

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

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<b>FEDERAL TRADE COMMISSION,</b>		)	
		)	
	<b>Plaintiff,</b>	)	<b>Case No. 4:96CV2225 SNL</b>
	<b>v.</b>	)	<b>(4:07CV1148)</b>
		)	
<b>ASSET PROTECTION GROUP, INC.,</b>		)	<b>Judge Limbaugh</b>
<b>and WILLIAM S. REED,</b>		)	
		)	
	<b>Defendants.</b>	)	
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**STIPULATED ORDER FOR PERMANENT INJUNCTION AND OTHER EQUITABLE  
RELIEF AGAINST WILLIAM S. REED AND ASSET PROTECTION GROUP, INC.**

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), has filed a Complaint seeking permanent injunctive relief, disgorgement, and other equitable relief pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), charging defendants with deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

Having fully considered the record and the applicable law, the Court now issues this Order for Permanent Injunction and Other Equitable Relief.

**FINDINGS**

1. This Court has jurisdiction over the subject matter of this case and the parties hereto pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.
2. Venue in this district is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b)-(c).

3. The activities of the defendants are in or affecting “commerce,” as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

4. This Court has held the defendants in civil contempt after finding by clear and convincing evidence that they violated a Permanent Injunction by engaging in material misrepresentations and by failing to disclose material facts to consumers in connection with the advertising, promotion, marketing, offering for sale, or sale of a training and business opportunity program. *FTC v. Neiswonger et al.*, 4:96CV2225 SNL (Apr. 23, 2007).

5. The Commission and Defendants stipulate and agree to this Permanent Injunction without the defendants admitting liability for any of the violations of the FTC Act alleged in the Complaint in this action. Defendants acknowledge that they have read the provisions of this Order and agree to abide by them. Defendants consent freely and without coercion to entry of this Permanent Injunction. Defendant Reed does not object to the Receiver signing this Order on behalf of defendant Asset Protection Group, Inc.

6. This action and the relief ordered herein are in addition to, and not in lieu of, the relief ordered in the civil contempt action brought by the Commission against the defendants in *FTC v. Neiswonger, et al.*, No. 4:96CV2225 (E.D. Mo.).

7. This action and the relief ordered herein are in addition to, and not in lieu of, other civil or criminal remedies as may be provided by law, including any other proceedings the Commission may initiate to enforce this Order.

8. The parties agree that this Stipulation shall be submitted to the Court once fully executed, and shall be binding upon approval by this Court.

9. Defendants waive all rights to seek judicial review of, or otherwise challenge or

contest the validity of, this Order. Defendants waive and release any claim they may have against the FTC and their employees, representatives, or agents.

10. Entry of this Order is in the public interest. There being no just reason for delay, the Clerk is directed to enter this Order immediately.

### DEFINITIONS

For the purposes of this Permanent Injunction, the following definitions apply:

A. "Asset protection services" means any products, services, or techniques promoted or used to conceal or protect any assets from potential or actual litigants or creditors, law enforcement and government organizations, courts, or other third parties.

B. "Business Venture" means any written or oral business arrangement, however denominated, regardless of whether covered by the Franchise Rule or Business Opportunity Rule, which consists of the payment of any consideration for:

1. the right or means to offer, sell, or distribute goods or services (regardless of whether identified by a trademark, service mark, trade name, advertising, or other commercial symbol); and
2. more than nominal assistance to any person or entity in connection with or incident to the establishment, maintenance, or operation of a new business or the entry by an existing business into a new line or type of business.

C. "Defendants" means Asset Protection Group, Inc. ("APGI") and William S. Reed ("Reed"), and each of them, individually and jointly.

D. "Document" is equal in scope and synonymous in meaning to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, charts, graphs,

photographs, audio and video recordings, computer records, electronic records and images, and any other data compilations from which information can be obtained (or translated, if necessary, through detection devices into reasonably usable form). A draft or non-identical copy is a separate document within the meaning of the term.

E. "Franchise Rule or Business Opportunity Rule" means:

1. The FTC Trade Regulation Rule codified at 16 C.F.R. Part 436, until the effective date of the amendments to the FTC Trade Regulation Rule titled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," approved by the FTC on January 22, 2007;
2. After the effective date of the amendments to the FTC Trade Regulation Rule titled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," approved by the FTC on January 22, 2007:
  - (a) The FTC Trade Regulation Rule titled "Disclosure Requirements Concerning Franchising," to be codified at 16 C.F.R. Part 436, or as it may be amended; and
  - (b) The FTC Trade Regulation Rule titled "Disclosure Requirements concerning Business Opportunities," to be codified at 16 C.F.R. Part 437, or as it may be amended.

**I.**  
**BAN ON FUTURE INVOLVEMENT WITH  
BUSINESS VENTURES AS DEFINED IN THIS ORDER**

**IT IS ORDERED** that William S. Reed and Asset Protection Group, Inc., are permanently restrained and enjoined from:

(A) advertising, marketing, promoting, offering for sale, or selling any business venture or assisting in the advertising, marketing, promoting, offering for sale, or selling of any business venture;

(B) receiving any remuneration or other consideration of any kind whatsoever as a result of engaging in the advertising, marketing, promoting, offering for sale, or selling of any business venture;

(C) holding any ownership interest, share, or stock in any business entity which engages in or assists in the advertising, marketing, promoting, offering for sale, or selling of any business venture;

(D) serving as an employee, officer, director, trustee, general manager of, or consultant or advisor in a position with duties or responsibilities that require engaging or assisting in the advertising, marketing, promoting, offering for sale, or selling of any business venture.

**II.**  
**BAN ON ADVERTISING, MARKETING,  
PROMOTION, OR SALE OF ASSET PROTECTION SERVICES**

**IT IS FURTHER ORDERED** that William S. Reed and Asset Protection Group, Inc. are permanently restrained and enjoined from advertising, marketing, promoting, offering for sale, selling, or otherwise inducing the purchase of asset protection services, or assisting others to do so, either directly or through any agent, employee, successor, assign, corporation, subsidiary, division,

or other device.

**III.**  
**PROHIBITED BUSINESS PRACTICES:**  
**MISREPRESENTATIONS AND FAILURES TO**  
**AFFIRMATIVELY DISCLOSE MATERIAL FACTS**

**IT IS FURTHER ORDERED** that William S. Reed and Asset Protection Group, Inc. and their officers, agents, servants, and employees, and those in active concert or participation with them who receive actual notice of this order by personal service or otherwise, in connection with advertising, marketing, promoting, offering for sale, selling, or otherwise inducing the purchase of any product or service, including but not limited to any financial service, corporate service, or investment service, are hereby permanently restrained and enjoined from:

(A) making, or assisting others in making, any express or implied material representation that is false or misleading, including, but not limited to, any false or misleading statement concerning:

- (1) any material aspect of the performance, nature, or characteristics of any product or service;
- (2) the income that consumers may earn, are likely to earn, or will earn from any product or service, including but not limited to statements referring to a substantial income, a six-figure income, substantial profits, or words of similar import;
- (3) any material aspect of any defendant's professional or business experience or credentials; and
- (4) the relationship or connection between any reference or testimonialist and

the defendant.

(B) failing to clearly and conspicuously disclose, or assisting others in failing to so disclose, to consumers, in advance of purchase, the following:

- (1) the relationship or connection between any reference or testimonialist and any defendant, including, but not limited to, the type and amount of remuneration or any other benefit received by any such reference or testimonialist; and
- (2) any previous material disciplinary and/or law enforcement actions against any defendant in a professional or business capacity, to the extent any representation is made to consumers regarding the defendant's professional or business experience or credentials.

#### IV. PROVISION FOR MONETARY JUDGMENT

Upon entry of the monetary judgment in the civil contempt case consolidated with the present case, the Court shall enter a separate monetary judgment against APGI and Reed in the present case for the exact same amount as awarded against APGI and Reed in the civil contempt case. The monetary judgment in the present case will remain in effect regardless of the outcome of any appeal in the civil contempt case. The monetary judgments against APGI and Reed in the civil contempt case and this case will not provide the basis for a double recovery by the Commission.

#### V. COMPLIANCE MONITORING

**IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order,

(A) Within ten (10) days of receipt of written notice from a representative of the Commission, William S. Reed and Asset Protection Group, Inc. each shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in such defendant's possession or direct or indirect control to inspect the business operation;

(B) In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the following:

- (1) obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;
- (2) posing as consumers and suppliers to William S. Reed and Asset Protection Group, Inc., their employees, or any other entity managed or controlled in whole or in part by each defendant, without the necessity of identification or prior notice; and

(C) William S. Reed and Asset Protection Group, Inc. shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

*Provided, however,* that nothing in this Order shall limit the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

**VI.  
COMPLIANCE REPORTING**

**IT IS FURTHER ORDERED** that, in order that compliance with the provisions of this Order may be monitored:

- (A) For a period of five (5) years from the date of entry of this Order,
- (1) William S. Reed shall notify the Commission of the following:
- (a) Any changes in residence, mailing addresses, and telephone numbers of William S. Reed, within ten (10) days of the date of such change;
- (b) Any changes in employment status (including self-employment) of William S. Reed, and any change in the ownership of the individual defendant in any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that the individual defendant is affiliated with, employed by, creates or forms, or performs services for; a statement of the nature of the business; and a statement of the individual defendant's duties and responsibilities in connection with the business or employment; and
- (c) Any changes in the individual defendant's name or use of any aliases or fictitious names; and
- (2) William S. Reed and Asset Protection Group, Inc. shall notify the Commission of any changes in corporate structure or any business entity

that an individual defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any proposed change in the corporation about which the defendants learn less than thirty (30) days prior to the date such action is to take place, the defendants shall notify the Commission as soon as is practicable after obtaining such knowledge.

(B) One hundred eighty (180) days after the date of entry of this Order, and every year thereafter until a period of five (5) years from the date of entry of this Order has passed, William S. Reed and Asset Protection Group, Inc. each shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

- (1) For William S. Reed:
  - (a) The then-current residence address, mailing addresses, and telephone numbers of the individual defendant;
  - (b) The then-current employment and business addresses and telephone numbers of the individual defendant, a description of the business

activities of each such employer or business, and the title and responsibilities of the individual defendant, for each such employer or business;

(c) Any other changes required to be reported under subparagraph A of this Paragraph VI.

(2) For all Defendants:

(a) A copy of each acknowledgment of receipt of this Order, obtained pursuant to Paragraph VIII; and

(b) Any other changes required to be reported under subparagraph A of this Paragraph VI.

(C) For the purposes of this Order, defendants shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Associate Director of Enforcement  
Federal Trade Commission  
600 Pennsylvania Ave., N.W.  
Washington, D.C. 20580

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(D) For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with defendants.

**VII.  
RECORD KEEPING PROVISIONS**

**IT IS FURTHER ORDERED** that, for a period of eight (8) years from the date of entry of this Order, in connection with advertising, marketing, promoting, offering for sale, selling, or otherwise inducing the purchase of any financial service, corporate service, or investment service, or in any business in which William S. Reed is the majority owner or otherwise controls the business, defendants William S. Reed and Asset Protection Group, Inc., their agents, employees, officers, corporations, successors, and assigns, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are each hereby restrained and enjoined from failing to create and retain the following records:

- (A) Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- (B) Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- (C) Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- (D) Complaints and refund requests (whether received directly, indirectly or through any third party) and any responses to those complaints or requests;

(E) Copies of all sales scripts, training materials, advertisements, or other marketing materials; and

(F) All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order, required by Paragraph VIII of this Order, and all reports submitted to the FTC pursuant to Paragraph VI of this Order.

**VIII.  
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, the defendants shall deliver copies of the Order as directed below:

(A) Asset Protection Group, Inc. must deliver a copy of this Order to all of its principals, officers, directors, and managers. Asset Protection Group, Inc. also must 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 (5) days of service of this Order upon defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities.

(B) For any business that William S. Reed controls, directly or indirectly, or in which William S. Reed has a majority ownership interest, William S. Reed must deliver a copy of this Order to all principals, officers, directors, and managers of that business. William S. Reed must 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 the Order. For current personnel, delivery shall

