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Los Angeles Superior Court

LOS ANGELES SUPERIOR COURT  
SOUTHWEST DISTRICT  
~~REDONDO BEACH~~  
SANTA MONICA

FEB 22 2012  
By John A. Clarke, Executive Officer/Clerk  
Nancy Lee, Deputy

Attorneys for Plaintiff  
THE PEOPLE OF THE STATE OF CALIFORNIA

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES  
WEST JUDICIAL DISTRICT

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

GOLDLINE INTERNATIONAL, INC.,

Defendant.

Case No. SC 115980

STIPULATED FINAL JUDGMENT AND  
INJUNCTION

Plaintiff, the People of the State of California ("The People" or "Plaintiff"), through its attorneys, Marsha Jones Moutrie, the City Attorney of the City of Santa Monica, by Deputy City Attorneys Adam Radinsky, Gary Rhoades and Eda U. Suh; and Defendant Goldline International, Inc. ("Goldline" or "Defendant"), through its attorneys, Sidley Austin LLP, by Kimberly Dunne and Douglas Axel, having stipulated to the entry of this Stipulated Final Judgment and Injunction without the Court taking evidence, the Los Angeles County District Attorney having consented to the filing of this action, and the Court having considered the pleadings and good cause appearing:

1 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Plaintiff have judgment  
2 against Defendant as follows:

3  
4 **JURISDICTION AND VENUE**

5 1. This action is brought under the laws of the State of California. This Court has  
6 jurisdiction of the subject matter and the parties. Venue is appropriate in this Court.

7  
8 **INJUNCTION**

9 2. Pursuant to Business and Professions Code sections 17203 and 17535, Goldline, its  
10 employees, agents, officers, directors, successors and assigns are hereby enjoined and restrained as  
11 follows.

12 3. **References to 1930s Gold Recall.** Any reference to the 1930s U.S. Government  
13 gold recall, exemption of certain coins from recall, or directly related topics by Goldline or its  
14 employees, made in the context of sales discussions, advertisements, websites, or other promotional  
15 media, shall conform to the guidelines attached hereto as Exhibit A and incorporated herein. The  
16 following shall apply to all such references:

- 17 a. Any such reference must include all mandatory disclosures (numbers 1  
18 through 4) in the order set forth in Exhibit A to the extent that order is  
19 reasonably possible.
- 20 b. None of the discretionary disclosures (numbers 5 through 9) may be stated  
21 unless all mandatory disclosures are first provided. However, a salesperson  
22 may briefly refer to one of the disclosures in Exhibit A for the limited purpose  
23 of responding truthfully to a client's inquiry about the subject of that  
24 disclosure, provided that all mandatory disclosures are then given in the order  
25 set forth in Exhibit A as soon as possible.
- 26 c. The word "confiscation" or any form thereof shall not be used in connection  
27 with such a discussion. However, if a customer asks about "confiscation" of  
28 gold, a salesperson may only use this term in explaining the recall required the

1 government to pay private citizens for their gold.

2  
3 4. **References to Disclosure of Personal Information.** Any reference by Goldline or  
4 its employees, made in the context of sales discussions, advertisements, websites, or other  
5 promotional media, to the subject of disclosing personal information as a basis to distinguish  
6 between different products, shall conform to the following:

- 7 a. The reference must include the following statement: "Many of Goldline's  
8 clients are concerned about identity theft, personal privacy, and telling others  
9 that they own precious metals. Accordingly, they often choose coins that do  
10 not require the disclosure of personal information such as name, address, and  
11 social security number when they sell the coins. The coins that currently do  
12 not require the disclosure of personal information when you sell them include  
13 certain bullion, semi-numismatic, and numismatic coins."  
14 b. There shall be no statement or suggestion that all bullion products require the  
15 disclosure of personal information; that only non-bullion products do not  
16 require such disclosure; or that there is any tax advantage to non-bullion  
17 products. (For purposes of this Judgment, "bullion products" does not include  
18 numismatic, semi-numismatic, or proof coins.)  
19 c. The following distinctions or references are prohibited when comparing  
20 different products:

- 21 1. private / public  
22 2. reportable / non-reportable  
23 3. government gold  
24 4. offers privacy / no privacy

25 5. **Handling of Sales When Money Is Received Prior to Placing an Order.** When a  
26 client has deposited funds with Goldline for a bullion product prior to a trade confirmation, those  
27 funds shall not be used to purchase another product with a higher spread or markup unless the client,  
28 on his or her own initiative, affirmatively requests otherwise. To help effectuate this rule, Goldline

1 shall do the following:

- 2 a. After the funds are received from the client, a non-commissioned employee  
3 will call the client on a recorded line to confirm the products the client wants  
4 to purchase and to execute the transaction. If the client is unsure of which  
5 products to buy, the employee may only review all available bullion products  
6 and, if such products are discussed, must disclose their respective markups  
7 and spreads.
- 8 b. If the client is still unsure of which product to buy, his or her funds must be  
9 returned unless the client expressly requests that the money remain with  
10 Goldline.

11 6. **Establishment of Toll-Free Line.** Goldline shall establish and inform clients of a  
12 toll-free telephone line to be staffed by a non-commissioned employee to handle the following kinds  
13 of client calls:

- 14 a. Refund requests;  
15 b. Complaints;  
16 c. Liquidation requests; and  
17 d. Other customer service.

18 Goldline shall also provide an email address for these same inquiries. Goldline shall inform clients  
19 of this line by prominently disclosing it on Goldline's website, disclosing it on the reverse side of  
20 each trade confirmation, and by referencing it in the Coin Facts booklet. Nothing set forth in  
21 paragraph 6 precludes a client from speaking directly with an Account Executive regarding these  
22 inquiries.

23 7. **Refunds.** Goldline shall promptly pay all refund requests in accordance with its  
24 refund policies and applicable laws.

25 8. **Price and Markup.** To increase clients' awareness of the prices and markups of its  
26 products, Goldline shall do the following:

- 27 a. **Confirmation calls.** Telephonic confirmations for any transaction greater  
28 than \$1,000 will be recorded and retained by Goldline during the period of

1 this Injunction. Immediately following the prefatory statement introducing  
2 the client service representative and emphasizing the importance of the  
3 disclosures to follow, the client service representative shall clearly state the  
4 following, in the order provided, for each product being purchased:

- 5 i. "Your purchase price for [name of product] is [unit purchase price]."
- 6 ii. "Our current buyback price for this product is [unit buyback price]."
- 7 iii. "The buyback price of the [name of product] must increase by \_\_\_  
8 percent before you break even."
- 9 iv. "Do you have any questions?"

10 b. **Written trade confirmations.** The following shall be included in every  
11 written trade confirmation of a transaction:

- 12 i. Two columns of equal size will be added to the immediate right of  
13 the "Unit Price" column listing the "Current Unit Buyback Price"  
14 and "% Gain Needed to Break Even." These amounts will be  
15 included for all purchased products, equally prominent to existing  
16 entries, with the symbol "%" stated after each percent figure.
- 17 ii. An asterisk (\*) will be added after the term "Current Buyback Price"  
18 with the following text below: "Buyback price may be higher than  
19 what other dealers pay. The law precludes dealers such as Goldline  
20 from guaranteeing to buy back your coins or bars, although the  
21 company has historically done so." To the extent practicable, this  
22 text will be in the same font and size as the other text in the  
23 confirmation.
- 24 iii. There shall be a reasonably conspicuous reference on the front of the  
25 trade confirmation which states the refund policy can be found on  
26 the back of the trade confirmation.
- 27 iv. The additions required by this paragraph shall comply with the  
28 exemplar attached as Exhibit B and incorporated herein.



1 authority necessary to perform the responsibilities specified herein. The Court will resolve any  
2 disputes concerning the nature or scope of the Monitor's authority. In the event that the Monitor is  
3 unwilling or unable for any reason to discharge the responsibilities provided herein during the term  
4 of the Injunction, the Court shall appoint a replacement upon motion of any party hereto following  
5 an opportunity for both parties to be heard regarding same.

6 13. The Monitor shall serve for a term of three years. The Monitor's term may be  
7 reduced to two years on Goldline's application if, at the end of two years, there have been no  
8 violations of the Injunction for the previous six months and the Monitor agrees that such early  
9 termination is appropriate.

10 14. After the Monitor's term expires, the Monitor will remain in place solely to  
11 adjudicate any alleged violations of the Injunction and to issue a recommendation on any petition for  
12 early termination of the Injunction.

13 15. Goldline shall pay all of the Monitor's reasonable fees and costs. Goldline may  
14 petition the Court to review any fees or costs deemed to be unreasonable.

15 16. Goldline shall provide the Monitor with full access to all Goldline records and  
16 information that are not privileged under the attorney-client privilege, the work product doctrine or  
17 any other applicable privilege. This includes without limitation the following:

- 18 a. All recorded customer telephone calls that are recorded following the 60-day  
19 ramp-up period;
- 20 b. All written trade confirmations, salesperson notes, and other sales records  
21 pertaining to transactions following the 60-day ramp-up period; and
- 22 c. All customer complaints received by Goldline after the date of the entry of  
23 this Judgment concerning trades confirmed following the 60-day ramp-up  
24 period and all related correspondence and other documents including  
25 Goldline's responses.

26 17. The Monitor may attend company meetings including training of and meetings with  
27 salespeople.

28 18. Goldline shall provide the Monitor with monthly written reports describing its own

1 efforts to ensure and monitor compliance with the Injunction.

2 19. The Monitor shall conduct and record undercover test calls to Goldline to assess  
3 compliance with the Injunction. Such recordings shall be subject to the confidentiality provisions of  
4 paragraph 22.

5 20. The Monitor shall listen to actual sales calls, along with Goldline's designated  
6 monitors, on a reasonable basis as needed to assess compliance with the Injunction. This call  
7 monitoring shall be done without advance notice to Goldline or any of its agents and employees  
8 except the designated monitors to the extent needed at the time to facilitate the monitoring. No one  
9 else from Goldline shall attempt to learn the timing of the Monitor's participation in call monitoring,  
10 and Goldline's compliance monitors shall not provide notice of the Monitor's participation in call  
11 monitoring to anyone else from Goldline, except after any such monitoring session is completed.  
12 The Monitor may take all reasonable steps to assure the secrecy of these calls, including remote  
13 access if feasible.

14 21. The Monitor shall provide a written report every two months to Goldline, the  
15 Plaintiff, and the Court under seal. This frequency may be increased or reduced if the Monitor or the  
16 Court deems appropriate. The reports shall not be publicly filed and shall be kept confidential by the  
17 Monitor and the Plaintiff except as needed to enforce compliance with the Judgment or by further  
18 order of the Court. The reports shall include:

- 19 a. A description of all work performed by the Monitor during the period;
- 20 b. A description of the work performed by Goldline's compliance department  
21 during the period to ensure compliance with the Injunction;
- 22 c. Any alleged violations of the Injunction during the period along with  
23 Goldline's response; and
- 24 d. Copies of all customer complaints received during the period which allege  
25 facts that could constitute a violation of the Injunction, along with related  
26 documents.

27 22. Goldline shall provide the Monitor a secure, confidential work area at its offices. All  
28 information obtained or reviewed by the Monitor shall remain confidential and be disclosed only in





- 1 a. Goldline shall adequately cure the violation within seven days of such notice,  
2 unless the Monitor agrees that a longer time for Goldline's response is  
3 appropriate. Adequate cure shall include the following:
- 4 i. Goldline shall provide any affected client with all corrected  
5 information or disclosures as required by the Injunction; and allow  
6 the client to immediately rescind any affected transaction.
  - 7 ii. Goldline shall discipline any employee responsible for the  
8 violation. Depending on the circumstances, appropriate discipline  
9 may include a written warning, a suspension without pay, or  
10 termination. Any employee who commits a willful violation of the  
11 Injunction is subject to potential immediate termination.
  - 12 iii. Employees shall not be given favorable disciplinary treatment  
13 based on sales volume.
- 14 b. Goldline shall promptly provide the Monitor and the Plaintiff with a  
15 description of and proof of the steps taken to cure any violation in accordance  
16 with paragraph 25(a) above. If the Monitor determines that Goldline's cure  
17 was inadequate, the Monitor shall recommend appropriate corrective action by  
18 Goldline.
- 19 c. If the Monitor determines that Goldline's cure performed in accordance with  
20 paragraph 25(a) was adequate, or that Goldline complied with the corrective  
21 action recommended in paragraph 25(b), then Goldline shall not be subject to  
22 prosecution or punishment for violation of this Injunction.
- 23 d. If the Monitor determines that Goldline's cure performed in accordance with  
24 paragraph 25(a) was inadequate and that Goldline failed to comply with the  
25 corrective action recommended in paragraph 25(b), then the Plaintiff may  
26 pursue remedies available by law for a violation of an injunction. In such  
27 event, the Monitor shall give the Plaintiff all relevant supporting records and  
28 information not previously provided. The Monitor shall notify any Goldline

1 client whose transaction is at issue in the alleged violation that unless the  
2 client objects to the Monitor in writing within seven days, the Monitor will  
3 forward the client's name and contact information and all supporting records  
4 and information to the Plaintiff. If such objection is not made, the Monitor  
5 shall provide Plaintiff all relevant supporting records and information in  
6 unredacted form including the client's name and contact information. The  
7 Plaintiff shall keep all personal information in such records confidential  
8 except as needed to pursue judicial remedies.

- 9 e. Any proven failure of Goldline to adequately cure a violation as provided in  
10 paragraph 25(a), or to comply with the Monitor's recommendation as  
11 provided in paragraph 25(b), shall be a separate violation of this Injunction,  
12 provided the Plaintiff meets the requisite burden of proof.
- 13 f. In any court action to enforce this Injunction, the Plaintiff shall bear the  
14 burden of proof imposed by law.

15  
16 **RESTITUTION FOR PRE-JUDGMENT COMPLAINTS**

17 26. Subject to the conditions below, Goldline shall offer refunds to the clients and in the  
18 amounts reflected in Exhibit C, which is submitted pursuant to the parties' joint application for filing  
19 under seal, up to the total amount of \$4,512,040.75. For refunds related to products in the clients'  
20 physical possession, the following shall apply. If a customer in Exhibit C chooses to return his or  
21 her Goldline purchases, he or she shall return them to Goldline in the same condition as when the  
22 products were purchased, sent within 21 days from the entry of this Judgment, along with a general  
23 release of liability as described in paragraph 36(a). Goldline shall provide each client listed in  
24 Exhibit C with its proposed release form and shipping and insurance instructions for this purpose  
25 within seven days of the entry of this Judgment. Within seven days of Goldline's receipt of such  
26 products and release, Goldline shall refund the customer's full purchase price, in the amount  
27 reflected in Exhibit C, plus the cost of shipping and insurance provided the clients adhere to  
28 Goldline's recommended shipping instructions and a receipt for the return shipping and insurance is

1 provided to Goldline. The customers listed in Exhibit C who have previously liquidated their  
2 Goldline products shall be paid the amounts listed in Exhibit C, provided that they first execute a  
3 general release of liability as described in paragraph 36(a).

4 27. For refunds related to products being held in an Individual Retirement Account  
5 (“IRA”), the following shall apply. If a client in Exhibit C chooses to return his or her Goldline  
6 purchases, he or she shall direct the IRA custodian to deliver the relevant products to Goldline and  
7 shall provide to Goldline a copy of such direction, along with a general release of liability, within 21  
8 days of the entry of this Judgment. Upon receipt of such direction, the IRA custodian shall send the  
9 client's products to Goldline. Within seven days of receipt of such products and release, Goldline  
10 shall refund the client’s full purchase price, in the amounts listed in Exhibit C, for the benefit of the  
11 client’s IRA account.

12  
13 **RESTITUTION FOR POST-JUDGMENT COMPLAINTS**

14 28. Within 30 days from the entry of this Judgment, the Monitor shall open a Restitution  
15 Trust Account (“the Account”) with a financial institution acceptable to the Plaintiff. The Monitor  
16 shall be the sole person authorized to issue drafts on the Account and shall do so only in accordance  
17 with the terms of this Judgment.

18 29. Within 45 days of the entry of this Judgment, Goldline shall pay the sum of Eight  
19 Hundred Thousand Dollars (\$800,000.00) into the Account for the purpose of paying additional  
20 restitution to Goldline customers.

21 30. Claims for restitution under the Account must be received by the Monitor, the  
22 Plaintiff, or Goldline within 90 days after the entry of this Judgment. The Monitor, the Plaintiff and  
23 Goldline shall each provide copies of all such claims they receive during that period to the other two  
24 parties along with any documentation provided with the claim.

25 31. To receive such restitution, claimants must submit a sworn statement demonstrating a  
26 transaction with Goldline occurring between November 1, 2008, and 60 days after the entry of this  
27 Judgment and alleging that they were injured by conduct of the type alleged in the Complaint.

28 32. The amount of restitution for such claims shall be, for each eligible product

1 purchased, the difference between the original purchase price and Goldline's current bid price for the  
2 same product. Goldline shall cooperate with the Monitor in providing accurate bid prices for this  
3 purpose.

4 33. The Monitor will not pay restitution from the Account until all time-eligible claims  
5 have been received. At that time, the Monitor will determine which claims are valid and entitled to  
6 restitution. The Monitor will attempt to provide the maximum possible relief to all eligible  
7 claimants. No person may receive more than \$20,000.00 pursuant to this restitution program unless  
8 the Monitor determines that equity dictates otherwise. The Monitor will consult with the Plaintiff  
9 regarding the most appropriate method of distribution, including potential pro rata shares.

10 34. Goldline has no obligation to pay more than Eight Hundred Thousand Dollars  
11 (\$800,000.00) toward the Account regardless of the number or amount of claims submitted.

12 35. If, after all timely and valid restitution claims have been processed and paid in full,  
13 any funds are remaining in the Account, the Monitor shall deliver a check in the amount of the  
14 remaining funds to Plaintiff's counsel, payable to the Consumer Protection Prosecution Trust.

15  
16 **GENERAL TERMS FOR RESTITUTION**

17 36. Notwithstanding any other provision of this Agreement, the following terms apply:

- 18 a. As a condition of every restitution payment by Goldline, or from the Account,  
19 the customer shall first execute a general release of liability, releasing  
20 Goldline from all liability arising out of the client's purchase of products from  
21 Goldline, including both known and unknown claims, and waiving the  
22 provisions of California Civil Code section 1542 (and any equivalent laws  
23 from other states).
- 24 b. If a customer previously reached a settlement with Goldline and executed a  
25 general release, the customer shall not be entitled to restitution.
- 26 c. Customers with multiple transactions are not required to rescind all  
27 transactions in order to receive restitution.
- 28 d. Each transaction for which restitution is given must be rescinded in its

1 entirety; there can be no splitting of products within a transaction on a given  
2 date. For example, if bullion products are part of a transaction for which the  
3 customer seeks restitution, the entire transaction from that date must still be  
4 rescinded.+

- 5 e. No restitution is available for transactions consisting entirely of bullion  
6 products.

7  
8 **MONETARY RELIEF**

9 37. Goldline shall, within ten days of the date of the entry of this Judgment, deliver to  
10 Plaintiff's counsel two payments in the total amount of \$50,000.00 pursuant to Business and  
11 Professions Code sections 17206 and 17536, in full satisfaction of all fines, penalties, fees,  
12 assessments, and costs of investigation or prosecution. The payments shall be made by checks  
13 payable as follows:

- 14 a. the sum of \$25,000.00 payable to the Santa Monica City Attorney's Office;  
15 b. the sum of \$25,000.00 payable to the Los Angeles County District Attorney's  
16 Office.

17  
18 **OTHER PROVISIONS**

19 38. The People shall not commence a civil, administrative, regulatory, or civil  
20 enforcement action or proceeding against Goldline or any of its current or former directors, officers,  
21 employees, or agents, for any of the acts or practices alleged in the Complaint in this action or the  
22 complaint in the criminal case *People v. Goldline International, Inc, et al.*, No. 1WA32740,  
23 occurring prior to the entry of this Judgment.

24 39. This Judgment shall constitute an adjudication on the merits of the claims alleged in  
25 the Complaint and shall bar relitigation of those claims.

26 40. This Judgment is not to be construed as an admission of liability by any party or a  
27 finding of liability against any party. Goldline expressly denies all allegations set forth in the  
28 Complaint.







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None of the discretionary disclosures (numbers 5 through 9) may be stated unless all mandatory disclosures are first provided. However, a salesperson may briefly refer to one of the disclosures in Exhibit A for the limited purpose of responding truthfully to a client's inquiry about the subject of that disclosure, provided that all mandatory disclosures are then given in the order set forth in Exhibit A as soon as possible.

The word "confiscation" or any form thereof shall not be used in connection with such a discussion. However, if a customer asks about "confiscation" of gold, a salesperson may only use this term in explaining the recall of gold required the government to pay private citizens for their gold.

**Cust Account:** 81464379  
**Trade Reference:** S0075853

**Representative:** Jane Doe  
**Statement date:** 2/14/2012  
**Trade Date:** 2/13/2012

John Smith

102651 West 72nd Street  
Apt # 202  
New York City, New York 10001

**Trade Total - Amount Due Goldline International: \$15,558.25**

Please mail payment to:

Goldline International, Inc.  
1601 Cloverfield Boulevard 100 South Tower  
Santa Monica, CA 90404

Return this portion with payment.  
If you have recently sent in payment or have paid by  
credit card, please disregard this message to pay the amount due.

*Thank you for choosing Goldline International !*

Retain this portion for your records.


**Goldline**  
INTERNATIONAL, INC.

## Trade Confirmation

See reverse side for terms, conditions, and refund policy.

**Statement date:** 2/14/2012  
**Trade Date:** 2/13/2012

**Cust Account:** 81464379  
**Sales order:** S0075853  
**Representative:** Jane Doe

John Smith

102651 West 72nd Street  
Apt # 202  
New York City, New York 10001

We Confirm that You	Description	Units	Unit Price	Current Unit Buyback Price *	% Gain Needed To Break Even	Amount
BOUGHT	GOLD 1 DUCAT AUST	25.00	276.33	201.72	37 %	6,908.25
BOUGHT	\$.50 FRANKLIN CIRC	500.00	17.30	12.63	37 %	8,650.00

\* Buyback price may be higher than what other dealers pay.

The law precludes dealers such as Goldline from guaranteeing to buy back your coins or bars, although the company has historically done so.

**Trade Total** **\$15,558.25**

### SUMMARY OF HOLDINGS

Description	Depository	Units	Fine Troy Ounces
GOLD 1 DUCAT AUST	U.S.A.	75.00	8.2950
\$.50 FRANKLIN CIRC	U.S.A.	1,516.00	545.7600

Keep this copy for your records.

Telephone: (800) 827-4653 Fax: (310) 319-0265

www.Goldline.com