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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

10 Federal Trade Commission,) No. CV06-0078-PHX-ROS
11)
12 Plaintiff,)
13 vs.)
14 William Dugger, et al.,)
15 Defendants.)
16)

**STIPULATION FOR ENTRY OF
FINAL JUDGMENT AND ORDER
FOR PERMANENT INJUNCTION**

17 Plaintiff, the Federal Trade Commission (“Commission”), and defendants William
18 Dugger, Angelina Johnson, and John Vitale (“defendants”) hereby stipulate and agree to
19 entry of a final judgment and order for permanent injunction under the terms stated herein.
20 This stipulation (“Stipulation”) and the accompanying Final Judgment and Order for
21 Permanent Injunction (“Order”) resolve all matters raised by the Complaint that the
22 Commission filed against defendants on January 9, 2006, pursuant to Sections 13(b) and
23 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) & 57b, and
24 Section 7(a) of the Controlling the Assault of Non-Solicited Pornography and Marketing
25 Act of 2003 (“CAN-SPAM” or the “CAN-SPAM Act”), 15 U.S.C. § 7706(a).
26 Plaintiff and defendants request that the Court enter the accompanying Order with
27 the following terms to resolve all matters of dispute between them in this litigation. Prior
28 to signing this Stipulation defendants have deposited sufficient additional funds into Bank

1 Account #1, identified in the Reference List filed with the Court under seal, to bring the
2 balance in that account to Four Thousand Dollars (\$4,000) in order to satisfy the
3 disgorgement liability imposed by Paragraph III of the Order.

4 It is hereby **ORDERED, ADJUDGED AND DECREED** as follows:

5 **FINDINGS**

6 1. This Court has jurisdiction over the subject matter of this case and over all
7 parties to this Order pursuant to 15 U.S.C. §§ 53(b), 57b, and 7706(a), and 28 U.S.C.
8 §§ 1331, 1337(a), and 1345;

9 2. Venue in this District is proper under 15 U.S.C. § 53(b) and 28 U.S.C.
10 §§ 1391(b) and (c).

11 3. The activities of defendants are in or affecting "commerce," as that term is
12 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

13 4. The Complaint states a claim upon which relief may be granted against
14 defendants under Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b,
15 Sections 5(a), (b), and (d) of the CAN-SPAM Act, 15 U.S.C. §§ 7704(a), (b), and (d), and
16 the FTC's Adult Labeling Rule, 16 C.F.R. Part 316.4.

17 5. Defendants have entered into this Order freely and without coercion.
18 Defendants further acknowledge that they have read the provisions of this Order and are
19 prepared to abide by them.

20 6. The undersigned have agreed that the entry of this Order resolves all matters
21 of dispute between them arising from the Complaint in this action, up to the date of entry
22 of this Order.

23 7. Defendants waive all rights to seek appellate review or otherwise challenge
24 or contest the validity of this Order. Defendants further waive and release any claim they
25 may have against the Commission, its employees, representatives, or agents.

26 8. Defendants agree that this Order does not entitle defendants to seek or to
27 obtain attorneys' fees as prevailing parties under the Equal Access to Justice Act, 28
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1 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and
2 defendants further waive any right to attorneys' fees that may arise under said provision of
3 law.

4 9. This Order is in addition to, and not in lieu of, any other civil or criminal
5 remedies that may be provided by law.

6 10. No provision of this Order shall be construed as an admission or denial that
7 defendants have engaged in violations of the CAN-SPAM Act or the Adult Labeling Rule.

8 11. Entry of this Order is in the public interest, and there being no just reason for
9 delay, the Clerk is directed to enter judgment immediately.

10 **DEFINITIONS**

11 1. **"Affirmative consent"** to receipt of a commercial email message means
12 that:

13 a. The recipient expressly consented to receive the message, either in
14 response to a clear and conspicuous request for such consent or at the recipient's
15 own initiative; and

16 b. If the message is from a party other than the party to which the
17 recipient communicated such consent, the recipient was given clear and
18 conspicuous notice at the time the consent was communicated that the recipient's
19 electronic mail address could be transferred to the other party for the purpose of
20 initiating commercial electronic mail messages. 15 U.S.C. § 7702(1).

21 2. **"Assets"** mean any legal or equitable interest in, right to, or claim to, any
22 real and personal property, including without limitation, chattels, goods, instruments,
23 equipment, including computers, servers and related equipment, fixtures, general
24 intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits,
25 contracts, receivables, shares of stock, bonds, and all cash, wherever located, whether in
26 the United States or abroad.

27 3. **"Commercial electronic mail message"** (or **"commercial email"**) means
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1 any electronic mail message the primary purpose of which is the commercial
2 advertisement or promotion of a commercial product or service (including the content on
3 an Internet website operated for commercial purposes). 15 U.S.C. § 7702(2).

4 4. **“Defendants”** means William G. Dugger, Angelina M. Johnson, and John
5 Peter Vitale.

6 5. **“Document”** is synonymous in meaning and equal in scope to the usage of
7 the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs,
8 charts, photographs, audio and video recordings, computer records including email, ICQ,
9 or other electronic communications, and other data compilations from which information
10 can be obtained and translated, if necessary, through detection devices into reasonably
11 usable form. A draft or non-identical copy is a separate document within the meaning of
12 the term. Any document provided by one party to another pursuant to this Order shall be
13 provided in a format that is accessible to the receiving party.

14 6. **“Electronic mail address”** (or **“email address”**) means a destination,
15 commonly expressed as a string of characters, consisting of a unique user name or mailbox
16 (commonly referred to as the “local part”) and a reference to an Internet domain
17 (commonly referred to as the “domain part”), whether or not displayed, to which an
18 electronic mail message can be sent or delivered. 15 U.S.C. § 7702(5).

19 7. **“Electronic mail message”** (or **“email”**) means a message sent to a unique
20 electronic mail address. 15 U.S.C. § 7702(6).

21 8. **“Header information”** means the source, destination, and routing
22 information attached to an electronic mail message, including the originating domain name
23 and originating electronic mail address, and any other information that appears in the line
24 identifying, or purporting to identify, a person initiating the message. 15 U.S.C. §
25 7702(8).

26 9. **“Initiate,”** when used with respect to a commercial email message, means to
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1 originate or transmit such message or to procure the origination or transmission of such
2 message. 15 U.S.C. § 7702(9).

3 10. "Person" means a natural person, organization or other legal entity,
4 including a corporation, partnership, proprietorship, association, or cooperative, or any
5 other group or combination acting as an entity.

6 11. "Procure," when used with respect to the initiation of a commercial email
7 message, means intentionally to pay or provide other consideration to, or induce, another
8 person to initiate such a message on one's behalf. 15 U.S.C. § 7702(12).

9 12. "Sexually oriented material" means any material that depicts sexually-
10 explicit conduct as that term is defined in 18 U.S.C. § 2256, unless the depiction
11 constitutes a small and insignificant part of the whole, the remainder of which is not
12 primarily devoted to sexual matters. 15 U.S.C. § 7704(d)(4). Sexually-explicit conduct is
13 defined by 18 U.S.C. § 2256 to mean actual or simulated: (a) sexual intercourse, including
14 genital-genital, oral-genital, anal-genital, or oral-anal, whether between persons of the
15 same or opposite sex; (b) bestiality; (c) masturbation; (d) sadistic or masochistic abuse; or
16 (e) lascivious exhibition of the genitals or pubic area of any person.

17 ORDER

18 I. PROHIBITIONS AGAINST UNLAWFUL USE OF 19 FALSE HEADERS AND RELAY COMPUTERS

20 IT IS THEREFORE ORDERED that defendants and their agents, servants,
21 employees, and attorneys, and those persons in active concert or participation with them
22 who receive actual notice of this Order by personal service or otherwise, are hereby
23 permanently restrained and enjoined from violating the provisions contained in Sections 3,
24 5, and 6 of the CAN-SPAM Act, 15 U.S.C. §§ 7702, 7704 and 7705, as currently
25 promulgated or as it may hereafter be amended, by, among other things, initiating the
26 transmission of a commercial email:

27 A. That contains false or misleading header information;

28 B. That fails to identify accurately any computer that defendants use to initiate

1 or transmit the message and to include an accurate Internet Protocol address for each such
2 computer; or

3 C. That is relayed or retransmitted through a computer or computer network
4 without authorization.

5 **II. REQUIREMENTS FOR AUTHORIZATION**

6 **IT IS FURTHER ORDERED** that defendants and their agents, servants,
7 employees, and attorneys, and those persons in active concert or participation with them
8 who receive actual notice of this Order by personal service or otherwise, are hereby
9 permanently restrained and enjoined from initiating the transmission of a commercial
10 email that is relayed or retransmitted through a computer or computer network without
11 either the direct, written authorization of the owner of the computer or computer network,
12 or the indirect, written authorization of the owner of the computer or computer network
13 given to a third party who provides a copy of such written authorization to defendants. A
14 written authorization may be obtained electronically and shall include:

15 A. An express statement that the authorization may be reassigned if it is
16 indirect;

17 B. A statement identifying the person giving the authorization and showing that
18 person's ownership of or authority to act on behalf of the owner of the computer or
19 computer network;

20 C. The email address of the person giving the authorization; and

21 D. The domain names or Internet Protocol addresses used to access such
22 computer or computer network, the method by which the computer or computer network
23 will be accessed, and the name of any computer program to be used for such access.

24 **III. PROHIBITION AGAINST VIOLATING THE ADULT LABELING RULE**

25 **IT IS FURTHER ORDERED** that defendants and their agents, servants,
26 employees, and attorneys, and those persons in active concert or participation with them
27 who receive actual notice of this Order by personal service or otherwise, are hereby
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1 permanently restrained and enjoined from violating the Adult Labeling Rule, 16 C.F.R.
2 Part 316.4, as currently promulgated or as it may hereafter be amended, including, but not
3 limited to, initiating the transmission of a commercial email that includes sexually oriented
4 material:

5 A. That does not contain the phrase "SEXUALLY-EXPLICIT:" as the first
6 nineteen (19) characters at the beginning of the subject line of the message;

7 B. That includes sexually oriented materials within the subject line of the
8 message;

9 C. That includes sexually oriented materials within the content of the message
10 that is initially viewable by the recipient, when the message is opened by the recipient and
11 absent any further action by the recipient; and

12 D. That does not contain only the following information within the content of
13 the message that is initially viewable by the recipient, when the message is opened by the
14 recipient and absent any further action by the recipient:

15 1. The phrase "SEXUALLY-EXPLICIT:" in a clear and conspicuous
16 manner;

17 2. Clear and conspicuous notice that the message is an advertisement or
18 solicitation;

19 3. Clear and conspicuous notice of the opportunity of a recipient to
20 decline to receive further commercial email messages from the defendants;

21 4. A functioning return email address or other Internet-based
22 mechanism, clearly and conspicuously displayed, that (i) a recipient may use to
23 submit, in a manner specified in the message, a reply email message or other form
24 of Internet-based communication requesting not to receive future commercial email
25 messages from that sender at the email address where the message was received;
26 and (ii) that remains capable of receiving such messages or communications for no
27 less than 30 days after the transmission of the original message; and
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1 5. Clear and conspicuous display of a valid physical postal address of
2 the sender.

3 **Provided, however,** that the requirements of this Paragraph do not apply to
4 commercial emails transmitted only to persons who have given prior affirmative consent to
5 receipt of the message.

6 **IV. REQUIREMENTS FOR AFFIRMATIVE CONSENT**

7 **IT IS FURTHER ORDERED** that defendants and their agents, servants,
8 employees, and attorneys, and those persons in active concert or participation with them
9 who receive actual notice of this Order by personal service or otherwise, are hereby
10 permanently restrained and enjoined from initiating the transmission of a commercial
11 email that includes sexually oriented material and does not comply with the requirements
12 of Paragraph III.A. to III.D. of this Order, unless defendants possess evidence that the
13 recipient has given prior affirmative consent to receipt of the message, including a copy of
14 any web page or other document on which such person indicated his or her consent. If the
15 web page or other document on which consent was obtained does not identify defendants
16 or their business by name, it shall be construed to give consent to the receipt of sexually
17 oriented material only if it expressly states that the consent authorizing the receipt of
18 sexually oriented material may be transferred to third parties.

19 **V . DISGORGEMENT**

20 **IT IS FURTHER ORDERED** that:

21 A. Defendants are liable to the Commission for Five Hundred Ninety-Seven
22 Thousand, One Hundred Sixty-Six Dollars (\$597,166), which Defendants agree is the
23 amount of unjust enrichment to be disgorged, and the FTC is awarded a monetary
24 judgment in this amount provided, however, that payment of all but Eight Thousand
25 Dollars (\$8,000) of this judgment, or the balance in the two bank accounts identified in the
26 following sentence, whichever is greater, shall be suspended. Within seven days after
27 entry of this Order, Defendants shall transfer all funds deposited in Bank Account #1 and
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1 Bank Account #2, identified in the Reference List filed with the Court under seal, but in
2 any event no less than Eight Thousand Dollars (\$8,000), by wire transfer, into an account
3 to be designated by the Commission in accord with directions provided by the
4 Commission. In the event that defendants fail within seven days after entry of this Order
5 to transfer the balance in such bank accounts into an account to be designated by the
6 Federal Trade Commission, the banks holding Bank Account #1 and Bank Account #2,
7 identified in the Reference List filed with the Court under seal, shall transfer such monies
8 into an account to be designated by counsel for the Commission. All funds collected by
9 the Commission under this Order shall be deposited to the United States Treasury as
10 disgorgement.

11 B. In accordance with 31 U.S.C. § 7701, Defendants are hereby required, unless
12 they have done so already, to furnish to the Commission their taxpayer identification
13 numbers (social security numbers and employer identification numbers) which shall be
14 used for purposes of collecting and reporting on any delinquent amount arising out of
15 Defendants' relationship with the government.

16 C. Defendants are further required, unless they have done so already, to provide
17 the Commission with clear, legible and full-size photocopies of all valid driver's licenses
18 they possess, which will be used for reporting and compliance purposes.

19 VI. RIGHT TO REOPEN

20 A. The Commission's agreement to this Final Order is expressly premised upon
21 the financial condition of Defendants as represented in the sworn financial statements and
22 supporting documents provided to the Commission by Defendant William Dugger, dated
23 February 3, 2006; Angelina M. Johnson, dated "1-3-06," but actually signed on February
24 3, 2006; and John Peter Vitale, dated February 6, 2006; all of which include material
25 information upon which the Commission relied in negotiating and consenting to this Final
26 Order.

27 B. If, upon motion by the Commission, this Court finds that any Defendant
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1 made a material misrepresentation or omitted material information concerning his or her
2 financial condition, then the Court shall lift the suspension of the judgment and direct the
3 Clerk to enter judgment against the Defendant and in favor of the Commission for the full
4 amount of Five Hundred Ninety-Seven Thousand, One Hundred Sixty-Six Dollars
5 (\$597,166). This amount shall be immediately due and payable, together with interest
6 from the date of this Order computed at the rate prescribed under 28 U.S.C. § 1961, as
7 amended. Any and all funds paid pursuant to this Paragraph IV shall be deposited into the
8 United States Treasury as disgorgement.

9 C. Any proceedings instituted under this Paragraph are in addition to, and not in
10 lieu of, any other civil or criminal remedies as may be provided by law, including any
11 other proceedings that the FTC may initiate to enforce this Final Order.

12 **VII. LIFTING OF THE ASSET FREEZE**

13 **IT IS FURTHER ORDERED** that the freeze of the defendants' assets pursuant to
14 the Stipulated Preliminary Injunction entered by this Court dated February 3, 2006, shall
15 be lifted to the extent necessary to turn over assets for disgorgement as required by
16 Paragraph III.A of this Order, and upon completion of that transfer, shall be lifted
17 permanently.

18 **VIII. COMPLIANCE MONITORING**

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

21 A. Within ten (10) days of receipt of written notice from a representative of the
22 Commission, defendants shall submit additional written reports, sworn to
23 under penalty of perjury; produce documents for inspection and copying;
24 appear for deposition; and/or provide entry during normal business hours to
25 any business location in defendants' possession, or direct or indirect control,
26 to inspect the business operation;

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

- 2 1. obtaining discovery from any person, without further leave of court,
3 using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36,
4 and 45; and
- 5 2. posing as consumers and suppliers to defendants, to any of
6 defendants' employees, or to any other entity managed or controlled
7 in whole or in part by defendants, without the necessity of
8 identification or prior notice; and

9 C. Defendants shall permit representatives of the Commission to interview any
10 employer, consultant, independent contractor, representative, agent, or
11 employee who has agreed to such an interview, relating in any way to any
12 conduct subject to this Order. The person interviewed may have counsel
13 present.

14 Provided, however, that nothing in this Order shall limit the Commission's lawful use of
15 compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49 and
16 57b-1, to obtain any documentary material, tangible things, testimony, or information
17 relevant to unfair or deceptive acts or practices in or affecting commerce (within the
18 meaning of 15 U.S.C. § 45(a)(1)).

19 **IX. COMPLIANCE REPORTING BY DEFENDANTS**

20 **IT IS FURTHER ORDERED** that, in order that compliance with the provisions of
21 this Order may be monitored, for a period of five (5) years from the date of entry of this
22 Order:

- 23 A. Each defendant shall notify the Commission in writing of any of the
24 following:
25 1. any changes in residence, mailing addresses and telephone numbers
26 of the defendant, within ten (10) days of the date of such change;
27 2. any change in employment status (including self-employment) of the
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1 defendant, and any change in the ownership interest of the defendant
2 in any business entity engaged in commercial email, within ten (10)
3 days of such change. Such notice shall include the name and address
4 of each business that the defendant is affiliated with, employed by, or
5 performs services for, a statement of the nature of the business, and a
6 statement of the defendant's duties and responsibilities in connection
7 with the business or employment;

8 3. any changes in the defendant's name, and any aliases or fictitious
9 names adopted or used by the defendant; and

10 4. the creation of any business entity and any changes in such a business
11 entity that any defendant directly or indirectly controls, or has an
12 ownership interest in, that may affect compliance obligations arising
13 under this Order, including but not limited to a dissolution,
14 assignment, sale, merger, or other action that would result in the
15 emergence of a successor entity; the creation or dissolution of a
16 subsidiary, parent, or affiliate that engages in any acts or practices
17 subject to this Order; the filing of a bankruptcy petition; or a change
18 in the corporate name or address, at least thirty (30) days prior to such
19 change, provided that, with respect to any proposed change in the
20 corporation about which the defendant(s) learns less than thirty (30)
21 days prior to the date such action is to take place, defendant(s) shall
22 notify the Commission as soon as is practicable after obtaining such
23 knowledge.

24 B. One hundred and eighty (180) days after the date of entry of this Order, each
25 defendant shall provide a written report to the FTC, sworn to under penalty
26 of perjury, setting forth in detail the manner and form in which he or she has
27 complied and is complying with this Order. This report shall include, but
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1 not be limited to:

- 2 1. a copy of each acknowledgment of receipt of this Order, obtained
- 3 pursuant to Paragraph IX of this Order;
- 4 2. any changes required to be reported pursuant to Paragraph VII.A;
- 5 3. a list of all names under which the defendant has done or currently is
- 6 doing business since the date of entry of this Order or the defendant's
- 7 last such report; and
- 8 4. a list of all domain names and web page addresses the defendant has
- 9 registered or used since the date of entry of the Order or the
- 10 defendant's last such report;

11 C. For the purposes of this Order, defendants shall, unless otherwise directed by
12 a representative of the Commission, mail all written notifications to the
13 Commission to., and mail them to:

14 Associate Director for Enforcement
15 Federal Trade Commission
16 601 New Jersey Ave., N.W.
Washington, DC 20001
Re: FTC v. William Dugger, CV-06-0078-PHX-ROS;

17 D. For purposes of the compliance reporting and monitoring required by this
18 Order, representatives of the Commission are authorized to communicate
19 directly with defendants.

20 X. RECORD-KEEPING PROVISIONS

21 **IT IS FURTHER ORDERED** that, for a period of eight (8) years from the date of
22 entry of this Order, defendants are hereby restrained and enjoined from failing to create
23 and retain the following records in connection with the marketing, advertising, promotion,
24 offering for sale, or sale of goods or services via commercial email messages or other
25 Internet-based mechanisms:

- 26 A. Accounting records that reflect the cost of goods or services sold, revenues
27 generated, and the disbursement of such revenues;

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- B. All documents relating to the use of computers or computer networks to relay or retransmit commercial emails, including but not limited to: (1) all contracts, communications, and payment records relating to the identification of such computers or computer networks, or the sale or rental of the right to such use; (2) all documents that evidence the authorization for such use, including all documents identified in Paragraph I.C. of this Order; and (3) a copy of each distinct email relayed or retransmitted through such computer or computer network, the number of each distinct email relayed or retransmitted on each day, and records that specify for each such distinct email the header information of such email that identifies accurately the computer used to initiate the message and send it to the relay or retransmittal computer;
- C. For each email that includes sexually oriented material: (1) an electronic copy of such email, including all images that may be incorporated into the email, whether by reference to an image source URL or by other means; (2) all documents that evidence prior affirmative consent to receipt of any email that does not comply with the requirements of Paragraph II.A - D of this Order, including all documents identified in the "Provided, however" provision of Paragraph II of this Order; and (3) a list of all domain names included in the body of such email, including all hypertext reference URLs and image source URLs.
- D. Records accurately reflecting: the name, physical address, and telephone number of each person employed in any capacity by such business, including as an independent contractor or affiliate; 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;
- E. Customer files containing the names, addresses, phone numbers, dollar

1 amounts paid, quantity of items or services purchased, and description of
2 items or services purchased, to the extent such information is obtained in the
3 ordinary course of business;

4 F. Records that reflect, for every written or oral consumer complaint received
5 by defendants, whether directly or indirectly or through any third party,
6 including affiliates: (1) the consumer's name, address, and telephone
7 number; (2) the written complaint or request, if any; (3) the basis of the
8 complaint or request; (4) the nature and result of any investigation conducted
9 concerning the complaint or request; (5) each response and the date of such
10 response to the complaint or request; (6) any final resolution of the
11 complaint or request, and the date of such resolution; and (7) in the event of
12 a denial of any resolution, the reason for the denial;

13 G. All other records and documents necessary to demonstrate full compliance
14 with each provision of this Order, including but not limited to, all documents
15 obtained, created, generated or which in any way relate to the requirements,
16 provisions or terms of this Order, copies of signed and dated
17 acknowledgments of receipt of this Order, required by Paragraph IX of this
18 Order, and all reports submitted to the FTC pursuant to this Order.

19 **XI. DEFENDANTS' DUTY TO DISTRIBUTE THIS ORDER**

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

22 A. **Defendant as Control Person:** For any business that a defendant controls,
23 directly or indirectly, or in which the defendant has a majority ownership
24 interest, the defendant must deliver a copy of this Order to all principals,
25 officers, directors, and managers of that business. The defendant must also
26 deliver copies of this Order to all employees, agents, and representatives of
27 that business who engage in conduct related to the subject matter of the
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1 Order. For current personnel, delivery shall be within (5) days of service of
2 this Order upon defendant. For new personnel, delivery shall occur prior to
3 them assuming their responsibilities.

4 **B. Defendant As Employee or Non-Control Person:** For any business where
5 a defendant is not a controlling person of the business but otherwise engages
6 in conduct related to the subject matter of this Order, the defendant must
7 deliver a copy of this Order to all principals and managers of such business
8 before engaging in such conduct.

9 **C.** Each defendant must secure a signed and dated statement acknowledging
10 receipt of the Order, within thirty days of delivery, from all persons
11 receiving a copy of the Order pursuant to this Paragraph IX.

12 **XII. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

13 **IT IS FURTHER ORDERED** that each Defendant, within five (5) business days
14 of receipt of this Order as entered by the Court, must submit to the Commission a truthful
15 sworn statement acknowledging receipt of this Order.

16 **XIII. FEES AND COSTS**

17 **IT IS FURTHER ORDERED** that each party to this Order hereby agrees to bear
18 his or its own costs and attorneys' fees incurred in connection with this action.

19 **XIV. SEVERABILITY**

20 **IT IS FURTHER ORDERED** that the provisions of this Order are separate and
21 severable from one another. If any provision is stayed or determined to be invalid, the
22 remaining provisions shall remain in full force and effect.

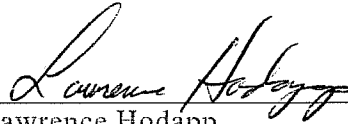
23 **XV. RETENTION OF JURISDICTION**

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

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JUDGMENT IS THEREFORE ENTERED in favor of plaintiff and against
defendants, pursuant to all the terms and conditions recited above.

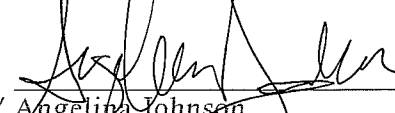
Dated: July 24, 2006


Lawrence Hodapp
Craig Tregillus
Attorneys for Plaintiff
Federal Trade Commission

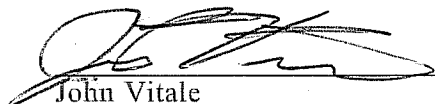
Dated: 6-5-06


William Duggan
Defendant, pro se

Dated: 6-8-06


Angelita Johnson
Defendant, pro se

Dated: 6/12/06


John Vitale
Defendant, pro se

REFERENCE LIST

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**[The Reference List is filed under seal pursuant to General Order 04-26
of the United States District Court for the District of Arizona.]**

CERTIFICATE OF SERVICE

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I hereby certify that on July 24, 2006, I served the Stipulation for Entry of Final Judgment and Order for Permanent Injunction, a sealed envelope containing a Reference List for the Stipulation, and a proposed Final Judgment and Order for Permanent Injunction by U.S. Mail and by e-mail on the following, who are not registered participants in the CM/ECF System:

William Dugger

TX

Angelina Johnson

TX

John Vitale

AZ

s/Larry Hodapp
Lawrence Hodapp
Attorney for Plaintiff
Federal Trade Commission