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13
14 UNITED STATES DISTRICT COURT
15 CENTRAL DISTRICT OF CALIFORNIA
16 WESTERN DIVISION

17 FEDERAL TRADE COMMISSION,

18 Plaintiff,

19 v.

20 TREK ALLIANCE, INC., et al.,

21 Defendants.

Case No. CV-02-9270 DSF (AJWx)

**STIPULATED FINAL ORDER
FOR PERMANENT INJUNCTION AND
OTHER EQUITABLE RELIEF
AGAINST DEFENDANTS RICHARD
VON ALVENSLEBEN AND TIFFANI
VON ALVENSLEBEN**

22
23 Plaintiff Federal Trade Commission ("Commission" or "FTC") filed a
24 Complaint for a permanent injunction and other equitable relief pursuant to Section
25 13(b) of the Federal Trade Commission Act ("FTC Act"). The Complaint charged
26 Defendants with violations of Section 5(a) of the FTC Act, as amended, 15 U.S.C.

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1 Plaintiff FTC and Defendants Richard Von Alvensleben, a/k/a Rich Von, and
2 Tiffani Von Alvensleben, a/k/a Tiffani Von (the "Von Defendants") have agreed to
3 entry of this Stipulated Final Order for Permanent Injunction and Other Equitable
4 Relief ("Order") by the Court to resolve all charges against the Von Defendants set
5 forth in the Complaint and all matters in dispute between Plaintiff and the Von
6 Defendants in this action. The Von Defendants have consented to entry of this
7 Order without trial or adjudication of any issue of law or fact herein and have agreed
8 that entry of this Order in the docket by the Court will constitute notice to them of
9 the terms and conditions of the Order. The parties do not accede or admit to the
10 claims of the other except to the extent set forth in the Findings below. The Von
11 Defendants deny liability for all charges in the Complaint and make no admission of
12 guilt as to any practice set forth in the Complaint. Plaintiff and the Von Defendants
13 having requested the Court to enter this Order, the Court hereby finds and orders as
14 follows:

15 **FINDINGS**

16 1. This is an action instituted by the Commission under Section 13(b) of
17 the FTC Act in connection with Defendants' sale and offering for sale of the right to
18 participate in Defendants' multi-level marketing program. The Complaint seeks
19 permanent injunctive and other equitable relief against Defendants.

20 2. This Court has jurisdiction of the subject matter of this case and over
21 the Von Defendants. Venue in the Central District of California is proper.

22 3. The Complaint states a claim upon which relief may be granted against
23 the Von Defendants under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C.
24 §§ 45(a) and 53(b).

25 4. Plaintiff has the authority under Section 13(b) of the FTC Act, 15
26 U.S.C. § 53(b), to seek the relief it has requested.

27 5. The activities of the Von Defendants charged in the Complaint are in or
28 affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

1 6. The Von Defendants deny liability for the charges in the Complaint,
2 and there has been no final adjudication of whether the charges in the Complaint are
3 true.

4 7. The Von Defendants have waived all rights to seek judicial review or
5 otherwise challenge or contest the validity of this Order. The Von Defendants have
6 also waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, as
7 amended by PL 104-121, 110 Stat. 847, 863-64 (1996).

8 8. Entry of this Order is in the public interest.

9 **DEFINITIONS**

10 1. The term "document" is synonymous in meaning and equal in scope to
11 the usage of the term in Federal Rule of Civil Procedure 34(a), and includes
12 writings, drawings, graphs, charts, photographs, audio and video recordings,
13 computer records, and other data compilations from which information can be
14 obtained and translated, if necessary, through detection devices into reasonably
15 usable form. A draft or non-identical copy is a separate document within the
16 meaning of the term.

17 2. "Material fact" means any fact likely to affect a person's choice of, or
18 conduct regarding, goods or services.

19 3. "Consumer" means an actual or potential purchaser, customer,
20 subscriber, or natural person.

21 4. "Multi-Level Marketing Program" means any marketing program in
22 which all of the following elements exist: (1) participants are given the right to sell
23 goods or services; (2) participants are given the right to recruit additional
24 participants into a first-level downline (however denominated), or to have additional
25 participants placed by the promoter or any other person into the program
26 participant's first-level downline; (3) the first-level downline participants in turn
27 have the right to recruit additional participants (second-level downlines), or to have
28 additional participants placed into their downlines; and (4) participants may earn

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1 compensation based in whole or in part upon the sales or purchases of those in the
2 participant's second-level downline or beyond.

3 5. "Prohibited Marketing Program" means any marketing program or plan
4 in which any participant pays money or valuable consideration to the company in
5 return for which he receives the right to receive rewards, in return for recruiting
6 other participants into the program, which are unrelated to the sale of products or
7 services to persons who are not participants in the marketing program.

8 6. "Business Venture" means any written or oral business arrangement,
9 however denominated, whether or not covered by 16 C.F.R. Part 436, that consists
10 of the payment of any consideration for (i) the right or means to offer, sell, or
11 distribute goods or services (whether or not identified by a trademark, service mark,
12 trade name, advertising or other commercial symbol); and (ii) assistance to any
13 person in connection with or incident to the establishment, maintenance, or
14 operation of a new business, or the entry by an existing business into a new line or
15 type of business.

16 7. "Von Defendants" means Defendants Richard Von Alvensleben and
17 Tiffani Von Alvensleben, jointly and separately. Any provision of this Order that is
18 applicable to both Defendants is also applicable to each Defendant separately.

19 **ORDER**

20 I.

21 **Prohibition Against Participating in**
22 **Multi-Level Marketing Programs**

23 **IT IS HEREBY ORDERED** that each of the Von Defendants, whether
24 acting directly or through any corporation, business entity or person under the
25 control of either of them, is **hereby prohibited** from engaging or participating in (i)
26 the operation or promotion of any Multi-Level Marketing Program or Prohibited
27 Marketing Program, or (ii) the offering, marketing, advertising, promotion,
28 distribution or sale of the right to participate in any Multi-Level Marketing Program

1 or Prohibited Marketing Program. Examples of prohibited activities include,
2 without limitation, the following:

- 3 1. Having any ownership or equity interest in any such Program;
- 4 2. Acquiring or exercising any control or authority over the
5 business decisions of any such Program; and
- 6 3. Serving as an officer, a director, an employee, a sales
7 representative, a distributor, a compensation plan participant, a
8 recruiter, or a "closer" of or for any such Program.

9 II.

10 **Prohibited Representations**

11 **IT IS FURTHER ORDERED** that each of the Von Defendants, and the
12 agents, servants, employees, and attorneys of either of them, and all persons or
13 entities under the control of either of them, and all other persons or entities in active
14 concert or participation with either of them who receive actual notice of this Order
15 by personal service or otherwise, and each such person, whether acting directly or
16 through any corporation, business entity or person under either Defendant's control,
17 in connection with the advertising, offering, marketing, promotion or sale of
18 Business Ventures, **are hereby prohibited** from:

- 19 1. Falsely representing, expressly or by implication, the amount of
20 earnings or income that can be or which is likely to be derived from the acquisition
21 of the Business Venture;
- 22 2. Falsely representing, expressly or by implication, that persons
23 who acquire the Business Venture are likely to realize substantial financial gain;
- 24 3. Falsely representing, expressly or by implication, the benefits
25 that can or are likely to be derived from acquiring the Business Venture;
- 26 4. Falsely representing, expressly or by implication, the amount of
27 sales that owners or acquirers of the Business Venture have made, or that acquirers
28 of the Business Venture can or are likely to make;

1 5. Falsely representing, expressly or by implication, that all or most
2 of the people who fail to make significant income from the Business Venture failed
3 to devote substantial or sufficient effort;

4 6. Falsely representing, expressly or by implication, that salaried or
5 permanent employment opportunities are available; and

6 7. Falsely representing, expressly or by implication, any other
7 material fact.

8 III.

9 **Prohibition Against Material Omissions and Lack of Substantiation**

10 **IT IS FURTHER ORDERED** that each of the Von Defendants, whether
11 acting directly or through any corporation, business entity or person under the
12 control of either of them, in connection with the advertising, offering, marketing,
13 promotion or sale of Business Ventures, **is hereby prohibited** from:

14 A. Failing to disclose, clearly and conspicuously, before any consumer
15 pays any money in connection with acquiring a Business Venture, all information
16 material to the decision to acquire the Business Venture, including information that
17 is known or should reasonably be known to the Defendant regarding actual income
18 and profits of other acquirers of the Business Venture;

19 B. Making any representation, expressly or by implication, regarding the
20 amount or level of income that an acquirer of the Business Venture can reasonably
21 expect to make unless, at the time such representation is made, a reasonable basis
22 exists for such representation and the Defendant has in his or her possession
23 material that constitutes a reasonable basis for such representation, which material is
24 made available to the Commission or its representatives upon reasonable demand.

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IV.

Equitable Monetary Relief

A. **IT IS FURTHER ORDERED** that the Von Defendants, jointly and severally, shall pay to the Federal Trade Commission, within nine (9) months after the date of entry of this Order, the sum of FIVE HUNDRED FIFTEEN THOUSAND DOLLARS (\$515,000.00) in equitable monetary relief. No portion of any payments under this Order shall be deemed a payment of any fine, penalty, or punitive assessment. Time is of the essence. In the event the Von Defendants fail to pay the Commission \$515,000.00 within nine (9) months after the date of entry of this Order, the amount of the Von Defendants' monetary liability shall be determined in accordance with Section V of this Order below. The Von Defendants shall pay all amounts due under this Order in cash by electronic funds transfer to the Commission, or to such agent as the Commission may direct, pursuant to instructions provided by the Commission through its attorneys.

B. **IT IS FURTHER ORDERED** and agreed that to secure the payment due under this Section:

1. The Von Defendants hereby grant to the Commission a voluntary lien on and security interest in real property located at 3300 Sierra Springs Court, Penryn, California, together with all dwelling houses, other structures, improvements, appurtenances, hereditaments, and other rights appertaining or belonging thereto, or which hereafter may be added or attached thereto, and all replacements, substitutions therefore or thereto, and all proceeds thereof, whether presently existing or hereafter arising (collectively, the "Penryn Collateral"). The Von Defendants represent and acknowledge that the Commission is relying on the material representations that the Von Defendants are the sole owners in fee simple of the Penryn Collateral, that title to the Penryn Collateral is marketable, and that the Penryn Collateral is not currently encumbered by any other lien, mortgage, deed of trust, assignment, pledge, security interest or other interest, except (1) a mortgage

1 held by World Savings in an amount equal to or less than \$617,355.00
2 ("Mortgage"); and (2) other restrictions and encumbrances of record subject to
3 which Defendant originally acquired the property. The Von Defendants represent
4 that the Mortgage is not in default. The Von Defendants shall cooperate fully with
5 the Commission and be responsible (at their expense) for preparing, executing and
6 recording the necessary documents and taking any other actions necessary to perfect
7 the Commission's voluntary lien on and security interest in the Penryn Collateral.
8 The Von Defendants shall deliver to the Commission copies of all recording
9 documents used to perfect the Commission's voluntary lien on the Penryn Collateral
10 within fourteen (14) days after entry of this Order. The Von Defendants shall not
11 grant any other security interest in the Penryn Collateral to any other person or entity
12 prior to perfecting the lien granted to the Commission herein.

13 2. The Von Defendants also hereby grant to the Commission a
14 security interest in the promissory note and second deed of trust ("Note") that they
15 hold on the \$500,000.00 loan they extended in conjunction with the sale of land at
16 8655 Leavesley Road, Gilroy, California to Leavesley Road Partners. Within ten
17 (10) days after entry of this Order, the Von Defendants shall perform all steps
18 necessary to perfect the security interest granted to the Commission in the Note,
19 including the payment of any preparation or filing fees under the appropriate state
20 laws. The Von Defendants shall furnish to counsel for the Commission an executed
21 declaration attesting to the steps taken to perfect the security interest, along with
22 copies of related documents. The Von Defendants represent and acknowledge that
23 the Commission is relying on the material representations that the Note is not
24 currently encumbered by any other lien or security interest. The Von Defendants
25 shall not grant a security interest in or lien on the Note to any other person before all
26 payments required by Paragraph A above have been made.

27 C. The Commission acknowledges that the source of funds for the Von
28 Defendants' payment obligation under Section IV.A of this Order is likely to come

1 in whole or in part from the refinancing of the Penryn Collateral. The Commission
2 agrees to cooperate fully in the Von Defendants' efforts to refinance the Penryn
3 Collateral and acknowledges that release and/or subordination of its security
4 interest, if any, may be necessary to effectuate the refinancing of the Penryn
5 Collateral. In this regard, the parties further agree as follows:

6 1. If the Von Defendants are able to obtain refinancing of the
7 Mortgage, and

8 (a) after discharge of all remaining obligations under the
9 Mortgage, the refinancing produces "cash out" in an
10 amount that equals or exceeds the balance then owed to the
11 Commission under Section IV.A of this Order, or

12 (b) after discharge of all remaining obligations under the
13 Mortgage, the refinancing produces "cash out" that is less
14 than the balance then owed to the Commission under
15 Section IV.A of this Order, but the Von Defendants pay
16 into escrow at closing an amount equal to the difference
17 between the balance then owed to the Commission and the
18 amount of the "cash out" proceeds (the "Deficiency"),

19 then the Commission agrees to release any and all security
20 interests in the Penryn Collateral, provided that the Von
21 Defendants meet their obligations under Section IV.A of this
22 Order by payment in cash to the Commission, through escrow at
23 closing, of the amount then owing to the Commission under
24 Section IV.A; and

25 2. In the event that the Von Defendants are able to obtain
26 refinancing of the Mortgage, and if, after discharge of all
27 remaining obligations under the Mortgage, the refinancing
28 produces "cash out" in an amount that is less than the amount

1 then owed to the Commission under Section IV.A of this Order
2 and the Von Defendants do *not* pay into escrow the amount of the
3 Deficiency, then the Von Defendants agree that all refinancing
4 proceeds after paying off the Mortgage will be paid to the
5 Commission through escrow at closing, and the Commission
6 agrees to release any existing security interests and cause the
7 filing of a new security interest, subordinate to the security
8 interest of the refinancing lender, in the amount that remains
9 owed to the Commission under Section IV.A following receipt
10 by the Commission of any proceeds of the refinancing.

- 11 3. The Commission further agrees to release any security interests
12 granted herein upon discharge by the Von Defendants of all
13 obligations under Section IV.A of this Order. The Von
14 Defendants shall be responsible for preparing and filing any
15 termination statements reasonably required in connection
16 therewith, provided that the Commission shall cooperate with
17 Defendants and shall not unreasonably withhold its consent and
18 acknowledgment of the same. The Von Defendants shall be
19 responsible for paying all costs relating to the preparation,
20 execution, delivery, filing, recording, and termination of any
21 voluntary lien and security interests granted herein.

22 D. The Commission further acknowledges that funds for the Von
23 Defendants' payment obligation under Section IV.A of this Order is likely to come
24 in whole or in part from the sale of the Note. The Von Defendants shall not sell the
25 Note, however, without the prior approval of the Commission, which shall not be
26 unreasonably withheld. The Von Defendants shall ensure that all proceeds from any
27 sale of the Note shall go immediately to the Commission, by ensuring that the
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1 proceeds be paid directly by the purchaser to the Commission, or be paid by the
2 purchaser into escrow and then to the Commission upon closing of escrow.

3 E. **IT IS FURTHER ORDERED** that the \$1,200,000.00 that Northfield
4 Insurance Company has agreed to pay pursuant to Directors and Officers and
5 Corporate Liability policy number ER000151 shall be distributed in accordance with
6 the Agreement appended hereto as Appendix 1. The \$600,000.00 payment directed
7 to counsel for the Individual Defendants may be used only to pay outstanding
8 attorneys fees and expenses that counsel for the Individual Defendants have accrued
9 in FTC v. Trek Alliance, Inc. None of this amount may be returned or passed
10 through to any of the Individual Defendants.

11 F. **IT IS FURTHER ORDERED** that all funds paid to or received by the
12 Commission pursuant to this Section shall be deposited into a fund administered by
13 the Commission or its agent. Funds paid to or received by the Commission pursuant
14 to this Section shall be used first to pay to the Receiver and Special Master, Robb
15 Evans, all of the Receiver's and Special Master's reasonable fees, expenses and
16 liabilities that have been or will be incurred in this action and which cannot be paid
17 out of the receivership estate, and second, after the Receiver and Special Master has
18 been discharged, and all reasonable fees, expenses and liabilities have been paid, for
19 equitable relief, including but not limited to consumer redress and any attendant
20 expenses for the administration of any redress fund. In the event that direct redress
21 to consumers is wholly or partially impracticable or funds remain after redress is
22 completed, the Commission may apply any remaining funds for such other equitable
23 relief (including consumer information remedies) as it determines to be reasonably
24 related to Defendants' practices alleged in the Complaint. Any funds not used as
25 described above shall be deposited to the Treasury as disgorgement. Defendants
26 shall have no right to challenge the Commission's choice of remedies under this
27 Section, or to contest the manner of distribution chosen by the Commission.

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V.

Right to Reopen

IT IS FURTHER ORDERED that the Commission's agreement to this Order is expressly premised upon (a) the truthfulness, accuracy and completeness of the "Financial Statement of Individual Defendant" of Defendants Richard and Tiffani Von Alvensleben, dated December 10, 2002 (as well as documents submitted therewith), and a supplemental "Financial Statement of Individual Defendant," dated March 14, 2005 (as well as documents submitted therewith), that the Von Defendants have submitted to the Commission, and (b) timely payment pursuant to Section IV of this Order. Said financial statements and documents contain material information upon which the FTC has relied in negotiating and agreeing to the terms of this Order. If, upon motion by the Commission to the Court, the Court finds that the Von Defendants (a) failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from their financial statement, or (b) failed to make timely payment to the FTC pursuant to Section IV of this Order above, then judgment in the amount of FIFTEEN MILLION DOLLARS (\$15,000,000.00) shall be entered and will become immediately due and payable, less any payments already made. In addition to modifying the Von Defendants' monetary liability pursuant to Section IV of this Order, the Court may order the Von Defendants to turn over any asset that they have misrepresented or failed to disclose, or its exact liquid value, to the Commission. *Provided, however,* that in all other respects this judgment shall remain in full force and effect, unless otherwise ordered by the Court. Modification of the Von Defendants' monetary liability as provided herein shall be in addition to, and not in lieu of, any other remedies that may lie for any misrepresentation in or omission from the Defendant's financial statements. While the Von Defendants do not admit any of the charges in the FTC's Complaint, they nonetheless waive the right to contest those charges in any proceedings to enforce payment or in response to any

1 motion brought under this Section, including without limitation in any response to
2 nondischargeability complaint filed in a bankruptcy proceeding.

3 VI.

4 **Acknowledgment of Receipt**

5 **IT IS FURTHER ORDERED** that each of the Von Defendants, within five
6 (5) business days of receipt of this Order as entered by the Court, must submit to the
7 Commission a truthful sworn and notarized statement acknowledging receipt of this
8 Order.

9 VII.

10 **Dissolution of Asset Freeze**

11 **IT IS FURTHER ORDERED** that the freeze of the Von Defendants' assets
12 pursuant to Sections IV and VII of the Preliminary Injunction is hereby lifted.

13 VIII.

14 **Record Keeping**

15 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the
16 date of entry of this Order, each of the Von Defendants, in connection with any
17 company or business which advertises, offers, markets, promotes or sells Business
18 Ventures, where the Defendant is the majority owner or otherwise controls the
19 business (whether directly or through any corporation, business entity or person), or
20 where the Von Defendants jointly own a majority interest in the business or
21 otherwise directly or indirectly control the business, is hereby restrained and
22 enjoined from failing to create and retain the following records:

23 A. Accounting records that reflect (i) the cost of goods or services sold,
24 (ii) revenues generated, and (iii) the disbursement of such revenues;

25 B. Personnel records accurately reflecting (i) the name, address, and
26 telephone number of each person employed in any capacity by such business,
27 including as an independent contractor; (ii) that person's job title or position; (iii) the
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1 date upon which the person commenced work; and (iv) the date and reason for the
2 person's termination, if applicable;

3 C. Customer files containing the names, addresses, phone numbers, dollar
4 amounts paid, quantity of items or services purchased, and description of items or
5 services purchased, to the extent such information is obtained in the ordinary course
6 of business;

7 D. Computer records containing the name, address, and phone number of
8 each acquirer of the Business Venture (however denominated, including without
9 limitation sales representatives, distributors, or independent business owners), as
10 well as (i) dollar amounts paid by the acquirer to the business or any affiliate for any
11 purpose, and the date of each payment, and (ii) all commissions or other pecuniary
12 benefit paid to the acquirer and the date of each payment;

13 E. Complaints and refund requests (whether received directly, indirectly or
14 through any third party) and any responses to those complaints or requests;

15 F. Copies of all sales scripts, training materials, advertisements, and other
16 marketing materials; and

17 G. All records and documents necessary to demonstrate full compliance
18 with each provision of this Order, including but not limited to copies of
19 acknowledgments of receipt of this Order (required by Section XI below), and all
20 reports submitted to the FTC pursuant to Section X below.

21 IX.

22 **Compliance Monitoring**

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

25 A. The Commission may apply to the Court for an order, and the Court
26 may issue an order, for good cause shown, on an *ex parte* basis without prior notice
27 to the Von Defendants, directing that either or both Defendants shall submit
28 additional written reports, sworn to under penalty of perjury; produce documents for

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1 inspection and copying; appear for deposition; and/or provide entry during normal
2 business hours to any business location in the Defendant's possession or direct or
3 indirect control to inspect the business operation. *Provided that* either of the Von
4 Defendants may, after attempting in good faith to resolve with the Commission any
5 dispute arising from such order, file a motion with this Court seeking a protective
6 order under Fed. R. Civ. P. 26(c).

7 B. In addition, the Commission and its representatives are authorized to
8 monitor compliance with this Order by all other lawful means, including but not
9 limited to the following:

- 10 1. obtaining discovery from any person other than the Von
11 Defendants, without further leave of court, using the procedures
12 prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45; and
- 13 2. communicating with any entity controlled in whole or in part by
14 the Von Defendants, or any of their employees, while posing as
15 consumers or prospective customers or suppliers, without the
16 necessity of identification or prior notice;

17 C. The Von Defendants shall not attempt to impose any restrictions,
18 beyond those imposed by law in the relevant jurisdiction, on the Commission's
19 ability to interview any employer, consultant, independent contractor, representative,
20 agent, or employee who has agreed to such an interview, relating in any way to any
21 conduct subject to this Order. In any such interview, the person interviewed may
22 have counsel present. This provision shall not be construed as a waiver by the
23 Defendant of any privilege or right, or as a grant of permission by the Defendant or
24 the Court to any person to disclose information or documents that could not be
25 disclosed in the absence of this provision.

26 *Provided, however,* that nothing in this Order shall limit the Commission's
27 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15
28 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony,

1 or information relevant to unfair or deceptive acts or practices in or affecting
2 commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

3 X.

4 **Compliance Reporting by Defendants**

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

7 A. For a period of three (3) years from the date of entry of this Order,

8 1. The Von Defendants shall notify the Commission of the
9 following:

10 a. any changes in either Defendant's residence, mailing
11 addresses, and telephone numbers, within thirty (30) days
12 of the date of such change;

13 b. any changes in either Defendant's employment status
14 (including self-employment), and any change in the
15 Defendant's ownership in any business entity, within thirty
16 (30) days of the date of such change. Such notice shall
17 include the name and address of each business that the
18 Defendant is affiliated with, employed by, creates or
19 forms, or performs services for; a statement of the nature
20 of the business; and a statement of the Defendant's duties
21 and responsibilities in connection with the business; and

22 c. any changes in either Defendant's name or use of any
23 aliases or fictitious names;

24 2. The Von Defendants shall notify the Commission of any changes
25 in any business entity that either Defendant controls, whether
26 directly or through any corporation, business entity or person, or
27 has an ownership interest in, that may affect compliance
28 obligations arising under this Order, including but not limited to

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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 the advertising, offering, marketing, promotion or sale of Business Ventures; 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 business entity about which the Defendant learns 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, the Von Defendants shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which the Von Defendants have complied and are complying with each section of this Order. This report shall include, but not be limited to:

1. Each Defendant's then-current residence address, mailing addresses, and telephone numbers;
2. Each Defendant's then-current employment and business addresses and telephone numbers, a description of the business activities of each such employer or business, and the title and responsibilities of the Defendant, for each such employer or business;
3. Any other changes required to be reported under Paragraph A of this Section; and
4. A copy of each acknowledgment of receipt of this Order obtained by Defendant pursuant to Section XI of this Order;

1 Provided that, if the Von Defendants have failed to submit such a report by
2 the deadline, the FTC will so advise them and allow them ten calendar days in which
3 to submit the required report before the FTC seeks any intervention from the Court.

4 C. For the purposes of this Order, the Von Defendants shall, unless
5 otherwise directed by the Commission's authorized representatives, mail all written
6 notifications to the Commission to:

7 Federal Trade Commission
8 Attn: Assistant Regional Director
9 10877 Wilshire Blvd., Suite 700
10 Los Angeles, CA 90024
11 Re: FTC v. Trek Alliance, Inc., CV-02-9270 (C.D. Cal.)

12 D. For purposes of the compliance reporting required by this Section,
13 unless otherwise instructed by the Von Defendants' undersigned attorney, D.J.
14 Poyfair, or instructed by the Von Defendants through any other attorney, Plaintiff
15 shall (1) direct all oral communications to Mr. Poyfair, and (2) direct all written
16 communications to the Von Defendants, with copies of such written
17 communications to be sent to Mr. Poyfair.

18 XI.

19 **Order Distribution by Defendants**

20 **IT IS FURTHER ORDERED** that, for a period of three (3) years from the
21 date of entry of this Order, the Von Defendants shall deliver copies of this Order as
22 directed below:

23 A. For any business that either of the Von Defendants controls, separately
24 or jointly (whether directly or through any corporation, business entity or person
25 under the control of either of them), or in which they have a majority ownership
26 interest, and which is engaged in the advertising, offering, marketing, promotion or
27 sale of Business Ventures, the Von Defendants shall deliver a copy of this Order to
28 (1) all principals, officers, directors and managers of that business, and (2) all
employees, agents, and representatives of that business who participate in the
advertising, offering, marketing, promotion or sale of Business Ventures. For

1 current personnel, delivery shall be within (5) days of service of this Order upon the
2 Defendant. For new personnel, delivery shall occur prior to their assumption of
3 responsibilities.

4 B. With respect to any business (a) for which either Defendant engages in
5 the advertising, offering, marketing, promotion or sale of Business Ventures,
6 directly or through any other person or business entity, and (b) which the Defendant
7 does not own or control, the Defendant shall deliver a copy of this Order to all
8 principals and managers of such business before engaging in such conduct.

9 C. The Von Defendants shall secure a signed and dated statement
10 acknowledging receipt of the Order, within thirty (30) days of delivery, from all
11 persons receiving a copy of the Order pursuant to this Section. The Von Defendants
12 shall retain all acknowledgments and make them available to the Commission upon
13 request.

14 XII.

15 Independence of Obligations

16 **IT IS FURTHER ORDERED** that each of the obligations imposed by this
17 Order is independent of all other obligations under the Order, and that the expiration
18 of any requirements imposed by this Order shall not affect any other obligation
19 arising under this Order.

20 XIII.

21 Costs and Attorneys Fees

22 **IT IS FURTHER ORDERED** that each party to this Order bear its own costs
23 and attorneys fees incurred in connection with this action.

24 XIV.

25 Waiver of Claims

26 **IT IS FURTHER ORDERED** that the Von Defendants waive and release
27 any and all claims they may have against the Plaintiff, its employees,
28 representatives, attorneys and agents for any acts or omissions prior to and up to the

1 date of this Order. They further waive and release any and all claims they may have
2 against the Receiver and his employees, representatives, attorneys and agents for
3 any acts or omissions prior to and up to the date of this Order.

4 XV.

5 **Other Settlements**

6 **IT IS FURTHER ORDERED** that the Von Defendants hereby waive any
7 right to contest or object to entry of any stipulated final order against any of the
8 Corporate Defendants that may be presented to the Court for approval.

9 XVI.

10 **Continued Jurisdiction**

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

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SCANNED

XVII.

Entry by Clerk

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

SO STIPULATED:

PLAINTIFF:
FEDERAL TRADE COMMISSION

Dated: _____, 2005

John D. Jacobs
Jennifer M. Brennan
Barbara Y.K. Chun
David C. Fix
Attorneys for Plaintiff FTC

DEFENDANTS:

Dated: 10-6-05, 2005

Richard Von Alvensleben, a/k/a
Richard Von, Defendant

Dated: 10-6-05, 2005

Tiffani Von Alvensleben, a/k/a Tiffani
Von, Defendant

APPROVED AS TO FORM AND CONTENT:

Dated: _____, 2005

D.J. Poyfair
Attorney for Defendants Richard Von
Alvensleben and Tiffani Von
Alvensleben

IT IS SO ORDERED.

Dated: _____

Dale S. Fischer
United States District Judge

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XVII.

Entry by Clerk

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

SO STIPULATED:

PLAINTIFF:
FEDERAL TRADE COMMISSION

Dated: _____, 2005

John D. Jacobs
Jennifer M. Brennan
Barbara Y.K. Chun
David C. Fix
Attorneys for Plaintiff FTC

DEFENDANTS:

Dated: _____, 2005


Richard Von Alvensleben, a/k/a
Richard Von, Defendant

Dated: _____, 2005

Tiffani Von Alvensleben, a/k/a Tiffani
Von, Defendant

APPROVED AS TO FORM AND CONTENT:

Dated: 9/23, 2005



D.J. Poyfair
Attorney for Defendants Richard Von
Alvensleben and Tiffani Von
Alvensleben

IT IS SO ORDERED.

Dated: _____

Dale S. Fischer
United States District Judge

SCANNED

XVII.

Entry by Clerk

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order.

SO STIPULATED:

PLAINTIFF:
FEDERAL TRADE COMMISSION

Dated: December 6, 2005

John D. Jacobs
John D. Jacobs
Jennifer M. Brennan
Barbara Y.K. Chun
David C. Fix
Attorneys for Plaintiff FTC

DEFENDANTS:

Dated: _____, 2005

Richard Von Alvensleben, a/k/a
Richard Von, Defendant

Dated: _____, 2005

Tiffani Von Alvensleben, a/k/a Tiffani
Von, Defendant

APPROVED AS TO FORM AND CONTENT:

Dated: _____, 2005

D.J. Poyfair
Attorney for Defendants Richard Von
Alvensleben and Tiffani Von
Alvensleben

IT IS SO ORDERED.

Dated: 12-13-05

Dale S. Fischer
Dale S. Fischer
United States District Judge

Agreement between Plaintiff, Defendants, and Northfield Insurance Company

SCANNED

Whereas Northfield Insurance Company (Northfield) issued Corporate Directors and Officers and Corporate Liability policy number ER000151 (Policy), with a policy limit of \$3,000,000.00, to Defendants Trek Alliance, Inc., Trek Education Corp., VonFlagg Corp., for the policy period of March 21, 2002 through March 21, 2003;

Whereas on December 6, 2002, Plaintiff Federal Trade Commission (Plaintiff or Commission) filed a lawsuit against Defendants Trek Alliance, Inc., Trek Education Corp., VonFlagg Corp., Jeffrey Kale Flagg, Richard Von Alvensleben, Tiffani Von Alvensleben, and Harry Flagg;

Whereas Plaintiff's Complaint alleges that, between 1997 and 2002, the Defendants engaged in deceptive conduct in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a);

Whereas Defendants and Plaintiff have claimed that the Policy covers some or all of the acts and omissions that form the basis of Plaintiff's Complaint;

Whereas Defendants and counsel for Plaintiff have tentatively stipulated to entry of final orders (Orders) that would settle Plaintiff's claims against Defendants, which must be approved by the Commission and the Court before they become final;

Therefore, Plaintiff, the Defendants, and Northfield agree as follows:

1. If the Orders are approved by the Commission and the Court, Northfield agrees to pay a total of \$1,200,000.00, within five court days after entry of the Orders, as follows:
 - a. Northfield shall pay \$600,000.00 to the Commission.
 - b. Northfield shall pay \$600,000.00 to counsel for the Individual Defendants,

Appendix 1

as follows: \$500,000.00 shall be paid to the law firm of Shughart Thomson & Kilroy, P.C.; \$50,000.00 shall be paid to the law firm of Buchalter Nemer; and \$50,000.00 shall be paid to the law firm of Grimes & Reese, P.L.L.C. These payments may be used only to pay for outstanding attorneys fees and expenses that counsel for the Individual Defendants have accrued in FTC v. Trek Alliance, Inc. None of the \$600,000.00 may be returned or passed through to any of the Individual Defendants.

2. The Commission will deposit funds received pursuant to this Agreement into a fund administered by the Commission or its agent. Such funds shall be used for equitable relief in FTC v. Trek Alliance, Inc., including but not limited to consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the complaint. Any funds not used as described above shall be deposited to the Treasury as disgorgement. Neither the Defendants nor Northfield shall have any right to challenge the Commission's choice of remedies under this Section, or to contest the manner of distribution chosen by the Commission.

3. As consideration for payment of \$600,000.00 to the Commission, the Commission hereby forever waives and releases any and all claims against Northfield under the Policy or any other claims based on the facts alleged in the Complaint.

///

SCANNED

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

AGREED BY:



Jeffrey Kale Flagg

PLAINTIFF
FEDERAL TRADE COMMISSION:

Richard Von Alvensleben

By:
John D. Jacobs
Attorney for Plaintiff FTC

Tiffani Von Alvensleben

NORTHFIELD INSURANCE COMPANY

Harry Flagg

By:
Its

TREK ALLIANCE, INC.

By Kenton Johnson, Deputy Receiver, on
behalf of Robb Evans, Receiver of Trek
Alliance, Inc.

TREK EDUCATION CORP.

By Kenton Johnson, Deputy Receiver, on
behalf of Robb Evans, Receiver of Trek
Education Corp.

VONFLAGG CORP.

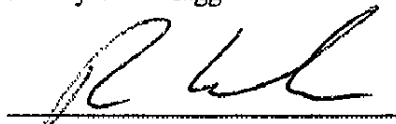
By Kenton Johnson, Deputy Receiver, on
behalf of Robb Evans, Receiver of
VonFlagg Corp.

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

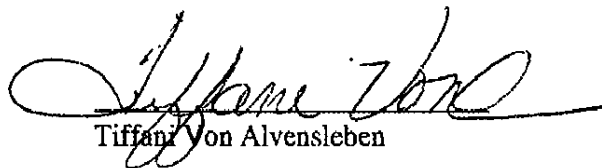
SCANNED

AGREED BY:

Jeffrey Kale Flagg



Richard Von Alvensleben



Tiffany Von Alvensleben

Harry Flagg

TREK ALLIANCE, INC.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Alliance, Inc.

TREK EDUCATION CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Education Corp.

VONFLAGG CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of VonFlagg Corp.

PLAINTIFF

FEDERAL TRADE COMMISSION:

By:

John D. Jacobs

Attorney for Plaintiff FTC

NORTHFIELD INSURANCE COMPANY

By:

Its

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

SCANNED

AGREED BY:

Jeffrey Kale Flagg

Richard Von Alvensleben

Tiffani Von Alvensleben



Harry Flagg

TREK ALLIANCE, INC.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Alliance, Inc.

TREK EDUCATION CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Education Corp.

VONFLAGG CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of VonFlagg Corp.

PLAINTIFF
FEDERAL TRADE COMMISSION:

By:
John D. Jacobs
Attorney for Plaintiff FTC

NORTHFIELD INSURANCE COMPANY

By:
Its

Appendix 1

SCANNED

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

AGREED BY:

Jeffrey Kale Flagg

Richard Von Alvensleben

Tiffani Von Alvensleben

Harry Flagg

PLAINTIFF
FEDERAL TRADE COMMISSION:

By:
John D. Jacobs
Attorney for Plaintiff FTC

NORTHFIELD INSURANCE COMPANY

By:
Its

TREK ALLIANCE, INC.

Kenton Johnson
By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Alliance, Inc.

TREK EDUCATION CORP.

Kenton Johnson
By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Education Corp.

VONFLAGG CORP.

Kenton Johnson
By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of VonFlagg Corp.

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

SCANNED

AGREED BY:

Jeffrey Kale Flagg

Richard Von Alvensleben

Tiffani Von Alvensleben

Harry Flagg

TREK ALLIANCE, INC.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Alliance, Inc.

TREK EDUCATION CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Education Corp.

VONFLAGG CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of VonFlagg Corp.

PLAINTIFF
FEDERAL TRADE COMMISSION:

By:
John D. Jacobs
Attorney for Plaintiff FTC

Lee Laurson
NORTHEFIELD INSURANCE COMPANY

Lee Laurson

By: *Director Major Case Liability*
Its

4. Defendants agree to release Northland from all claims under the Policy in accordance with Attachment A hereto.

SCANNED

AGREED BY:

Jeffrey Kale Flagg

Richard Von Alvensleben

Tiffani Von Alvensleben

Harry Flagg

TREK ALLIANCE, INC.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Alliance, Inc.

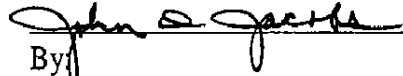
TREK EDUCATION CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of Trek Education Corp.

VONFLAGG CORP.

By Kenton Johnson, Deputy Receiver, on behalf of Robb Evans, Receiver of VonFlagg Corp.

PLAINTIFF
FEDERAL TRADE COMMISSION:



By
John D. Jacobs
Attorney for Plaintiff FTC

NORTHFIELD INSURANCE COMPANY

By:
Its

GENERAL RELEASE AGREEMENT

SCANNED

This General Release Agreement (the "Agreement") is entered into between TREK ALLIANCE, INC., TREK EDUCATION CORPORATION, VONFLAGG CORPORATION, JEFFREY KALE FLAGG, RICHARD VON ALVENSLEBEN, TIFFANI VON ALVENSLEBEN and HARRY M. FLAGG (collectively the "TREK PARTIES"), on the one hand, and NORTHFIELD INSURANCE COMPANY ("NORTHFIELD") and all of its subsidiary, parent and affiliate corporations, on the other hand, and is made with reference to the following facts:

RECITALS

1. NORTHFIELD issued in favor of TREK ALLIANCE, INC., TREK EDUCATION CORPORATION and VONFLAGG CORPORATION its Private Company Directors and Officers and Corporate Liability (including Employment Practices Liability) Insurance Policy, Policy No. ER000151, covering the period from March 21, 2002, through March 21, 2003 (the "Policy").
2. On December 6, 2002, the FTC filed a complaint for injunctive relief and other equitable relief against the TREK PARTIES in the case styled *FTC v. Trek Alliance, Inc.; et al.*, United States District Court, Central District of California, Case No. CV-02-9270 (the "FTC Action").
3. Thereafter, certain of the TREK PARTIES requested reimbursement from NORTHFIELD under the Policy for the cost of their defense in the FTC Action (the "Trek Claim").
4. Thereafter, on June 24, 2003, the court in the FTC Action issued a Preliminary Injunction and appointed Robb Evans as permanent receiver for TREK ALLIANCE, INC., TREK EDUCATION CORPORATION and VONFLAGG CORPORATION.
5. On October 30, 2003, NORTHFIELD denied all liability under the Policy.
6. From time to time thereafter, and on December 22, 2003, the FTC demanded to NORTHFIELD that it pay to the FTC sums of money under the Policy (the "FTC Claim").

7. NORTHFIELD, on the one hand, and the TREK PARTIES on the other, are willing to settle all claims among them relating to amounts claimed owed under the Policy by the FTC or in any way arising from or pertaining to the FTC Action and/or the FTC Claim.

SCANNED

8. This agreement is prepared concurrently with a recommendation by FTC staff that the FTC approve settlements ("Proposed Settlements") of the FTC Action with the various TREK PARTIES, in which the FTC, *inter alia*, releases NORTHFIELD. This agreement is contingent upon the FTC's approval, and the court's approval, of the Proposed Settlements with the TREK PARTIES. This agreement is intended to be attached to each of the Proposed Settlements. This agreement shall take effect, and shall only take effect, upon the court's approval of the Proposed Settlements.

GENERAL RELEASE

NOW, THEREFORE, with reference to the foregoing facts and in consideration of the promises, covenants, and agreements set forth herein, the parties hereto agree as follows:

A. In consideration of the releases set forth herein, and contingent upon the court's approval of the Proposed Settlements, NORTHFIELD will pay the sum of \$1,200,000.00 to be allocated between the TREK PARTIES and the FTC pursuant to the terms of the Proposed Settlements between the FTC and the TREK PARTIES referenced above.

B. In exchange for said payment, and upon the court's approval of the Proposed Settlements, the TREK PARTIES for themselves and their successors, assigns, stockholders, insurers, parent, subsidiaries and affiliated companies, and any other person making claim under the Policy, hereby release, acquit and forever discharge NORTHFIELD, including, but not limited to, its subsidiary corporations, parent corporations, affiliate corporations, successors, assigns, agents, attorneys, stockholders, insurers, officers, directors, employees, or other representatives and their respective successors, assigns, agents, and attorneys, and the employees of any of them, from the FTC Action, the Trek Claim and the FTC Claim, and any and all known or unknown claims, damages, punitive damages, claims practices liability, costs, liabilities or causes of action arising therefrom, including by way of example and not of limitation all costs, fees, attorneys' fees (including "defense costs" as the term is used in the Policy), settlement payments regardless of form, and disbursements expended by or on behalf of the releasing party,

26

or any of them, and any and all matters related to the handling of the FTC Action, the Trek Claim and/or the FTC Claim.

C. NORTHFIELD, for itself and its successors, assigns, stockholders, insurers, parent, subsidiaries and affiliated companies, upon the court's approval of the Proposed Settlements, hereby releases, acquits and forever discharges TREK ALLIANCE, INC., TREK EDUCATION CORPORATION and VONFLAGG CORPORATION, including, but not limited to, their subsidiary corporations, parent corporations, affiliate corporations, successors, assigns, attorneys, insurers and their respective successors, assigns, and attorneys from the FTC Action, the Trek Claim and the FTC Claim, and any and all known or unknown claims, damages, punitive damages, costs, liabilities or causes of action arising therefrom and any and all matters related to the FTC Action, the Trek Claim and/or the FTC Claim.

D. The TREK PARTIES represent and warrant that the Trek Claim constitutes the entirety of the claims they have made, intend to make, and can make on the Policy as a result of the FTC Action.

E. TREK ALLIANCE, INC., TREK EDUCATION CORPORATION and VONFLAGG CORPORATION represent and warrant that they are authorized to act through the receiver Robb Evans, appointed pursuant to the Court's June 24, 2003 order referenced above.

F. All parties acknowledge that they are familiar with the provisions of California Civil Code Section 1542 which states:

"A general release does not extend to claims which a 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."

To the extent California Civil Code Section 1542 is applicable to this Agreement, it, as well as the provisions of all comparable, equivalent or similar statutes or principles of common law, are voluntarily and expressly waived by all parties as to the Trek Claim, the FTC Claim and the FTC Action.

G. The TREK PARTIES and NORTHFIELD represent that no matter, claim or right released or to be released herein by them has previously been assigned.

H. This Agreement involves the release of claims which are contested by the parties, and neither any agreement, term nor provision contained herein shall be construed as an admission of liability by any party to this Agreement.

I. This Agreement constitutes the entire agreement and understanding of NORTHFIELD, on the other hand, and the TREK PARTIES, on the other hand, concerning the matters herein and supersedes and replaces all negotiations, and all proposed agreements, whether oral or written, concerning the subject matter of this Agreement. It is therefore agreed that all prior communications between NORTHFIELD, the TREK PARTIES and the FTC relating to or leading to this Agreement are finalized and memorialized herein.

J. Each individual signing this Agreement hereby represents and warrants that he is authorized and has capacity to do so, and represents and warrants that the Agreement memorialized herein has been submitted to and approved by the appropriate officers and/or governing body of his respective principal and that this Agreement has been reviewed with and agreed to following consultation with independent legal counsel.

K. This Agreement and any controversy arising therefrom shall in all respects be interpreted, enforced and governed by the laws of the State of California. This Agreement shall be construed as a whole according to its plain and fair meaning, and is not to be strictly construed for or against any of the parties hereto. This Agreement may be signed by counterparts.

L. None of the parties hereto has relied upon any representation, warranty or assurance other than as expressly set forth herein. The recitals and representations and warranties are part of this Agreement and shall survive the execution of this Agreement.

SCANNED

DATED: _____, 2005

TREK ALLIANCE, INC.

By: Robb Evans, Receiver of
Trek Alliance, Inc.

DATED: _____, 2005

TREK EDUCATION CORPORATION

By: Robb Evans, Receiver of
Trek Education Corp.

DATED: _____, 2005

VONFLAGG CORPORATION

By: Robb Evans, Receiver of
Von Flagg Corp.

DATED: 9/19, 2005



By: Jeffrey Kale Flagg

DATED: _____, 2005

By: Richard Von Alvensleben

DATED: _____, 2005

By: Tiffani Von Alvensleben

DATED: _____, 2005

By: Harry M. Flagg

[Signatures continued on next page]

DATED: _____, 2005

TREK ALLIANCE, INC.

By: Robb Evans, Receiver of
Trek Alliance, Inc.

SCANNED

DATED: _____, 2005

TREK EDUCATION CORPORATION

By: Robb Evans, Receiver of
Trek Education Corp.

DATED: _____, 2005

VONFLAGG CORPORATION

By: Robb Evans, Receiver of
Von Flagg Corp.

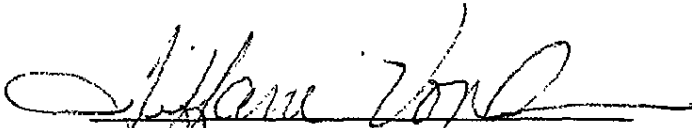
DATED: _____, 2005

By: **Jeffrey Kale Flagg**

DATED: 10-6, 2005


By: **Richard Von Alvensleben**

DATED: 10 6, 2005


By: **Tiffani Von Alvensleben**

DATED: _____, 2005

By: **Harry M. Flagg**

[Signatures continued on next page]

DATED: _____, 2005

TREK ALLIANCE, INC.

By: Robb Evans, Receiver of
Trek Alliance, Inc.

SCANNED

DATED: _____, 2005

TREK EDUCATION CORPORATION

By: Robb Evans, Receiver of
Trek Education Corp.

DATED: _____, 2005

VONFLAGG CORPORATION

By: Robb Evans, Receiver of
Von Flagg Corp.

DATED: _____, 2005

By: Jeffrey Kale Flagg

DATED: _____, 2005

By: Richard Von Alvensleben

DATED: _____, 2005

By: Tiffani Von Alvensleben

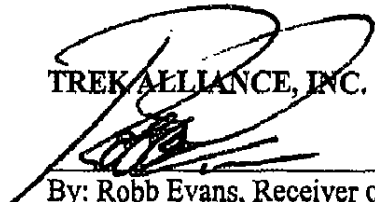
DATED: 10/2, 2005


By: Harry M. Flagg

[Signatures continued on next page]

DATED: Sept. 21st, 2005

TREK ALLIANCE, INC.

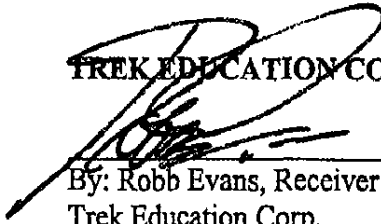


By: Robb Evans, Receiver of
Trek Alliance, Inc.

SCANNED

DATED: Sept. 21st, 2005

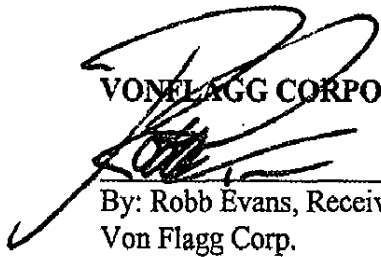
TREK EDUCATION CORPORATION



By: Robb Evans, Receiver of
Trek Education Corp.

DATED: Sept. 21st, 2005

VONFLAGG CORPORATION



By: Robb Evans, Receiver of
Von Flagg Corp.

DATED: _____, 2005

By: Jeffrey Kale Flagg

DATED: _____, 2005

By: Richard Von Alvensleben

DATED: _____, 2005

By: Tiffani Von Alvensleben

DATED: _____, 2005

By: Harry M. Flagg

[Signatures continued on next page]

DATED: _____, 2005

**NORTHFIELD INSURANCE
COMPANY**

SCANNED

By: _____

Its:

APPROVED BY COUNSEL AS TO FORM:

Shugart, Thomson & Kilroy

By: _____

D. J. Poyfair

Attorneys for **Jeffrey Kale Flagg,
Richard Von Alvensleben, and
Tiffani Von Alvensleben**

Buchalter Nemer

By: _____

Michael L. Wachtell

Attorneys for **Harry M. Flagg**

Frاندzel Robins Bloom & Csato, L.C.

By: _____

Gary O. Caris

Attorneys for Receiver **Robb Evans**

Anderson, McPharlin & Conners LLP

By: _____

David T. DiBiase

Attorneys for **Northfield Insurance Company**

DATED: _____, 2005

**NORTHFIELD INSURANCE
COMPANY**

SCANNED

By: _____
Its: _____

APPROVED BY COUNSEL AS TO FORM:

Shugart, Thomson & Kilroy

By: _____

D. J. Poyfair
Attorneys for **Jeffrey Kale Flagg,
Richard Von Alvensleben, and
Tiffani Von Alvensleben**

Buchalter Nemer

By:  _____

Michael L. Wachtell
Attorneys for **Harry M. Flagg**

Frاندzel Robins Bloom & Csato, L.C.

By: _____

Gary O. Caris
Attorneys for **Robb Evans, Receiver of Trek
Alliance, Inc., Trek Education Corp. and
VonFlagg Corp.**

Anderson, McPharlin & Connors LLP

By: _____

David T. DiBiase
Attorneys for **Northfield Insurance Company**

DATED: _____, 2005

**NORTHFIELD INSURANCE
COMPANY**

SCANNED

By: _____

Its:

APPROVED BY COUNSEL AS TO FORM:

Shugart, Thomson & Kilroy

By: _____

D. J. Poyfair
Attorneys for Jeffrey Kale Flagg,
Richard Von Alvensleben, and
Tiffani Von Alvensleben

Buchalter Nemer

By: _____

Michael L. Wachtell
Attorneys for Harry M. Flagg

Frاندzel Robins Bloom & Csato, L.C.

By: *Gary O. Caris*

Gary O. Caris
Attorneys for Robb Evans, Receiver of Trek
Alliance, Inc., Trek Education Corp. and
VonFlagg Corp.

Anderson, McPharlin & Conners LLP

By: _____

David T. DiBiase
Attorneys for Northfield Insurance Company

DATED: October 21, 2005

Lee E. Laurson

NORTHFIELD INSURANCE
COMPANY

Lee E. Laurson

By: _____
Its: Director Major (off Liability)

UNPLANNED

APPROVED BY COUNSEL AS TO FORM:

Shugart, Thomson & Kilroy

By: _____
D. J. Poyfair
Attorneys for Jeffrey Kale Flagg,
Richard Von Alvensleben, and
Tiffani Von Alvensleben

Buchalter Nemer

By: _____
Michael L. Wachtell
Attorneys for Harry M. Flagg

Frاندzel Robins Bloom & Csato, L.C.

By: _____
Gary O. Caris
Attorneys for Robb Evans, Receiver of Trek
Alliance, Inc., Trek Education Corp. and
VonFlagg Corp.

Anderson, McPharlin & Conners LLP

By: _____
David T. DiBiase
Attorneys for Northfield Insurance Company

DATED: _____, 2005

**NORTHFIELD INSURANCE
COMPANY**

SCANNED

By:
Its:

APPROVED BY COUNSEL AS TO FORM:

Shugart, Thomson & Kilroy

By: _____
D. J. Poyfair
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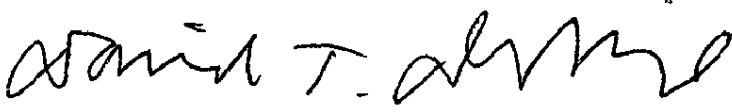
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