms of an automatically renewing subscription or purchasing agreement change, Curacao shall
20 provide the consumer with a clear and conspicuous notice of the change and the method by which
21 the consumer may cancel.

22 7.20. Curacao shall provide consumers with written notice of any automatically
23 renewing subscription or service either through email or US Mail (based on the consumer's
24 preference) at least 30 calendar days before the subscription or service is set to renew. This notice
25 shall contain all terms and conditions applicable to the product or service being renewed,
26 including, but not limited to, its price, and shall provide the consumer with the right, ability, and
27 necessary instructions to cancel the product or service—without charge, fee, or penalty—before
28 the renewal occurs.

1 **Warranty Practices**

2 7.21. Curacao shall not issue, sell, or offer for sale, any warranty, protection
3 plan, or service contract unless Curacao and such warranty, protection plan, or service contract
4 meet all requirements under relevant laws and regulations, including, but not limited to, the
5 California Code of Regulations, California Business and Professions Code, and California Civil
6 Code.

7 7.22. Before selling any warranty, protection plan, or service contract to a
8 consumer, Curacao shall inform the consumer whether or not the product at issue is covered by a
9 manufacturer's warranty.

10 7.23. Curacao shall provide the form contract for any warranty, protection plan,
11 or service contract to the consumer for inspection prior to purchase, subject to any applicable
12 regulations and requirements under law, and Curacao shall have such contract available for
13 inspection by consumers in English and Spanish. Prior to purchase, Curacao shall give the
14 consumer a brochure or contract, which shall be available in both English and Spanish, describing
15 the scope of the warranty, protection plan, or service contract. Curacao shall provide consumers,
16 upon request, their own copy of the form contract for any warranty, protection plan, or service
17 contract, which shall be available in both English and Spanish. In addition, Curacao shall inform
18 consumers, either verbally or through a brochure, that they can also access the legal terms and
19 conditions of the warranty, protection plan, or service contract on the websites of Curacao or any
20 third party whose warranty, protection plan, or service contract is sold by Curacao. Curacao, or a
21 third-party administrator or warranty issuer, shall deliver to the consumer, via email or US mail
22 (based upon the consumer's preference), the contract for any warranty, protection plan, or service
23 contract sold to the consumer within 60 days after purchase, and shall provide such contract in
24 English or Spanish based upon the consumer's preference.

25 7.24. Curacao shall not participate in any profit-sharing agreement with any
26 third-party warranty or service contract provider and shall cancel all existing profit-sharing
27 agreements regarding warranties or service contracts.

1 7.25. Curacao shall provide a full refund, without any deduction, penalty, or fee,
2 for any warranty returned or cancelled by a consumer within 30 days of purchase, provided that
3 the consumer has not received any repair, replacement, or monetary compensation under the
4 coverage of the warranty. The refund must be provided to the consumer within seven days of
5 cancellation and may be provided via cash refund or account credit, if the consumer has an
6 outstanding account balance with Curacao greater than the amount of the refund.

7 **Translation Practices**

8 7.26. Curacao shall prominently and permanently post legible Spanish-language
9 notices that explain consumers' rights to receive Curacao contracts in Spanish when the contract
10 is negotiated primarily in Spanish. Such notices must be posted at all point-of-sale stations or
11 terminals, and any other locations at which a consumer might be asked to sign a Curacao contract.

12 7.27. Curacao shall provide to any consumer who negotiates a Curacao contract
13 primarily in Spanish a fully and accurately translated Spanish-language version of the contract,
14 including, but not limited to, translations of all terms and conditions in the contract. Curacao must
15 provide such translation to the consumer before requesting the consumer's signature on the
16 contract.

17 **Return Practices**

18 7.28. Curacao shall prominently and permanently post its return policies
19 (including, but not limited to, any final-sale policies, restocking fees, and other return fees), in
20 both English and Spanish, in multiple locations in all of its stores so that the policies are visible to
21 consumers before they make a purchase. Such notices must be posted at the front of each store
22 and in all areas where a consumer might complete a purchase or be asked to sign a Curacao
23 contract, so that the return policy is visible and legible to consumers at the time they make a
24 purchase or sign a Curacao contract.

25 7.29. For products and services that are final sale or subject to a restocking fee,
26 Curacao shall create, implement, and train associates on a policy of verbally informing the
27 consumer, prior to purchase, that such product or service is a final sale or subject to a restocking
28 fee.

1 7.30. Curacao shall clearly and conspicuously identify any products that are final
2 sale by either marking the products as final sale or posting a sign in proximity to the products that
3 identify them as final sale.

4 **Consumer Payment Practices**

5 7.31. For any consumer who prepays their retail installment contract in full,
6 Curacao shall provide a full refund of the unearned portion of the finance charge associated with
7 such contract. Such refund shall be calculated in accordance with Curacao's disclosures, as
8 mandated in Paragraph 7.13, above.

9 7.32. Curacao shall confirm in writing with the consumer any change of terms or
10 refinancing of a retail installment contract. Curacao shall provide the written confirmation to the
11 consumer at the time of the change of terms or refinancing, and such written confirmation shall
12 contain all terms and conditions applicable to the change of terms or refinancing, including, but
13 not limited to, all disclosures required by Civil Code section 1807.2.

14 7.33. If Curacao conducts a change of terms or refinancing via telephone,
15 Curacao shall disclose during any such telephone call all terms and conditions applicable to the
16 change of terms or refinancing, including, but not limited to, all disclosures required by Civil
17 Code section 1807.2. Curacao shall confirm in writing with the consumer any change of terms or
18 refinancing conducted via telephone within five calendar days, either through email or US Mail,
19 based on the consumer's express preference (which Curacao shall solicit and appropriately record
20 during any change of terms or refinancing conducted by Curacao via telephone). The written
21 confirmation sent to the consumer shall comply with Paragraph 7.32, above, and shall also
22 include clear instructions and a process for the consumer to challenge the change of terms or
23 refinancing, if necessary. For any change of terms or refinancing conducted by Curacao via
24 telephone, Curacao shall record the audio portion of the call containing the disclosures required
25 by Civil Code section 1807.2 as well as the consumer's confirmation or verification, and Curacao
26 shall retain such recordings for at least 48 months.

27 7.34. If a consumer disputes a change of terms or refinancing, Curacao shall
28 nullify the change of terms or refinancing, and the consumer's account or contract shall revert to

1 the terms that existed prior to the challenged change of terms or refinancing, unless Curacao has
2 the relevant change of terms or refinancing form with the consumer's signature or a recording that
3 meets the requirements of Paragraph 7.33 and clearly contains the consumer's consent to the
4 change of terms or refinance. In the event that Curacao finds that the consumer dispute is not
5 reasonably credible based upon Curacao's evidence of consent, Curacao shall provide the
6 consumer with written notice specifying its basis and attaching its clear and convincing evidence
7 of consent.

8 **Debt Collection Practices**

9 7.35. Curacao shall fully comply with all state and federal debt collection laws,
10 including, but not limited to, the Rosenthal Fair Debt Collection Practices Act.

11 7.36. Curacao shall not communicate with any consumer via telephone, either in
12 person or via text messaging or recorded audio message, in excess of one communication per day.
13 Curacao shall not be deemed to have communicated in excess of one communication per day with
14 a consumer if the communication by Curacao is in response to a request made by the consumer
15 for said communication.

16 7.37. Curacao shall not threaten any consumer with legal actions (such as taking
17 a consumer's home or other property) unless Curacao intends, and is legally permitted, to take
18 that action against the consumer.

19 7.38. Curacao shall not threaten any consumer with arrest or referral to law
20 enforcement to collect a debt.

21 7.39. Curacao shall not call third parties for purposes of debt collection unless
22 Curacao is unable to locate the consumer. Curacao shall limit such contact to questions about
23 locating the consumer. Further, Curacao shall make contact with each third party no more than
24 one time unless requested to do so by such third party or unless Curacao has evidence supporting
25 a reasonable belief that the earlier response of such third party is erroneous or incomplete and that
26 such third party now has correct or complete location information for the consumer. In contacts
27 with third parties, Curacao shall not disclose any information about the consumer, including, but
28 not limited to, whether the consumer owes a debt to Curacao.

1 7.40. Curacao shall take all reasonable steps necessary to ensure that any debt
2 collectors working on Curacao’s behalf comply with the terms and requirements set out in this
3 section.

4 **Small Claims Practices**

5 7.41. Curacao shall not file more than one small claims action against a
6 consumer regarding a single consumer account for debt that is past-due at the time of filing, and
7 shall not have more than one small claims action pending against any single consumer at any
8 point in time. Curacao shall not split a consumer’s existing debt into smaller amounts so as to file
9 more than one small claims action against such consumer.

10 7.42. Curacao shall not file more than two small claims actions in a single
11 calendar year in which the amount demanded exceeds \$2,500.00.

12 7.43. Curacao shall include in any SC-100 small claims Claim and Order (or
13 functional equivalent) a complete statement of Curacao’s calculation of liability, including, but
14 not limited to, a copy of any credit or debits log upon which Curacao relied to determine the
15 calculation of liability. Such credit or debits log shall be served on the consumer defendant along
16 with any SC-100 small claims Claim and Order (or functional equivalent). Curacao shall properly
17 calculate and credit consumer defendants for any unearned interest on the accounts at issue.

18 7.44. Curacao employees shall draft, review, and finalize all SC-100 small
19 claims Claim and Order forms (or functional equivalent). Curacao shall not use independent
20 contractors to draft, review, or finalize its SC-100 small claims Claim and Order forms (or
21 functional equivalent).

22 7.45. Curacao shall not seek or request court costs or fees in any small claims
23 action that are in excess of statutory limitations. Curacao shall not seek or request court costs or
24 fees in any small claims action that are in excess of amounts actually incurred by Curacao in
25 pursuing such small claims action.

26 7.46. Curacao shall properly serve all SC-100 small claims Claim and Order (or
27 functional equivalent) documents pursuant to the California Small Claims Act.

1 7.47. Curacao shall use the services of licensed, registered, and bonded process
2 server providers whose servers use a GPS tracking system as long as there are, at the time a
3 process server provider is hired or engaged, at least two process server providers that offer a GPS
4 tracking system for a cost not exceeding 25% above the cost of a comparable licensed, registered,
5 and bonded process server provider that does not use a GPS tracking system.

6 7.48. If the requirements of Paragraph 7.47 cannot be fulfilled because there are
7 not at least two process server providers that offer a GPS tracking system for a cost not exceeding
8 25% above the cost of a comparable licensed, registered, and bonded process server provider that
9 does not use a GPS tracking system, Curacao shall still use the services of only licensed,
10 registered, and bonded process servers. In addition, Curacao shall maintain internal processes and
11 checks to ensure that every reported service of process is reasonable based upon reported dates,
12 times, and locations of service.

13 7.49. Curacao shall retain records of each service of process for a period of 48
14 months after service.

15 7.50. Curacao shall only appear in small claims actions through its own regular
16 employees or officers.

17 7.51. If a default judgment is entered against a consumer who contacts Curacao
18 within 180 days after the consumer discovers or should have discovered that judgment was
19 entered, and such consumer alleges that they were not properly served, Curacao shall investigate
20 the claim within 30 days. Unless Curacao has clear and convincing evidence that the consumer
21 was properly served (such as a GPS record of service), Curacao shall agree to vacate such default
22 judgment without prejudice. In the event that Curacao finds such a claim is not reasonably
23 credible based upon Curacao's clear and convincing evidence of service, Curacao shall provide
24 the consumer with written notice specifying its basis and attaching its clear and convincing
25 evidence of service. Until Curacao has met its obligations under this Paragraph, Curacao shall not
26 initiate or continue enforcement of such default judgment against any consumer who alleges that
27 they were not properly served. Curacao shall ensure that any third-party enforcement against any
28 such consumer is stayed until Curacao has met its obligations under this Paragraph.

1 7.52. For each default judgment resulting from a small claims case that involved,
2 in any capacity, Jorge Otero and/or Ismael Parra and/or Services Unlimited, and in which the
3 underlying claim is outside the statute of limitations, Curacao shall file a Form EJ-100 or SC-290
4 Acknowledgment of Satisfaction of Judgment (or the functional equivalent of these small claims
5 forms). Curacao shall file a Form EJ-100 or SC-290 Acknowledgment of Satisfaction of
6 Judgment (or the functional equivalent of these small claims forms) regardless of the consumer
7 defendant's payment status on the default judgment. Curacao shall send written notice to the
8 consumer defendant that it has filed a Form EJ-100 or SC-290 Acknowledgment of Satisfaction
9 of Judgment (or the functional equivalent of these small claims forms). Curacao shall clear any
10 liens placed on the consumer defendant's property and file any notices, forms, or other papers
11 necessary to stop any other form of debt collection against the consumer defendant. Curacao shall
12 ask all consumer reporting agencies to remove the default judgment from the consumer
13 defendant's file. The requirements of this Paragraph shall be completed within 60 days of the
14 Effective Date.

15 7.53. For each small claims default judgment resulting from a small claims case
16 that involved, in any capacity, Jorge Otero and/or Ismael Parra and/or Services Unlimited, and in
17 which the underlying claim is still within the statute of limitations, and for which the consumer
18 defendant has made any post-judgment payment whatsoever (including, but not limited to, wage
19 garnishment, partial payment, or payment to debt collectors), Curacao shall file a Form EJ-100 or
20 SC-290 Acknowledgment of Satisfaction of Judgment (or the functional equivalent of these small
21 claims forms). Curacao shall send written notice to the consumer defendant that it has filed a
22 Form EJ-100 or SC-290 Acknowledgment of Satisfaction of Judgment (or the functional
23 equivalent of these small claims forms). Curacao shall clear any liens placed on the consumer
24 defendant's property and file any notices, forms, or other papers necessary to stop any other form
25 of debt collection against the consumer defendant. Curacao shall ask all consumer reporting
26 agencies to remove the default judgment from the consumer defendant's file. The requirements of
27 this Paragraph shall be completed within 60 days of the Effective Date.

1 7.54. For each small claims default judgment resulting from a small claims case
2 that involved, in any capacity, Jorge Otero and/or Ismael Parra and/or Services Unlimited, and in
3 which the underlying claim is still within the statute of limitations, and for which the consumer
4 defendant has made no post-judgment payment in any form whatsoever, Curacao shall file a Form
5 SC-105 (or the functional equivalent of this small claims form). In Section 3 of the Form SC-105
6 (or its functional equivalent), Curacao shall state: “Plaintiff Adir International, LLC dba Curacao
7 respectfully requests that the Court: (1) vacate the default judgment entered on [DATE]; and (2)
8 dismiss Case Number [X] without prejudice.” In Section 4 of the Form SC-105 (or its functional
9 equivalent), Curacao shall state: “Plaintiff Adir International, LLC dba Curacao has entered a
10 partial settlement and stipulated judgment with the People of the State of California in Case No.
11 BC680425, which requires that Adir International, LLC dba Curacao request that this case be
12 vacated and dismissed without prejudice.” Curacao shall clear any liens placed on the consumer
13 defendant’s property and file any notices, forms, or other papers necessary to stop any other form
14 of debt collection against the consumer defendant. Curacao shall alert all consumer reporting
15 agencies that it has filed a motion to vacate and dismiss the judgment against the consumer
16 defendant without prejudice. Curacao shall ask each consumer credit reporting agency to remove
17 the default judgment from the consumer defendant’s file. The requirements of this Paragraph
18 shall be completed within 60 days of the Effective Date.

19 **Ethical Systems**

20 7.55. Curacao’s senior management, including, but not limited to, Ron
21 Azarkman, shall develop, implement, and maintain an effective compliance and ethics program
22 designed to do the following: (a) prevent and detect violations of law; (b) promote a culture that
23 encourages ethical conduct; (c) support and reward ethical behavior and reporting of violations
24 and concerns; (d) address and deter unethical and illegal conduct; and (e) ensure compliance with
25 this Partial Judgment. Curacao shall have a code of conduct with written standards of ethical
26 workplace conduct and regular trainings.

27 7.56. Curacao shall have a means for employees to confidentially or
28 anonymously report potential violations of this Partial Judgment, Curacao’s code of conduct, or

1 any law or regulation to the Curacao compliance officer or consultant described below in
2 Paragraph 7.57 and to senior management. Curacao shall regularly make employees aware of this
3 reporting mechanism.

4 7.57. Curacao shall hire a LPEC- or CCB-certified compliance officer, or engage
5 a LPEC- or CCB-certified compliance consultant, to assess Curacao's ethical culture and
6 incentive structures, develop an effective compliance and ethics program (including, but not
7 limited to, developing and providing trainings), and conduct annual ethical culture surveys and
8 assessments. Curacao shall implement compliance proposals from its compliance officer or
9 consultant in good faith.

10 7.58. Ron Azarkman shall certify that he has received and reviewed the annual
11 ethical culture surveys and assessments while he actively controls Curacao.

12 7.59. Curacao shall modify its employee compensation, bonus, promotions,
13 discipline procedures, and other formal and informal incentive systems, to encourage ethical and
14 legal conduct rather than focusing solely on sales targets. Performance evaluations shall include
15 ethical conduct. Curacao shall impose appropriate sanctions up to and including termination of
16 employment for employees and supervisors who violate the law, code of conduct, or the
17 injunctive terms of this Partial Judgment, pursuant to recommendations made by Curacao's
18 LPEC- or CCB-certified compliance officer or consultant. Supervisors shall be held accountable
19 for any repeated, material violations by the employees they supervise.

20 **COMPLIANCE MONITORING**

21 8. Defendants shall retain, at their own expense, a Compliance Monitor to review
22 Defendants' practices for the purpose of ensuring compliance with this Partial Judgment. If Ron
23 Azarkman no longer actively controls Curacao, then he shall no longer be obligated under this
24 paragraph.

25 9. Within 30 days of the Effective Date, Defendants shall select the Compliance
26 Monitor subject to the approval of the California Attorney General's Office.

27 10. Every six months, for a total period of two and one-half years (two years and six
28 months) following the Effective Date, the Compliance Monitor shall issue a report to the Parties

1 that reviews and analyzes Defendants' compliance with this Partial Judgment. The Compliance
2 Monitor's reports shall detail the Monitor's findings and recommendations for corrective action,
3 if any is required.

4 11. Ron Azarkman shall certify that he has received and reviewed the Compliance
5 Monitor's reports while he actively controls Curacao.

6 12. The work of the Compliance Monitor shall be limited to reviewing compliance
7 with the specific terms of the Partial Judgment.

8 13. The specific tasks to be undertaken by the Compliance Monitor shall be set forth
9 more fully in an agreement to be entered into by Defendants and the Compliance Monitor, subject
10 to the approval of the California Attorney General's Office.

11 14. For a period of four years following the end of the Compliance Monitor's
12 monitoring period, Curacao's senior management, including, but not limited to, Ron Azarkman,
13 shall produce an internal control report to the Attorney General at the end of each fiscal year
14 certifying that, to its knowledge, after due diligence, Curacao is in compliance with the Partial
15 Judgment, with the exception of any expressly identified failure to comply. Such internal control
16 report shall assess the effectiveness of Curacao's internal controls in preventing violations of the
17 Partial Judgment, and Ron Azarkman shall certify that he has received and reviewed such report
18 so long as he actively controls Curacao.

19 15. For purposes of further ensuring compliance with this Partial Judgment, the
20 Attorney General's Office shall, upon reasonable notice to Defendants, be permitted to inspect
21 and obtain copies of all books, ledgers, correspondence, memoranda, contracts, or other similar
22 documents in Defendants' possession or under Defendants' control, which relate to any of the
23 matters contained in this Partial Judgment. Information provided in accordance with this
24 paragraph shall be kept confidential except as needed to enforce compliance with the Partial
25 Judgment, or to support any other public enforcement action by the Attorney General, or as
26 required by law.

27 16. Defendants shall provide a copy of Paragraphs 4 through 7.59 of this Partial
28 Judgment to each of Curacao's district managers, general managers, assistant sales managers,

1 executives, and any other employees or officers with responsibility for overseeing any of
2 Curacao's stores in California. Curacao shall obtain from each such person a signed
3 acknowledgment that they have read, understand, and agree to abide by the terms of the Partial
4 Judgment. A copy of each acknowledgment signed pursuant to this Paragraph shall be retained by
5 Curacao and made available for inspection by the Attorney General upon request.

6 **RESTITUTION**

7 17. Under Business and Professions Code sections 17203 and 17535, Curacao shall
8 make restitution as follows:

9 17.1. Within 60 days of the Effective Date, Curacao shall make restitution to
10 consumers in the amount of \$10,000,000.00 in the aggregate. This restitution shall be provided in
11 the form of account credits to each consumer of a Curacao store in California who has an account
12 balance due as of the Effective Date.

13 17.2. Each consumer eligible to receive restitution under this paragraph shall
14 receive a pro rata share of the aggregate amount up to the amount due on that consumer's
15 account. The pro rata share shall be calculated based on the days each consumer's account is past
16 due, and shall be provided as account credits, as follows:

17 17.2.1. For consumers whose accounts are 0-59 days past due: \$3,500,000
18 in account credits shall be distributed on a pro rata basis.

19 17.2.2. For consumers whose accounts are 60-119 days past due: \$600,000
20 in account credits shall be distributed on a pro rata basis.

21 17.2.3. For consumers whose accounts are 120-179 days past due:
22 \$900,000 in account credits shall be distributed on a pro rata basis.

23 17.2.4. For consumers whose accounts are 180-545 days past due:
24 \$5,000,000 shall be distributed on a pro rata basis.

25 17.3. Account credits shall be applied first to the eligible consumer's interest-
26 bearing account or sub-account with the highest balance. If, after applying the account credit to
27 the consumer's interest-bearing account or sub-account with the highest balance, there remains a
28 portion of that consumer's pro rata share of the aggregate restitution amount, a second account

1 credit shall be applied to the consumer’s interest-bearing account or sub-account with the next
2 highest balance. Account credits shall not be applied to any judgments that have been deemed
3 satisfied under Paragraphs 7.52, 7.53, or 7.54 above.

4 18. Restitution to consumers is cumulative, and Curacao shall offer a consumer all of
5 the restitution to which the consumer is eligible.

6 19. Within 60 days of the Effective Date, Curacao shall send the following letter to
7 each consumer eligible for restitution under this Partial Judgment. The letter shall state the
8 following in English and Spanish:

9 “On October 17, 2017, the California Attorney General, representing the People of the
10 State of California, brought a civil action in Los Angeles Superior Court against Adir
11 International, LLC, d/b/a Curacao, captioned Case No. BC680425. In the case, the
12 People alleged Curacao’s ongoing violations of California’s consumer protection laws,
13 including the Unfair Competition Law, False Advertising Law, Consumer Legal
14 Remedies Act, California Translations Act, Rosenthal Fair Debt Collection Practices
15 Act, and the Small Claims Act. Curacao denied any wrongdoing in the civil action.

16 “The People and Curacao have since entered a stipulated judgment to settle a portion
17 of the civil action. The settlement and stipulated judgment requires Curacao, without
18 admission of liability or wrongdoing, to pay restitution to current Curacao account
19 holders.

20 “As part of the settlement with the California Attorney General, Curacao will be
21 paying to you a partial payment of your Curacao account, depending upon the amount
22 currently owed. This partial payment will be provided to you in the form of an account
23 credit in the amount of \$[CREDIT AMOUNT]. You should see this account credit on
24 your [MONTH, YEAR] bill. If you do not see this account credit on your [MONTH,
25 YEAR] bill, or if you have any questions regarding this account credit, please call us
26 at [PHONE NUMBER].”

27 20. Each letter required to be sent pursuant to Paragraph 19 shall be sent by first-class
28 mail, postage prepaid, or, for those consumers who have elected to receive statements by email,

1 shall be sent in electronic format to the email address Curacao has on record for each eligible
2 consumer.

3 21. Within 30 days of the Effective Date, Curacao shall provide the Compliance
4 Monitor and the Attorney General with a list that identifies each consumer eligible for restitution
5 under the terms of this Partial Judgment, the consumer's account number, the amount of
6 restitution to be offered to the consumer, and the method by which the consumer will be notified
7 (including the consumer's address or email address). Curacao shall also provide the Compliance
8 Monitor and the Attorney General with access to information sufficient to confirm the accuracy
9 of the data provided.

10 22. Curacao shall use all reasonable efforts, including, but not limited to, an
11 examination of its books and records, to identify the most current, complete, and accurate names,
12 email addresses, and last known physical addresses of consumers eligible to receive restitution
13 and the amount of restitution which the consumer is eligible to receive.

14 23. Within 60 days of providing restitution pursuant to Paragraph 17 and sending
15 letters to eligible consumers pursuant to Paragraph 19, Curacao's compliance with the restitution
16 program shall be reviewed by the Compliance Monitor. The results of the Compliance Monitor's
17 review shall be provided to the Attorney General. In addition, Curacao shall grant access, and
18 make available to the Attorney General for examination, its books and records reasonably
19 necessary for the Attorney General's review of Curacao's compliance with the restitution
20 program.

21 **CIVIL PENALTIES**

22 24. Within 30 days of the Effective Date, Defendants shall pay the People of the State
23 of California a total of \$500,000.00 as a civil penalty under Business and Professions Code
24 sections 17206 and 17536. Within 10 days of the Effective Date, Plaintiff shall provide
25 Defendants with written payment instructions and any other information necessary to effectuate
26 payment of the amount due. Defendants shall tender payment in accordance with the written
27 payment instructions.

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NOTICES

25. Any notices required to be sent to the People or to Defendants under this Judgment shall be sent by email and US Mail. The documents shall be sent to the following:

For the Attorney General of California:
Attention Alicia Hancock
Deputy Attorney General
300 South Spring Street, Ste. 1702
Los Angeles, California 90013
213-269-6342
Alicia.Hancock@doj.ca.gov

For Adir International, LLC, dba Curacao, and Ron Azarkman:
Attention Mauricio Fux
EVP & General Counsel
1605 W. Olympic Blvd. Suite 600
Los Angeles, CA 90015
213-639-2023
mauricioF@iCuracao.com

26. Any Party may change its designated notice recipient(s) by written notice to the other Parties.

GENERAL PROVISIONS

27. This Partial Judgment shall be binding upon Defendants. In no event shall assignment of any right, power, or authority under this Partial Judgment void a duty to comply with this Partial Judgment.

28. Defendants shall cooperate fully with the California Attorney General's Office in any investigation concerning compliance with this Partial Judgment.

29. Defendants shall pay all court costs and reasonable attorneys' fees associated with any filing to successfully enforce any provision of this Partial Judgment.

30. The clerk is ordered to enter this Partial Judgment forthwith.

DATED: MAR 09 2021


STEVEN J. KLEINFELD
JUDGE OF THE SUPERIOR COURT