

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

Case No. 1:97-cv-01114-GBL-TCB

INTERNATIONAL PRODUCT DESIGN, INC.; THE
INNOVATION CENTER, INC.; NATIONAL IDEA
CENTER; AMERICAN INVENTION ASSOCIATES,
INC.; INVENTION CONSULTANTS, USA, INC.; NEW
PRODUCTS OF AMERICA, INC.; AZURE
COMMUNICATIONS, INC dba LONDON
COMMUNICATIONS, INC.; INTERNATIONAL
LICENSING CORPORATION, INC.; ROBERT N.
WAXMAN; PETER DORAN; DARRELL MORMANDO;
JULIAN GUMPEL; AND GREG WILSON,

Defendants.

ORDER FOR MONETARY RELIEF

Plaintiff, the Federal Trade Commission, ("FTC" or "Commission") filed motions to show cause why Julian Gumpel ("Gumpel"), Michael Fleisher ("Fleisher"), Darrell Mormando ("Mormando"), Greg Wilson ("Wilson"), and certain corporate entities comprising a business known as the Patent and Trademark Institute of America ("PTI")¹(hereinafter "Contempt Defendants"), should not be held in civil contempt for violating the Stipulated Order for Permanent Injunction ("Stipulated Order") entered on November 17, 1998 in this case. This Court held a hearing on the Commission's Motions to Show Cause from April 30, 2007, through

¹PTI included entities doing business as Azure Communications, Inc., London Communications, Inc., United Licensing Corp., International Patent Advisors, Inc., Datatech Consulting, Inc., International Product Marketing, Inc., and Unicorp Consulting, Inc.

May 3, 2007. After carefully considering the evidence, this Court held the Contempt Defendants in contempt. At the hearing's conclusion, the Court made detailed findings of fact and conclusions of law, which are hereby incorporated into this Order for Monetary Relief, and which included the following:

1. In 1997, the Commission brought its original complaint against several defendants, including Gumpel, Mormando, and Wilson, alleging that they deceptively marketed invention promotion services in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Gumpel, Wilson, and Mormando consented to the entry of the Stipulated Order in 1998. Fleisher had notice of and was subject to the Stipulated Order.

2. After entry of the Stipulated Order, the Contempt Defendants jointly operated PTI, an invention promotion business. PTI was a successor corporation to the prior corporate defendants.

3. From PTI's founding until January 2007, Contempt Defendants, through their control of PTI or their direct participation, knowingly violated Sections I(1) and I(3) of the Stipulated Order by making misrepresentations to consumers regarding PTI's invention promotion services. Specifically, Contempt Defendants falsely represented that consumers would profit from PTI's invention promotion services, and falsely represented that PTI evaluated the market potential, patentability, technical feasibility, and merit of ideas submitted by consumers.

4. In addition, Contempt Defendants, through their control of PTI or their direct participation, knowingly violated Section II of the Order by not sending to consumers the Affirmative Disclosure document, which would have disclosed that Contempt Defendants were

unaware of any consumers who had made more money from their inventions than what they had paid PTI.

5. Contempt Defendants' misrepresentations and the information required to be disclosed in the Affirmative Disclosure would have been material to, and relied upon by, consumers acting reasonably under the circumstances in making decisions to purchase PTI's services.

6. Contempt Defendants joined together to violate the Stipulated Order, and their joint violations caused an aggregate harm of \$61 million to consumers.

7. From this overall liability, certain deductions should be allowed for the expenses of certain individual defendants. In particular, the Court finds that Wilson had \$6,351 in expenses; Mormando had \$10,691 in expenses; and Fleisher had \$1.3 million in expenses.

THEREFORE, IT IS ORDERED that:

- A. PTI and Gumpel are jointly and severally liable for a judgment of \$61 million.
- B. Fleisher, Mormando, and Wilson are jointly and severally liable for said judgment, to the extent of \$59,682,958.
- C. As to all Contempt Defendants except Wilson, the FTC may execute upon such judgment immediately, and engage in discovery in aid of execution. As to Wilson, if his bankruptcy case is withdrawn, dismissed, or otherwise closed, the FTC may then immediately execute upon such judgment and engage in discovery in aid of execution.
- D. In accordance with 31 U.S.C. § 7701, Contempt Defendants are hereby required,

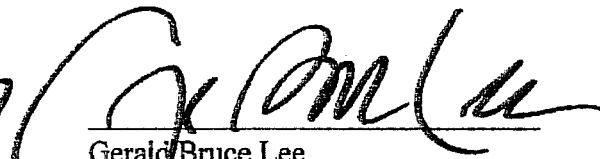
unless they have done so already, to furnish to the Commission their taxpayer identifying numbers (social security numbers and employer identification numbers) which shall be used for purposes of collecting and reporting on any delinquent amount arising out of Contempt Defendants' relationship with the government.

- E. All funds paid to the Commission or its agent pursuant to this Order may be deposited into a fund administered by the Commission or its agent to be used for equitable relief, 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 that 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 Contempt Defendants' practices as alleged in the Commission's Motions to Show Cause and supporting memoranda. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Contempt Defendants shall have no right to challenge the Commission's choice of remedies under this Paragraph.

IT IS FURTHER ORDERED, pursuant to Fed. R. Civ. P. 54(b), that there is no just reason for delay and the Clerk of the Court shall immediately enter this Order as a final order.

IT IS SO ORDERED.

Dated: August 24, 2007



Gerald Bruce Lee
United States District Judge