

No. 2

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
SOUTHERN DIVISION

FILED _____ ENTERED _____
LODGED _____ RECEIVED _____

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AT GREENBELT
CLERK U.S. DISTRICT COURT
DISTRICT OF MARYLAND DEPUTY

ALYSSA POLACSEK et al., individually |
on behalf of the classes of similarly |
situated persons, |

Plaintiffs, |

v. |

DEBTICATED CONSUMER |
COUNSELING, INC. et al. |

Defendants. |

Case No. 8:04-cv-00631PJM

**STIPULATED FINAL JUDGMENT AND PERMANENT INJUNCTION
AS TO DEFENDANTS DEBTWORKS, INC. , ANDRIS PUKKE, ERIKS PUKKE,
DEBTICATED CONSUMER COUNSELING INC. AND INFINITY RESOURCES
GROUP, INC.**

The parties hereto, Andris N. Pukke (“Pukke”), DebtWorks, Inc. (“DebtWorks”), Eriks Pukke, Debticated Consumer Counseling, Inc. (“Debticated”), and Infinity Resources Group, Inc. (“IRG”)¹, and Plaintiff Alyssa Polacsek and Plaintiffs- in-Intervention, Sarah Leoni and Felicia Robinson (collectively “Plaintiffs”) individually and on behalf of a class consisting of all consumers in the United States who at any time after January 31, 1998, and through October 7, 2004 (the “Class Period”), received credit counseling, credit repair, debt consolidation, and/or debt management services from an ostensibly non-profit credit counseling agency and whose fees/profits or contributions were received, directly or indirectly, by Mr. Pukke and/or

¹ The Complaint also names Pamela Pukke as a relief defendant. Former Plaintiff-in-Intervention excluded himself from this class action. Plaintiffs previously settled their claims against The Ballenger Group, LLC.

DebtWorks and/or Debticated, by and through their respective counsel, have agreed to entry of this Stipulated Final Judgment and Permanent Injunction (“Order”) by this Court without trial or adjudication of any issue of fact or law, and without Defendants admitting liability for any of the matters alleged in the Complaint, the Complaint in Intervention, or the Amended Complaint in Intervention filed herein (collectively “the Complaint”), except that Defendants stipulate that: (1) any and all funds and assets that comprise Receivership Property were derived from payments by consumers as an alleged consequence of the acts and practices alleged in the Complaint; (2) the Defendants do not have a legitimate claim to those funds; and (3) those funds are held in constructive trust for consumers.

This action was filed on January 31, 2003 in the United States District Court for the Central District of California, captioned *Polacsek, et al v. Debticated Consumer Counseling, Inc. et al.*, Case No. SACV-03-01003 CJC (the “Action”), and was transferred to this Court in March 2004. The Plaintiffs in Intervention served a Complaint in Intervention in August 2004 and an Amended Complaint in Intervention in March 2005 (the “Amended Complaint”).

Plaintiffs have investigated the facts of this action and believe their respective claims have merit, but have concluded that injunctive relief and restitution in the amount and under the terms hereinafter set forth is in the best interests of the class they seek to represent. Defendants stipulate to the entry of this Order in order to terminate this Action and to eliminate further expense, inconvenience and the distraction of burdensome and protracted litigation.

This Stipulated Final Judgment (the “Order”) settles only the Plaintiffs’ claims against Defendants, and shall not act as a bar to any claim by the Plaintiffs from seeking any remedy against any other persons, corporations, or entities, including persons who may be subject to

portions of this Order as persons acting in active concert or participation with Defendants, or persons who are party to any indemnification agreement with Defendants. Further, the Parties have agreed that this Order shall be filed for approval contemporaneously with the filing of a Stipulated Final Judgment and Permanent Injunction As To Defendants DebtWorks, Inc. And Andris Pukke in *Federal Trade Commission ("FTC") v. AmeriDebt, Inc. et al.* Civil Action No. PJM 03-3317 (D. Md.) (consolidated for trial with this Action) (the "FTC Action"). These two consent judgments are intended to resolve all claims pending against Defendants in this Action and the FTC Action. In the event that, for any reason, this Order is not entered, Defendants agree and stipulate that the Order entered in the FTC Action remains final as to the FTC and the Defendants.

NOW, THEREFORE, the Plaintiff and Defendants having requested the Court to enter this Order,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

FINDINGS

1. This is an action brought under (1) the Credit Repair Organizations Act, 15 U.S.C. § 1679 *et seq.*, a federal statute providing for restitution for violations of its provisions, (2) California's Unfair Competition Law ("UCL") a statute that allows Plaintiffs to obtain injunctive relief and to restitution for "any unlawful, unfair or fraudulent business act or practice" Cal. *Business and Professions Code* § 17200, *et seq.*, (3) California's Consumers Legal Remedies Act, Cal. *Civil Code* § 1750 *et seq.*, and (4) California common law, alleging fraud, breach of fiduciary duty, and unjust enrichment; in addition, Plaintiffs have alleged fraudulent conveyances and sought the avoidance of such conveyances, and the imposition of a constructive trust under Maryland law.

2. This Court has subject matter jurisdiction over this action and jurisdiction over all parties. Venue in the District of Maryland is proper.
3. Any and all funds and assets comprising Receivership Property were derived from payments by consumers as an alleged consequence of the acts and practices alleged in the Complaint. Further, Defendants do not have a legitimate claim to those funds. Therefore, any and all funds and assets comprising Receivership Property are held in constructive trust for consumers as defined by applicable state law.
4. Defendants waive all rights to seek judicial review or otherwise challenge or contest the validity of this Order.
5. Pursuant to Federal Rule of Civil Procedure 65(d), the provisions of this Order are binding upon Defendants, their successors, and assigns, and their officers, agents, servants, employees, and attorneys, and upon those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise.
6. On July 11, 2005, Pukke filed a voluntary petition for relief under the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, in the United States Bankruptcy Court for the Central District of California, Santa Ana Division (“Pukke Bankruptcy Case”).
7. Subsequently, the Bankruptcy Court granted the FTC’s motion to transfer venue of the Pukke Bankruptcy Case to the District of Maryland, where it was docketed as Case No.

05-2362-PJM. This Court withdrew the reference as to the Pukke Bankruptcy Case and then stayed the Pukke Bankruptcy Case.

8. This Action, including the entry and enforcement of this Order, is not stayed by 11 U.S.C. § 362 because this Court by an order has granted relief from the automatic stay (Document # 117 in Pukke Bankruptcy Case).

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. The “AmeriDebt Distribution Share” means that percentage of the Settlement Share of Receivership Property equal to the number of AmeriDebt clients that are members of the DebtWorks National Class divided by the total number of DebtWorks National Class members.
2. “Assets” means any legal or equitable interest in, right to, or claim to, any real or personal property, including, without limitation, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, interest in any trust, and all cash, wherever located, and shall include both existing Assets and Assets acquired after the date of entry of this Order. Further, the definition of Assets shall include all books, records, computer files, databases and other information that may be utilized to determine the existence of Assets, liabilities, or the location of property.
3. “Assisting” means providing assistance or support to any person or entity, including, but not limited to, providing any of the following goods or services: (a) formulating, drafting, providing, or arranging for the formulation, drafting, or provision of any marketing material; (b) providing names of, or assisting in the generation of, potential customers;

(c) performing marketing services of any kind; (d) formulating, drafting, providing, or arranging for the formulation, drafting, or provision of any employee script; (e) providing any training or training materials; or (f) providing information, advice, consultation, or materials regarding business operations, processes, or practices.

4. "Class Counsel" shall mean Garrett M. Smith of Michie Hamlett Lowry Rasmussen & Tweel PLLC, David J. Vendler of Morris, Polich & Purdy LLP, and Gregory S. Duncan, who, subject to Court approval, shall act on behalf of all of the members of the class certified herein with respect to all acts or consents required of them in that capacity.
5. "Credit counseling" means providing individualized advice to a consumer about the consumer's credit, debts, or budget.
6. "Debt management" means providing any service to a consumer relating to managing debts, including providing debt management plans.
7. "Debt management plan," "debt management program," or "DMP" means a plan or program that involves or purports to involve (a) a consumer paying one consolidated periodic payment to the program to cover the debts that are included in the program; and (b) the program disbursing payments to the creditors of the consumer.
8. "DebtWorks" means defendant DebtWorks, Inc., whether acting directly or through any corporation, subsidiary, division, or other device.
9. "Document" is synonymous in meaning and equal in scope to the usage of the term in Rule 34(a) of the Federal Rules of Civil Procedure and includes writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which the information can be obtained and translated, if necessary,

through detection devices into reasonably usable form. A draft or other non-identical copy is a separate document within the meaning of the term.

10. "Net Monies" means all monies obtained by the Receiver after the Receiver marshals and liquidates Receivership Property and pays all approved compensation and expenses.
11. "Person" means any natural person or organization including, but not limited to, any proprietorship, partnership, company, firm, corporation, joint venture, society, association, trust, or government agency or unit, and any other group or combination acting as an entity.
12. The "Polacsek Distribution Share" means that percentage of the Settlement Share of Receivership Property equal to the number of DebtWorks National Class Members that were not AmeriDebt clients divided by the number of DebtWorks National Class members.
13. "Pukke Bankruptcy Estate" means the bankruptcy estate that was created pursuant to 11 U.S.C. § 541(a) upon the commencement of the Pukke Bankruptcy Case.
14. "Receiver" or "Permanent Receiver" shall mean Robb Evans & Associates LLC, the receiver appointed by the Court in this matter over the Assets of Defendants Andris Pukke and DebtWorks, Inc.
15. "Redress Program" shall mean a program to be established and administered by the FTC for the purpose of providing consumer redress as set forth in this Order.
16. "Receivership Property" shall mean any Assets, wherever located, that are (1) owned, controlled or held by or for the benefit of Pukke or DebtWorks, in whole or in part; (2) in the actual or constructive possession of Pukke or DebtWorks; (3) held by an agent of Pukke or DebtWorks, including as a retainer for the agent's provision of services to either

or both of them; or (4) owned, controlled or held by, or in the actual or constructive possession of, or otherwise held for the benefit of, any corporation, partnership, trust, or other entity directly or indirectly owned or controlled by either Pukke or DebtWorks, including The P Family Trust, The P II Family Trust, and The Pukke 2002 Family Irrevocable Trust. Defendants agree that all Receivership Property constitutes assets held for consumers in constructive trust as defined by applicable state law. *Provided however*, that Receivership Property shall not include (1) income earned by Pukke from gainful employment in accordance with Sections I, II, and XII of this Order or (2) funds given to Pukke by his friends and family members, so long as such funds did not derive or originate from Receivership Property, directly or indirectly, in whole or in part; and

17. "Rule" shall mean a rule of Federal Rules of Civil Procedure.

**I. BAN ON CREDIT COUNSELING, CREDIT EDUCATION,
OR DEBT MANAGEMENT**

IT IS FURTHER ORDERED that Pukke and DebtWorks are hereby permanently restrained and enjoined from engaging in, participating in, or assisting others to engage or participate in credit counseling, credit education or debt management. Nothing in this Order shall be read as an exception to this Section I.

II. PROHIBITED BUSINESS ACTIVITIES

IT IS FURTHER ORDERED that, in connection with the marketing of any good or service, Defendants as well as their successors, assigns, officers, agents, servants, employees, or affiliates, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are hereby permanently restrained and enjoined from:

- A. making, or causing or assisting others to make, expressly or by implication, any false or misleading representation, including but not limited to misrepresenting:
 - 1. the existence, absence, terms, or amount of any fees, contributions, monies, or other costs, whether monetary or in kind, associated with the goods or services;
 - 2. that no profits are being made from the goods or services provided;
 - 3. any restriction, limitation, or condition to purchase the goods or services;
 - 4. any aspect of the performance, efficacy, nature, or central characteristics of the goods or services; and
 - 5. any other matter regarding the goods or services;

- B. requesting or receiving payment of any fee or consideration for goods or services represented to remove derogatory information from, or improve, a person's credit history, credit record, or credit rating until:
 - 1. the time frame in which the defendant has represented all of the goods or services will be provided to that person has expired; and
 - 2. the defendant has provided the person with the documentation in the form of a consumer report from a consumer reporting agency demonstrating that the promised results have been achieved, such report having been issued more than six months after the results were achieved;

- C. requesting or receiving payment of any fee or consideration in advance of obtaining a loan or other extension of credit when the defendant has guaranteed or represented a high likelihood of success in obtaining or arranging a loan or other extension of credit for a person; and

III. MONETARY RELIEF

IT IS FURTHER ORDERED that:

- A. Judgment is hereby entered in favor of the Plaintiffs and against Pukke and DebtWorks, jointly and severally, in the amount of ONE HUNDRED SEVENTY-TWO MILLION DOLLARS (\$172,000,000) (the "Judgment").
- B. Except as provided in Sections III.D. and IV of this Order, the Judgment shall be suspended if the Defendants satisfy the following conditions:
 1. Defendants acknowledge that the Receivership Property is comprised of Assets held in constructive trust under applicable state law and irrevocably assign, waive, release, discharge, and disclaim to the Plaintiffs any and all right, title, interest, and claims, known and unknown, that either Defendant has or may have in, to or against any and all Receivership Property; *provided however*, that Pukke and anyone residing with him may continue to reside at the Receivership Property located at 31 Linda Isle, Newport Beach, California 92660 ("Linda Isle property") until ten (10) days prior to the closing of a contract for sale of the property or 180 days after the date of entry of this Order, whichever occurs first, at which time he and anyone residing with him must vacate the property, so long as Pukke, and anyone residing at that address with him, (1) fully cooperate with the Receiver's efforts to market and sell the property, including granting the Receiver or its agents access to the property to show it to prospective buyers upon twenty-four (24) hour telephonic notice at Pukke's telephone number to be provided to the Receiver upon the date of

entry of this Order; (2) do not interfere with such sale; and (3) do not by action or inaction reduce the value of the property; *provided further* that Pukke may retain his personal furnishings located in the residence at the Linda Isle property;

2. Pukke releases and waives any statutory, common law, or other homestead exemption, including tenancy by the entirety protection, that may apply to the Linda Isle property or to any other real or personal property in which Pukke has any interest as of the date of entry of this Order and shall not declare or claim any homestead exemption in the Linda Isle Property, or such other property. Pukke also releases and waives any statutory, common law or other exemption in any and all assets, real or personal, constituting Receivership Property;
3. Pukke shall cooperate fully with the Plaintiffs and be responsible for preparing, executing, and recording the necessary documents and taking any additional actions the Plaintiffs deem necessary or desirable to evidence and effect the assignment, waiver, release, discharge, and disclaimer to the Plaintiffs of his right, title, interest, and claims in, to or against the assets constituting Receivership Property and to carry out the purposes of this Order; and
4. Within three (3) business days of execution of this Order by both Plaintiffs and Defendants, Pukke shall file a motion in the Pukke Bankruptcy Case to obtain that court's permission to enter into this Order and take any and all actions necessary and appropriate to implement and effectuate this

Order. Any plan of reorganization or liquidation proposed by Defendant Pukke or otherwise confirmed in the Pukke Bankruptcy Case, pursuant to 11 U.S.C. § 1129, shall be consistent with the terms of this Order and shall not modify or otherwise supersede this Order, including the District Court's exclusive jurisdiction to interpret and enforce this Order.

5. If the Defendants satisfy all of the conditions described in this Section III.B. and except as provided in Sections III.D. and IV of this Order, the Judgment against Defendants shall be suspended, and the Plaintiffs agree that they will not participate in any distribution to creditors in the Pukke Bankruptcy Case or file a complaint for nondischargeability or take any other action to determine nondischargeability of the Judgment owed to the Plaintiffs under Section III.A. of this Order.

C. If Defendants do not satisfy the conditions set forth in Section III.B.:

1. The Judgment shall not be suspended, and Pukke and DebtWorks shall owe the Plaintiffs \$172,000,000, an approximate measure of the consumer injury alleged in Plaintiff's complaint;
2. The Plaintiffs shall hold an allowed, general non-priority unsecured claim against Pukke in the Pukke Bankruptcy Case for restitution to consumers that used the services of the following DebtWorks clients: (1) Debticated Consumer Counseling, Inc., (2) A Better Way Credit Counseling, Inc., (3) Credicure, Inc., (4) Mason Credit Counseling, Inc., (5) Nexum Credit Counseling, Inc., (6) Neway, Inc., (7) The Credit Network, Inc., (8) Visual Credit Counseling, Inc., (9) Preactive, Inc., and (10) Debtscape, Inc.

pursuant to 11 U.S.C. § 502 in the amount of EIGHTY-SIX MILLION DOLLARS (\$86,000,000), and the Plaintiffs shall receive any distribution to which they are entitled under the priorities of the Bankruptcy Code in the Pukke Bankruptcy Case;

3. Pukke shall not oppose any motion by the Plaintiffs for the appointment of a trustee in the Pukke Bankruptcy Case, but the Plaintiffs agree that they will not nominate or otherwise propose the Receiver to serve as the trustee; and
 4. The Plaintiffs reserve their right to file a complaint to determine the nondischargeability of the Judgment owed to them under Section III.A. of this Order. Pukke agrees that the deadline for them file any such complaint to determine nondischargeability shall be up to and including the effective date of any plan confirmed in the Pukke Bankruptcy Case or the date on which the Pukke Bankruptcy Case is closed, whichever is later.
- D. The Receiver shall marshal and liquidate the Receivership Property in accordance with Section IX of this Order, and turn over monies to the FTC for the Plaintiffs in accordance with Section IX.O. of the stipulated final order in the FTC Action. If the Net Monies derived from liquidation of the Receivership Property exceed \$35 million, the Plaintiffs agree to accept THIRTY-FIVE MILLION DOLLARS (\$35,000,000) in satisfaction of its Judgment, and any Net Monies exceeding \$35,000,000 shall be turned over to the Pukke Bankruptcy Estate for distribution in accordance with the priorities of the Bankruptcy Code. *Provided however* that if for any reason the Receiver is precluded from turning over any Net Monies to

the Plaintiffs and the FTC as set forth herein or such Net Monies are determined to belong to the Pukke Bankruptcy Estate, then (1) the Plaintiffs shall hold an allowed, general non-priority unsecured claim against Pukke in the Pukke Bankruptcy Case for restitution to consumers that used the services of the following DebtWorks clients: (1) Debticated Consumer Counseling, Inc., (2) A Better Way Credit Counseling, Inc., (3) Credicure, Inc., (4) Mason Credit Counseling, Inc., (5) Nexum Credit Counseling, Inc., (6) Neway, Inc., (7) The Credit Network, Inc., (8) Visual Credit Counseling, Inc., (9) Preactive, Inc., (10) Debtscape, Inc. pursuant to 11 U.S.C. § 502 in the amount of EIGHTY-SIX MILLION DOLLARS (\$86,000,000); (2) the Plaintiffs shall receive any distribution to which they are entitled under the priorities of the Bankruptcy Code in the Pukke Bankruptcy Case, and (3) the Plaintiffs agree that they will not file a complaint for nondischargeability or take any other action to determine nondischargeability except as provided in Section IV.C. of this Order; *provided further* that Pukke shall not oppose any motion by the Plaintiffs for the appointment of a trustee in the Pukke Bankruptcy Case, but the Plaintiffs agree that they will not nominate or otherwise propose the Receiver to serve as the trustee.

- E. Any and all funds paid pursuant to this Order shall be paid by electronic funds transfer pursuant to instructions provided by the Plaintiffs and the FTC for deposit into the Redress Program administered by the FTC or its agents for equitable relief including, but not limited to, consumer redress and any attendant expenses for the administration of any redress mechanism. If this Judgment is entered, or

any related settlement receives final approval and prevails on any appeal noticed from that settlement, the FTC and Class Counsel in this Action shall agree upon a program whereby the funds will be distributed fairly to class members in the DebtWorks National Class, and for plaintiffs' attorneys' fees and costs as approved by the Court in this Action, *provided, however*, that the Plaintiffs recognize the right of the FTC to object to the amount of attorneys fees and costs requested by Class Counsel in this Action. In the event that restitution to consumers is wholly or partially impracticable or funds remain after restitution is distributed, the FTC, in consultation with Class Counsel this Action, may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices as alleged in the Complaint. Any funds attributable to the Polacsek Distribution Share shall, subject to Court approval be distributed to an appropriate recipient pursuant to the *cy pres* doctrine. Defendants shall have no right to challenge Plaintiffs' choice of *cy pres* distributions under this Subsection.

- F. Except as otherwise provided herein, Defendants relinquish all dominion, control and title to the funds and assets comprising Receivership Property and to funds paid to the Plaintiffs pursuant to this Order. Defendants shall make no claim to or demand for the return of the funds, directly or indirectly, through counsel or otherwise.
- G. All funds paid pursuant to this Order are equitable monetary relief and restitutionary in nature.

IV. TERMINATION OF SUSPENSION

IT IS FURTHER ORDERED that:

- A. The Plaintiffs' agreement to, and the Court's approval of, this Order as to Defendants is expressly premised upon the truthfulness, accuracy, and completeness of Pukke's and DebtWorks' financial condition, as represented in DebtWorks' financial statement dated May 2, 2005, and Pukke's financial statement dated January 5, 2006, upon which the Plaintiffs relied in negotiating and agreeing to the terms of this Order. By agreeing to this Order, Pukke and DebtWorks reaffirm and attest to the truthfulness, accuracy, and completeness of these financial statements.
- B. If, upon motion by the Plaintiffs, this Court finds that any Defendant possessed, in whole or in part, of record or beneficially, any Asset not disclosed in Pukke's and DebtWorks' financial statements that constitutes Receivership Property and that is exempt from the Pukke Bankruptcy Estate, such Asset, or the fair market value thereof, calculated as of the date of entry of this Order or the date of turnover of the Asset, whichever value is greater, shall be turned over to the Receiver or the Plaintiffs and the FTC by that Defendant within ten (10) days and shall be used for consumer redress in accordance with this Order. *Provided* that in all other respects this Judgment shall remain in full force and effect unless otherwise ordered by this Court, and that proceedings instituted under this section are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings the Plaintiffs may initiate to enforce this Order.

- C. The Plaintiffs reserve their right to file a complaint to determine the nondischargeability of any debt determined to be owed to the Plaintiffs under Section IV.B. of this Order. Pukke agrees that the deadline for the Plaintiffs to file any such complaint to determine nondischargeability of such debt shall be up to and including the effective date of any plan confirmed in the Pukke Bankruptcy Case or the date on which the Pukke Bankruptcy Case is closed, whichever is later.

V. CLASS ACTION PROVISIONS AND EFFECT OF FTC JUDGMENT

IT IS FURTHER ORDERED that Court's prior class certifications shall be amended as authorized by Rule 23(c)(1)(C) in the following respects:

A. To the extent that the classes previously certified herein were certified based on the provisions of Rule 23(b)(2), such class definitions are modified to exclude those Persons who elected to exclude themselves from the classes and who are listed with the Court's Final Judgment of Dismissal approving the Ballenger Settlement (Documents # 340, 341).

B. In accordance with Rule 23(c)(3), the Court finds that the following provision describe the members of the class to which this Judgment and Order is applicable:

“The DebtWorks National Class is defined as including all consumers in the United States, who at any time after January 31, 1998 and through October 7, 2004, paid an ostensibly non-profit credit counseling agency, directly or indirectly, any money or other valuable consideration whatsoever (whether denominated as a “voluntary contribution” or otherwise), in consideration of or relating in any way to the performance of any service for or on behalf of the non-profit credit counseling agency, including, without limitation, debt consolidation or debt management plan services and who had a portion of that money or other consideration benefit, directly or indirectly, DebtWorks, Inc. The subclass shall be referred to as the “DebtWorks National Class” as this litigation proceeds and in any notice to class members.”

C. To the extent that the classes previously certified herein were certified based upon the provisions of Rule 23(b)(3), such classes are decertified. Final injunctive relief is appropriate.

D. The classes formerly certified and defined as the Debticated National Class, the DebtWorks California Class, and the Debticated California Class are decertified on the basis that they are superfluous.

E. All restitution distributed pursuant to the terms of this consent judgment shall be apportioned equally among the class members.

F. The claims adjudicated by in this Order shall be distinct and severable from any claims advanced by the FTC in the FTC Action and resolved by the consent judgment entered therein. If the Court or any appeals court should decertify the DebtWorks National Class, or otherwise defeat the purpose of this consent judgment, that decision shall not affect the implementation of the Redress Program as it applies to the AmeriDebt Distribution Share. Nothing in this Order shall be used as evidence against the Defendants in the FTC Action.

VI. COORDINATION WITH FEDERAL TRADE COMMISSION

IT IS FURTHER ORDERED that class members in the DebtWorks National Class receiving payment of monetary relief through the FTC Redress Program shall be notified that such payment also constitutes restitution for the DebtWorks National Class pursuant to his Judgment. The FTC and Class Counsel shall negotiate and agree upon the content and manner of dissemination of such Notice as may be appropriate under Rule 23(b)(2), and/or that may be required under Rule 23(h) (the "Notice"). Such proposed Notice shall be submitted to and approved by the Court. Upon approval of such Notice, the FTC and Class Counsel shall negotiate and agree upon the manner of distribution to of restitution to members of DebtWorks National Class. The DebtWorks National Class and Class Counsel shall be ultimately responsible for all costs associated with the Notice, but may seek payment of such expenses under to Section IX. O below. Similarly, the DebtWorks National Class and Class Counsel shall be responsible for all costs associated with further proceedings in this Action relating to purported objections, appeals or requests for exclusion ("opt outs") from the Class. The DebtWorks National Class and Class Counsel shall not be responsible for any costs directly related to the FTC's Redress Program (*e.g.*, the FTC's delivery of class restitution to consumers).

VII. REDRESS PROGRAM ADMINISTRATION

IT IS FURTHER ORDERED that the Redress Program established and administered by the FTC pursuant to the final order entered in the FTC Action shall provide the AmeriDebt Distribution Share of class restitution to consumers. The FTC, in consultation with Class Counsel shall determine the plan for the disbursement of the funds to members of the DebtWorks National Class. The FTC, in its sole discretion, shall

assign the administration of the Redress Program to one of its approved contractors (Redress Program Administrator). Defendants shall have no right to contest the substance or manner of distribution of redress (including any attendant costs), nor the FTC's selection of the Redress Program Administrator.

VIII. COOPERATION WITH CLASS COUNSEL

IT IS FURTHER ORDERED that Pukke shall, in connection with this Action and in connection with the Pukke Bankruptcy Case, cooperate in good faith with the Plaintiffs and Class Counsel and shall appear at such places and at such times as Class Counsel shall reasonably request for interviews, conferences, pretrial discovery, review of documents, and for other matters as may be reasonably requested by the Plaintiffs. If requested in writing by the Class Counsel, Pukke shall appear and provide testimony under oath in any trial, without the service of a subpoena. Cooperation by Pukke shall not require Pukke to waive his constitutional right against self-incrimination and right to counsel.

IX. OTHER PROVISIONS

IT IS FURTHER ORDERED that the asset recovery benefits of the Receivership Provisions, and the Maintenance of Asset contained in the final order in the FTC Action filed contemporaneously herewith are intended to benefit the DebtWorks National Class.

Plaintiffs do not object to the Receiver's payment to Jones Day or contest or seek disgorgement of payments previously received by the Jones Day law firm or Collier Shannon Scott, as more fully described in Sections IX C and D of the final order in the FTC Action.

Pursuant to Rule 23(h), Class Counsel may move the Court for an interim award of expenses of litigation to be paid by the Receiver. The Court will set a time for Class Counsel to move for an award of attorneys fees, stipends for class representatives, and any unpaid expenses prior to distribution of restitution to DebtWorks National Class member, and notice of such motion shall be included with such distribution.

X. ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that Defendants, within five (5) business days after receipt of this Order as entered by the Court, each must submit to the Plaintiffs a truthful sworn statement acknowledging receipt of this Order.

XI. DISTRIBUTION OF ORDER BY DEFENDANTS

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendants shall deliver copies of the Order as directed below:

- A. DebtWorks shall deliver a copy of this Order to all of its principals, officers, directors, and managers. DebtWorks shall also deliver copies of this Order to all of its employees, agents, and representatives who engage in conduct related to the subject matter of the Order. For current personnel, delivery shall be within five (5) days of service of this Order upon DebtWorks. For new personnel, delivery shall occur prior to them assuming their responsibilities.
- B. For any business that Pukke controls, directly or indirectly, or in which Pukke has a majority ownership interest, Pukke shall deliver a copy of this Order to all principals, officers, directors, and managers of that business. Pukke shall also deliver copies of this Order to all

employees, agents, and representatives of that business who engage in conduct related to the subject matter of Sections I and II of the Order. For current personnel, delivery shall be within five (5) days of service of this Order upon Pukke. New personnel shall be given copies of this Order at least one (1) business day before they start work.

- C. For any business where Pukke is not a controlling person of the business but otherwise engages in conduct related to the subject matter of Sections I and II of the Order, Pukke shall deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.
- D. Defendants shall secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Section.

XII. AUTOMATIC STAY

IT IS FURTHER ORDERED that, to the extent necessary to effectuate the provisions of this Order, the automatic stay in the Pukke Bankruptcy Case pursuant to 11 U.S.C. § 362 shall be and hereby is terminated as to the Plaintiffs.

XIII. APPROVAL BY THE COURT

IT IS FURTHER ORDERED that,

- A. The DebtWorks National Class defined above shall constitute and be referred to herein (the "Temporary Settlement Class"), a mandatory settlement class solely for purposes of considering and finally approving this Settlement Agreement;
- B. To the extent this Order constitutes a class action settlement within the meaning of Rule 23(e), the Court gives it preliminary approval;

- C. The Court appoints the Temporary Settlement Class Representatives as the representatives of the Temporary Settlement Classes;
- D. The Court appoints appointing Class Counsel as Settlement Class Counsel;
- E. The Court directs Class Counsel to prepare a plan of notice acceptable to the FTC and Settlement Class Counsel and to submit the proposed contents of such Notice including the date of the Fairness Hearing, as defined below, and of the dates for filing any objections to this settlement;
- F. The Court directs that a Fairness Hearing be held to determine the fairness, reasonableness, and adequacy of the settlement embodied in this Order, and to consider whether the Court should issue a Final Settlement Approval Order(s); and
- G. A reasonable period after the date of publication of the Notice, Defendants and Temporary Settlement Class Representatives shall move the Court for entry of a Final Settlement Approval Order(s):
 - 1. giving final approval of this Settlement Agreement;
 - 2. declaring the Temporary Settlement Classes shall be the Permanent Settlement Classes;
 - 3. dismissing this case, not later than ten (10) days after the last day on which the Temporary Settlement Class Representatives or Defendants may withdraw from the Settlement Agreement as set forth below; and reserving jurisdiction over the implementation of this Settlement Agreement for all purposes and over the resolution of any disputes that may arise.

XIV. WITHDRAWAL

IT IS FURTHER ORDERED that,

A. Defendants shall have the right to withdraw from this Settlement Agreement in each of the following circumstances:

1. If the Court refuses to approve this Settlement Agreement (or to enter any order as provided herein) and if Defendants and the Temporary Settlement Class Representatives, having used their best efforts in good faith to agree upon a substitute settlement agreement taking into account any suggestions of the FTC and Court, are unable to reach such an agreement within twenty (20) days of the ruling by the Court;

a) Exercise of the right of Defendants to withdraw from this Settlement Agreement shall be effective upon service on the undersigned counsel for the Temporary Settlement Class Representatives of written notice of the election to withdraw and filing a copy of such notice with the Court. If Defendants exercise their right to withdraw, neither the negotiations concerning this Settlement Agreement nor the terms thereof shall constitute matters that can be used in any way in this case or otherwise, and this Settlement Agreement shall in all other respects be null and void.

b) Temporary Settlement Class Representatives jointly (but not individually), on behalf of all Temporary Settlement Classes, shall have the right to withdraw from this Settlement Agreement if 1) the Court refuses to approve this Settlement Agreement (or to enter any order as provided for herein) and if the Temporary Settlement Class Representatives and Defendants, having used their best efforts in good faith to agree upon a substitute settlement agreement, taking into account any suggestions of the Court, are unable to reach such an agreement

within twenty (20) days of such ruling by the Court or 2) Defendants breach any term, covenant or provision of this Settlement Agreement.

c) Exercise of the right of Temporary Settlement Class Representatives to withdraw from this Settlement Agreement shall be effective upon service on the undersigned counsel for Defendants of written notice of the election to withdraw and filing a copy of such notice with the Court. If Temporary Settlement Class Representatives exercise their right to withdraw, neither the negotiations concerning this Settlement Agreement nor the terms thereof shall constitute matters that can be used in any way in this case or otherwise, and this Settlement Agreement shall in all other respects be null and void.

d) Within thirty (30) days of the service of the notice of withdrawal of either party, the Polacsek Distribution Share of the settlement proceeds (plus accrued interest) shall be returned to the Receiver.

XV. RELEASE PROVISIONS & CLOSING

IT IS FURTHER ORDERED that,

A. Through their execution of this Order, Class Counsel, Temporary Settlement Class Representatives expressly covenant and agree that when this Order becomes final as specified below, all Permanent Settlement Class members, and each of them, shall be deemed to have covenanted and agreed to refrain forever from instituting, maintaining, prosecuting or continuing to maintain or prosecute any suit or action against Defendants based on the following claims (the "Claims"):

B. Any claim or claims in law or equity arising under any federal or state laws between January 31, 1998 and October 7, 2004, based upon the facts alleged in the complaints filed in this case or which might have been raised by the Class

Representatives in their lawsuit, or based upon the provision of credit counseling, credit repair, debt consolidation and/or debt management services to the Temporary Settlement Class

C. With respect to the Claims described in above, this covenant, waiver and release shall apply to any suits, debts, liens, contracts, agreements, promises, liability claims, demands, damages, losses, costs, expenses, or attorneys' fees of any nature whatsoever, known or unknown, fixed or contingent, suspected or claimed, which Temporary Settlement Class members ever had against Defendants Temporary Settlement Class members expressly waive the provisions of California Civil Code §1542 which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

D. This Order and shall become final upon the expiration of the time to file a notice of appeal from the final Order in this case, if such notice of appeal has not been timely filed: or

E. If a notice of appeal from this Order has been timely filed, then immediately upon affirmation of such order or other action upholding the final order by the United States Court of Appeals for the Fourth Circuit and, if review is granted, by the United States Supreme Court.

F. Upon these terms becoming final as specified above, this Order:

1. Shall jointly and severally inure to the benefit of and shall jointly and severally bind Mrs. Pukke and her estate, heirs, beneficiaries, successors, personal representatives, assigns and legal representatives; and

2.. Shall jointly and severally inure to the benefit of and be binding upon the Temporary Settlement Class Representatives, all members of the Temporary Settlement Classes who did not timely elect in writing to be excluded

there from, and their respective present or past officers, directors, agents, employees, parents, subsidiaries, predecessors, affiliated business subdivision and their respective successors, assigns or legal representatives.

XIV. NOTIFICATIONS

IT IS FURTHER ORDERED that, for purposes of this Order, Defendants shall, unless otherwise directed by Class Counsel, mail all written notifications to the Class Counsel relating to this Order to:

Garrett M. Smith, Esq.
MICHIE HAMLETT LOWRY RASMUSSEN & TWEEL PLLC
P.O. Box 298
Charlottesville, VA 22902

For purposes of this Order, the Plaintiffs and Receiver shall, unless otherwise provided by this Order or otherwise directed by Defendants or their authorized representatives, mail all written notifications to Defendants relating to this Order to:

John B. Williams, Esq.
Geoffrey S. Irwin, Esq.
JONES DAY
51 Louisiana Avenue, N.W.
Washington, D.C. 20001

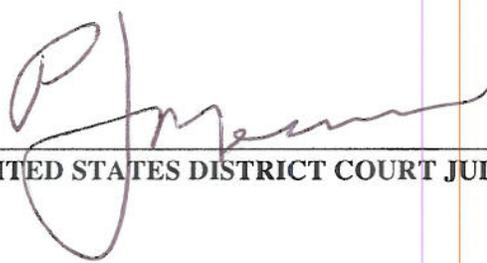
XIX. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes, including construction, modification and enforcement of this Order.

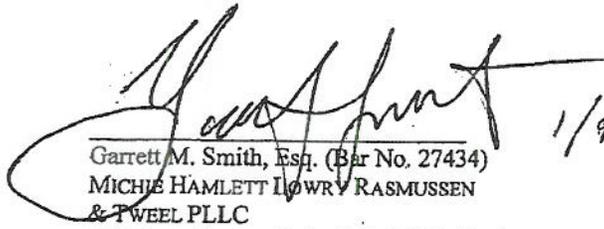
IT IS SO ORDERED.

Dated: _____

9/18/06


UNITED STATES DISTRICT COURT JUDGE

STIPULATED AND AGREED TO BY:

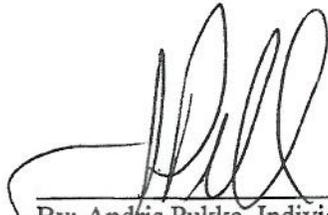
 1/9/2006

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Plaintiff Interveners, SARAH LEONI
& FELICIA ROBINSON
individually, and on behalf of the classes of similarly situated persons



By: Andris Pukke, Individually, and as
President of DebtWorks, Inc., and Infinity Resources Group, Inc.
and as Chapter 11 Debtor



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