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2 THOMAS GREENE
Chief Assistant Attorney General
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6 State Bar No. 88302
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ORIGINAL FILED

AUG 20 2004

**LOS ANGELES
SUPERIOR COURT**

10 SUPERIOR COURT OF CALIFORNIA

11 COUNTY OF LOS ANGELES

13 PEOPLE OF THE STATE OF CALIFORNIA, ex
14 rel. BILL LOCKYER, Attorney General,
15
Plaintiffs,
16
v.
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18 CONSUMER ADVOCACY GROUP, INC.,
MOOSA SAIEDIAN, MAX TRACHSLER,
19 KAREN WEST, SOLOMON ZARABI,
SHERRIE ZENTER, and DOES 1 through 50
20 inclusive,
21
Defendants.

No. BC316911
CONSENT JUDGMENT

22 Plaintiffs People of the State of California ("People") and defendants Consumer
23 Advocacy Group, Inc. ("CAG"), Moosa Saiedian, Max Trachsler, Karen West, Solomon Zarabi,
24 and Sherrie Zenter, hereby stipulate as follows:

25 1. INTRODUCTION

26 1.1. On June 10, 2004, the People filed a complaint against CAG and defendants Moosa
27 Saiedian, Max Trachsler, Karen West, Solomon Zarabi, and Sherrie Zenter for civil penalties and
28 injunctive relief for violations of the Unfair Competition Law and the Corporations Code arising

1 from CAG's activities in reporting to the Attorney General concerning settlements of Proposition
2 65 cases, and in management and disposition of some of the funds acquired in settlements of
3 those cases.

4 1.2. For purposes of this Consent Judgment only, the parties stipulate that this Court has
5 jurisdiction over the allegations of violations contained in the People's Complaint and personal
6 jurisdiction over Defendants as to the acts alleged in the People's Complaint, that venue is proper
7 in the County of Los Angeles, and that this Court has jurisdiction to enter this Consent Judgment
8 as a full and final resolution of all claims which were or could have been raised in the Complaint
9 based on the facts alleged therein.

10 1.3. The People and defendants enter into this Consent Judgment as a full and final
11 settlement of all claims that were raised in the Complaint, or which could have been raised in the
12 Complaint, arising out of the facts or conduct alleged therein. By execution of this Consent
13 Judgment and agreeing to provide the relief and remedies specified herein, defendants do not
14 admit any violations of any law or any of the allegations of the complaint. Nothing in this
15 Consent Judgment shall prejudice, waive or impair any right, remedy, or defense the Attorney
16 General and the defendants may have in any other or in future legal proceedings unrelated to
17 these proceedings. However, this paragraph shall not diminish or otherwise affect the
18 obligations, responsibilities, and duties of the parties under this Consent Judgment.

19 **2. INJUNCTIVE RELIEF**

20 2.1. Corporate Practices.

21 (a) All contracts entered into by CAG must be approved by the Board of Directors, with
22 the voting reflected in the minutes.

23 (b) No director shall vote on or participate in deliberation concerning matters in which he
24 or she is interested, including, but not limited to the following:

25 (i) Karen West shall not vote on or participate in any matter concerning her
26 contract or any lease for office space for which she is the lessor.

27 (ii). Moosa Saiedian shall not vote on or participate in any matter concerning
28 his contract.

1 (iii). Moosa Saiedian shall not vote on or participate in any matter concerning
2 his nephew, Reuben Yeroushalmi.

3 (c) Moosa Saiedian and Karen West shall keep a contemporaneous log of time spent as
4 an employee or consultant of CAG, for use in evaluating whether the contracts are reasonable to
5 the corporation.

6 (d) No official of CAG shall sign a check for which he or she is the payee.

7 (e) Any CAG check for \$1,000 or more shall require the signature of two directors.

8 (f) CAG will obtain, at its own expense, an audit of all of its books and records since its
9 inception, conducted by a Certified Public Accountant, the results of which shall be shared with
10 the Attorney General. Recommendations made by the auditor shall be followed.

11 (g) CAG will file all required reports with the Registry of Charitable Trusts in a timely
12 manner.

13 2.2. Future Settlement awards. Any settlement entered into by CAG will describe the
14 manner in which the expenditure will be related to alleviation of the same public harm as was
15 addressed through the litigation. If the funds will be provided to third parties through a grant-
16 making process, then a fair and public process for awarding the grants shall be specified in the
17 settlement. If any funds from a future settlement are to be used for the reimbursement of CAG
18 for its administrative costs or attorney's fees incurred in investigating, prosecuting, or settling
19 either the case in which the settlement is reached, or for past such expenses in any other case,
20 then the settlement shall specifically those expenses and shall be reasonable.

21 **3. RESTITUTION OF CORPORATE FUNDS**

22 3.1. Improper expenditure of settlement funds. The People's complaint alleges that he
23 following donations were not consistent with either CAG's Articles of Incorporation, its By-laws,
24 or the terms of the judgments pursuant to which the funds were collected, although they were
25 made to charitable organizations:

26	March 11, 2002	Torat Hayim Hebrew Academy	\$ 2,600
27	January 2, 2002	United Way	\$15,000
28	January 1, 2002	American Red Cross	\$15,000

Total: \$32,600

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2 In satisfaction of that claim, the Directors at the time of these contributions (Trachsler, West,
3 Saiedian, Zenter, and Zarabi), will repay the corporation the full amount of those contributions,
4 within 180 days from entry of this Consent Judgment, and shall be jointly and severally liable for
5 the entire amount, unless within thirty days after entry of this judgment, the defendants provide a
6 declaration under penalty of perjury, with appropriate documentation, establishing that the
7 contributions have been repaid to CAG by the recipients.

8 3.2. Moosa Saiedian will pay CAG \$15,000 within 180 days of entry of this Consent
9 Judgment, in satisfaction of the allegation in the complaint that the contract between him and
10 CAG violated Corporations Code section 5233, because it involved an interested director and
11 was not reasonable as to the corporation. If, within 90 days after entry of this Consent Judgment,
12 Mr. Saiedian submits proof of inability to pay said funds to the Attorney General, then said funds
13 shall be paid within 270 days of entry of this Consent Judgment.

14 3.3. Use of Funds Paid Pursuant to This Paragraph. Funds repaid to CAG pursuant to
15 Paragraphs 3.1 and 3.2 shall be granted by CAG to other organizations, through a fair and public
16 process, to be used only for purposes that are consistent with the terms of the settlements of such
17 litigation. All of said expenditures shall be approved by the Attorney General.

18 4. PENALTIES AND COSTS

19 4.1. CAG will pay the \$25,000 civil penalties for failure to comply with Health and
20 Safety Code section 25249.7(f)(2), pursuant to Business and Professions Code section 17206,
21 within 180 days of entry of this Consent Judgment.

22 4.2. Pursuant to Government Code sections 12598 and Code of Civil Procedure section
23 1021.8, CAG shall pay \$10,000 as reimbursement of the People's costs and attorney's fees in
24 investigating and prosecuting this matter, within 180 days of entry of this Consent Judgment.

25 4.3. The payments specified above shall be made by CAG through funds that are
26 available without restriction, and shall not be made from any funds designated through any
27 judgment or agreement as available for environmental or other specific purposes.

28 4.4. The payments shall be made through delivery of two separate checks to Edward G.

1 Weil, Supervising Deputy Attorney General, Department of Justice, 1515 Clay Street, 20th Floor,
2 PO. Box 70550, Oakland, CA, 94612.

3 **5. MODIFICATION OF CONSENT JUDGMENT**

4 5.1. This Consent Judgment may be modified by written agreement of the Attorney
5 General and defendants, after noticed motion, and upon entry of a modified consent judgment by
6 the court thereon, or upon motion of the Attorney General or defendants as provided by law and
7 upon entry of a modified consent judgment by the court.

8 **6. ENFORCEMENT**

9 6.1. The People may, by motion or application for an order to show cause before this
10 Court, enforce the terms and conditions contained in this Consent Judgment. In any such
11 proceeding, the People may seek whatever fines, costs, penalties, or remedies are provided by
12 law for failure to comply with the Consent Judgment and where said violations of this Consent
13 Judgment constitute subsequent violations of Proposition 65 or other laws independent of the
14 Consent Judgment and/or those alleged in the Complaint, the People are not limited to
15 enforcement of the Consent Judgment, but may seek in another action, whatever fines, costs,
16 penalties, or remedies are provided for by law for failure to comply with applicable laws. In any
17 action brought by the People alleging subsequent violations of other laws, defendants may assert
18 any and all defenses that are available.

19 **7. AUTHORITY TO STIPULATE TO CONSENT JUDGMENT**

20 7.1. Each signatory to this Consent Judgment certifies that he or she is fully authorized
21 by the party he or she represents to stipulate to this Consent Judgment and to enter into and
22 execute the Consent Judgment on behalf of the party represented and legally to bind that party.

23 **8. CLAIMS COVERED**

24 8.1. This Consent Judgment is a full, final, and binding resolution between the People
25 and defendants, of any violation of the Corporations Code, Business & Professions Code sections
26 17200 *et seq.*, or any other statutory or common law claims that have been or could have been
27 asserted in the complaint against defendants based on the facts alleged in the complaint.

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9. RETENTION OF JURISDICTION

9.1. This Court shall retain jurisdiction of this matter to implement the Consent Judgment.

10. PROVISION OF NOTICE

10.1. When any party is entitled to receive any notice under this Consent Judgment, the notice shall be sent by overnight courier service to the person and address set forth in this Paragraph. Any party may modify the person and address to whom the notice is to be sent by sending each other party notice by certified mail, return receipt requested. Said change shall take effect for any notice mailed at least five days after the date the return receipt is signed by the party receiving the change.

10.2. Notices shall be sent to the following when required:

For the Attorney General:

Edward G. Weil, Supervising Deputy Attorney General
P.O. Box 70550
1515 Clay St., 20th Flr.
Oakland, CA 94612
Telephone: (510) 622-2149
Facsimile: (510) 622-2270

10.3 Notices for the defendants shall be sent to:

Reuben Yeroushalmi
YEROUSHLAMI & ASSOCIATES
3700 Wilshire Blvd., Suite 480
Los Angeles, Ca 90010
Telephone: (213) 382-3183
Facsimile: (213) 382-3430

11. COURT APPROVAL

11.1. This Consent Judgment shall be submitted to the Court for entry by noticed motion. If this Consent Judgment is not approved by the Court, it shall be of no force or effect.

12. EXECUTION IN COUNTERPARTS

12.1. The stipulations to this Consent Judgment may be executed in counterparts and by means of facsimile, which taken together shall be deemed to constitute one document.

1 **13. REPRESENTATION BY COUNSEL**

2 13.1. Each Defendant, by signing this Consent Judgment is advised that conflicts may
3 exist between their interests and those of the Law Offices of Reuben Yeroushalmi with respect to
4 this matter and that they should seek the advice of separate, independent counsel before entering
5 into this agreement. Settling Defendants agree not to assert any claim that this Settlement
6 Agreement is invalid, or that it should be modified in any way, as a result of (i) their failure to
7 seek the advice of independent counsel or (ii) any conflict of interest that may exist between
8 themselves and the Law Offices of Reuben Yeroushalmi.

9 IT IS SO STIPULATED:

10 Dated: *April 4, 2004*

BILL LOCKYER
Attorney General
THOMAS GREENE
Chief Assistant Attorney General
THEODORA BERGER
Senior Assistant Attorney General
KATHRYN W. EGOLF
Deputy Attorney General

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15 By: *Edward G. Weil*
16 Edward G. Weil
17 Supervising Deputy Attorney General
For Plaintiffs People of the State of California

18 Dated: YEROUSHALMI & ASSOCIATES

19
20 By: _____
21 Reuben Yeroushalmi
Attorney for All Defendants

22 Dated: By: _____
23 Karen West, individually, and on behalf of CAG

24 Dated: By: _____
25 Moosa Saiedian, individually and on behalf of CAG

26 Dated: By: _____
27 Solomon Zarabi, individually and on behalf of CAG
28

1 Dated:

By:

Sherrie Zenter, individually on behalf of CAG

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IT IS SO ORDERED, ADJUDGED, AND DECREED:

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5 Dated:

AUG 20 2004

DAVID A. WORKMAN

JUDGE OF THE SUPERIOR COURT

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6 Agreement is invalid, or that it should be modified in any way, as a result of (i) their failure to
7 seek the advice of independent counsel or (ii) any conflict of interest that may exist between
8 themselves and the Law Offices of Reuben Yeroushalmi.

9 IT IS SO STIPULATED:

10 Dated: BILL LOCKYER
11 Attorney General
12 THOMAS GREENE
13 Chief Assistant Attorney General
14 THEODORA BERGER
15 Senior Assistant Attorney General
16 KATHRYN W. EGOLF
17 Deputy Attorney General

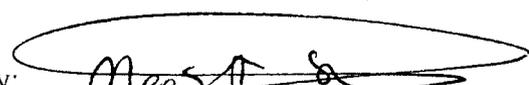
18 By: _____
19 Edward G. Weil
20 Supervising Deputy Attorney General
21 For Plaintiffs People of the State of California

22 Dated: YEROUSHALMI & ASSOCIATES

23 June 6, 09

24 By: 
25 Reuben Yeroushalmi
26 Attorney for All Defendants

27 Dated: By: _____
28 Karen West, individually, and on behalf of CAG

29 Dated: 6/10/09 By: 
30 Moosa Saedian, individually and on behalf of CAG

31 Dated: By: _____
32 Solomon Zarabi, individually and on behalf of CAG

13. REPRESENTATION BY COUNSEL

13.1. Each Defendant, by signing this Consent Judgment is advised that conflicts may exist between their interests and those of the Law Offices of Reuben Yeroushalmi with respect to this matter and that they should seek the advice of separate, independent counsel before entering into this agreement. Settling Defendants agree not to assert any claim that this Settlement Agreement is invalid, or that it should be modified in any way, as a result of (i) their failure to seek the advice of independent counsel or (ii) any conflict of interest that may exist between themselves and the Law Offices of Reuben Yeroushalmi.

IT IS SO STIPULATED:

Dated:

BILL LOCKYER
Attorney General
THOMAS GREENE
Chief Assistant Attorney General
THEODORA BERGER
Senior Assistant Attorney General
KATHRYN W. EGOLF
Deputy Attorney General

By:

Edward G. Weil
Supervising Deputy Attorney General
For Plaintiffs People of the State of California

Dated:

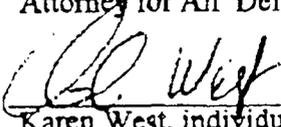
YEROUSHALMI & ASSOCIATES

By:

Reuben Yeroushalmi
Attorney for All Defendants

Dated: 6/10/04

By:


Karen West, individually, and on behalf of CAG

Dated:

By:

Moosa Saedian, individually and on behalf of CAG

Dated:

By:

Solomon Zarabi, individually and on behalf of CAG

Dated:

By:

Sherrie Zenter, individually on behalf of CAG

1 Dated: 6-10-2004

By: Sherrie Zentler, individually on behalf of CAG

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IT IS SO ORDERED, ADJUDGED, AND DECREED:

Dated:

JUDGE OF THE SUPERIOR COURT

1 Dated:

By: Sherrie Zenter, individually on behalf of CAG

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3 Dated: July 03, 2004

By: Max Trachler, individually and on behalf of CAG

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5 IT IS SO ORDERED, ADJUDGED, AND DECREED:

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Dated.

JUDGE OF THE SUPERIOR COURT

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DECLARATION OF SERVICE BY OVERNIGHT COURIER

Case Name: *PEOPLE v. CONSUMER ADVOCACY GROUP, INC., ET AL.*

Case No.: **BC316911**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1515 Clay Street, 20th Floor, P.O. Box 70550, Oakland, CA 94612-0550.

On July 6, 2004, I served the attached **DECLARATION OF EDWARD G. WEIL IN SUPPORT OF MOTION FOR ENTRY OF CONSENT JUDGMENT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid with the **GOLDEN STATE OVERNIGHT COURIER**, addressed as follows:

**Reuben Yeroushalmi
Yeroushalmi & Associates
3700 Wilshire Blvd., Suite 480
Los Angeles, CA 90010**

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on July 6, 2004, at Oakland, California.

SHONTANE McELROY

Typed Name


Signature

DECLARATION OF SERVICE BY OVERNIGHT COURIER

Case Name: **PEOPLE v. CONSUMER ADVOCACY GROUP**
No.: **BC316911**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is 1515 Clay Street, 20th Floor, P.O. Box 70550, Oakland, CA 94612-0550.

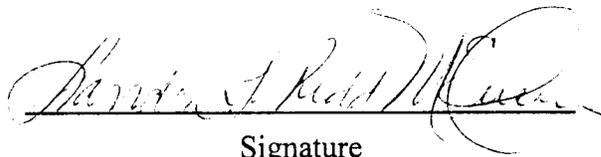
On August 4, 2004, I served the attached **CONSENT JUDGMENT** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid with the **CALIFORNIA OVERNIGHT** courier, addressed as follows:

Reuben Yeroushalmi, Esq.
YEROUSHALMI & ASSOCIATES
3700 Wilshire Blvd., Suite 480
Los Angeles, CA 90010

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on August 4, 2004, at Oakland, California.

SANDRA L. REDD McQUEEN

Typed Name



Signature