

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

IAB MARKETING ASSOCIATES, LP, also
d/b/a IAB;
INDEPENDENT ASSOCIATION OF
BUSINESSES, also d/b/a IAB;
HEALTHCORP INTERNATIONAL, INC., also
d/b/a IAB;
JW MARKETING DESIGNS, LLC, also d/b/a
IAB;
INTERNATIONAL MARKETING AGENCIES,
LP, also d/b/a IAB;
INTERNATIONAL MARKETING
MANAGEMENT, LLC also d/b/a IAB;
WOOD, LLC, also d/b/a IAB;
HEALTH SERVICE PROVIDERS, INC.;
MAGNOLIA HEALTH MANAGEMENT
CORPORATION, also d/b/a Health Service
Providers;
MAGNOLIA TECHNOLOGIES
CORPORATION, also d/b/a Health Service
Providers;
FAV MARKETING, INC., also d/b/a Health
Service Providers;
JAMES C. WOOD;
JAMES J. WOOD;
MICHAEL J. WOOD;
GARY D. WOOD;
ROY D. HAMILTON; and
JUDY M. HAMILTON,

Defendants.

Case No. 012-CV-61830-RNS

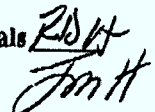
**STIPULATED FINAL ORDER
FOR PERMANENT
INJUNCTION AND
MONETARY JUDGMENT AS
TO DEFENDANTS HEALTH
SERVICE PROVIDERS, INC.;
MAGNOLIA HEALTH
MANAGEMENT
CORPORATION; MAGNOLIA
TECHNOLOGIES
CORPORATION; FAV
MARKETING, INC.; ROY D.
HAMILTON; AND JUDY M.
HAMILTON**

On September 18, 2012, Plaintiff, the Federal Trade Commission ("FTC"), filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101-6108, against all of the Defendants in this action, including Health Service Providers, Inc.; Magnolia Health Management Corporation, also d/b/a Health Service Providers; Magnolia Technologies Corporation, also d/b/a Health Service Providers; FAV Marketing, Inc., also d/b/a Health Service Providers; Roy D. Hamilton; and Judy M. Hamilton (the "HSP Defendants"). (ECF No. 1.) The Court issued a temporary restraining order against the Defendants (ECF No. 17), and on October 9, 2012, HSP Defendants stipulated to a preliminary injunction. (ECF No. 71.) The Court issued a preliminary injunction against the remaining Defendants following a hearing. (ECF No. 72.) The FTC and HSP Defendants have agreed to the entry of, and request the Court to enter, this Stipulated Final Order for Permanent Injunction and Monetary Judgment as to HSP Defendants ("Order") to resolve all matters of dispute in this action between them.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter and the parties.
2. The activities of HSP Defendants are or were in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.
3. The FTC's Complaint states a claim upon which relief may be granted against HSP Defendants under Sections 5(a)(1), 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a)(1), 53(b), and 57b; and under the Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310.



4. HSP Defendants have waived any and all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), pertaining to any claim by the FTC arising out of this case.

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

6. The FTC and HSP Defendants waive all rights to seek appellate review or otherwise challenge or contest the validity of this Order. HSP Defendants further waive and release any claims they may have against the FTC, its employees, agents, and representatives arising out of this action and under the terms of this Order.

7. HSP Defendants waive their share of any and all claims to the Assets of any of the Defendants, including any Assets currently in possession of the Receivers appointed by the Court, Charlene Koonce and John Arrastia, Jr., and further stipulate that their share of any of these Assets are to be transferred to the FTC to be used for equitable relief.

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

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

10. There is no just reason for delaying the entry of this Order. Pursuant to Federal Rule of Civil Procedure 54, this Order directs the entry of a final judgment as to all of the claims the FTC alleged in the Complaint against HSP Defendants.

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DEFINITIONS

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

1. **“Asset”** means any legal or equitable interest in, right to, or claim to, any real, personal, or intellectual property including, but not limited to, chattel, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds, contracts, mail or other deliveries, shares or stock, securities, inventory, checks, notes, accounts, credits, receivables (as those terms are defined in the Uniform Commercial Code), insurance policies, lines of credit, cash, trusts (including but not limited to asset protection trusts), lists of consumer names and reserve funds or any other accounts associated with any payments processed by, or on behalf of, any Defendant, including, but not limited to, such reserve funds held by payment processors, credit card processors, banks or other financial institutions.

2. **“Assisting Others”** includes providing any of the following goods or services to another entity: (1) performing customer service functions, including, but not limited to, charging consumers for products or services, or receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any sales script or other marketing material; (3) providing names of, or assisting in the generation of, potential customers; (4) performing or providing marketing or billing services of any kind; (5) processing credit and debit card payments; or (6) acting as an officer or director of a business, corporation or other entity.

3. **“Clear and Conspicuous”** means:

a. In print communications, the message shall be presented in a manner that stands out from the accompanying text, so that it is sufficiently prominent, because of its type size, contrast to the background against which it

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appears, location, or other characteristics, for an ordinary consumer to notice, read, and comprehend it in relation to any claim it may be modifying;

b. In communications made through an electronic medium (e.g., television, Internet, telephone, etc.), the message shall be presented simultaneously in both the audio and visual portions of the communication. In any communication presented solely through visual or audio means, the message shall be made through the same means in which the communication is presented. In any communication disseminated by means of an interactive electronic medium (e.g., Internet), a disclosure must be unavoidable and presented prior to the consumer incurring any financial obligation. Any audio message shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it in relation to any claim it may be modifying. Any visual message shall be presented in a manner that stands out in the context in which it is presented, so that it is sufficiently prominent, because of its size and shade, contrast to the background against which it appears, length of time it appears on the screen, and its location, for an ordinary consumer to notice, read, and comprehend it in relation to any claim it may be modifying; and

c. Regardless of the medium used to disseminate it, the message shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the message shall be used in any communication.

4. **“Corporate HSP Defendants”** means Health Service Providers, Inc.; Magnolia Health Management Corporation, also d/b/a Health Service Providers; Magnolia Technologies Corporation, also d/b/a Health Service Providers; FAV Marketing, Inc., also d/b/a Health Service Providers; and their divisions, subsidiaries, affiliates, predecessors, successors, and assigns.

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5. **"Defendants"** means the defendants in this action: IAB Marketing Associates, LP, also d/b/a IAB; Independent Association of Businesses, also d/b/a IAB; HealthCorp International, Inc., also d/b/a IAB; JW Marketing Designs, LLC, also d/b/a IAB; International Marketing Agencies, LP, also d/b/a IAB; International Marketing Management, LLC, also d/b/a IAB; Wood, LLC, also d/b/a IAB; James C. Wood; James J. Wood; Michael J. Wood; Gary Wood; Health Service Providers, Inc.; Magnolia Health Management Corporation, also d/b/a Health Service Providers; Magnolia Technologies Corporation, also d/b/a Health Service Providers; FAV Marketing, Inc., also d/b/a Health Service Providers; Roy D. Hamilton; and Judy M. Hamilton.

6. **"Document"** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and encompasses both paper Documents and electronically stored information—including writings, drawings, graphs, charts, Internet sites, Web pages, Web sites, electronic correspondence (including email, instant messages, text messages, and other correspondence transmitted on cell phones, smart phones and other mobile devices), photographs, audio and video recordings, contracts, accounting data, advertisements (including, but not limited to, advertisements placed on the World Wide Web), FTP Logs, Server Access Logs, books, written or printed records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers, personal and business cancelled checks, check registers, bank statements, appointment books, computer records and files, mobile electronic records and files, images, and other data or data compilations—stored in any medium from which information can be obtained either directly or, if necessary, after translation by the Defendants into a reasonably usable form. A draft or non-identical copy is a separate Document within the meaning of the term.



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7. **"Healthcare-Related Products"** means any program, membership, card, product, insurance policy, or other good or service, that offer, or purports to offer, insurance, discounts, savings, or benefits on healthcare, or access to such insurance, discounts, savings, or benefits.

8. **"HSP Defendants"** means Corporate HSP Defendants and Individual HSP Defendants.

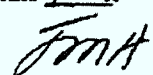
9. **"Individual HSP Defendants"** means Roy D. Hamilton and Judy M. Hamilton.

10. **"Material"** means likely to affect a person's choice of, or conduct regarding, goods or services.

11. **"National Do Not Call Registry"** means the registry of telephone numbers maintained by the Commission, pursuant to Section 310.4(b)(1)(iii)(B) of the TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B), of persons who do not wish to receive outbound telephone calls to induce the purchase of goods or services.

12. **"Person"** shall be construed in its broadest sense and means both natural persons and artificial entities including, but not limited to, sole proprietorships, general partnerships, limited partnerships, joint ventures, limited liability partnerships, limited liability companies, corporations, sub-chapter S corporations, closely held corporations, professional corporations, business associations, business trusts, and all past and present officers, directors, agents, employees, parent companies, subsidiaries, predecessors, successors, affiliates, assigns, divisions or other persons acting or purporting to act on such person's behalf.

13. **"Receivership Defendants"** means the HSP Corporate Defendants and the Assets of the Individual HSP Defendants.



14. **"Representative"** means HSP Defendants' officers, agents, servants, employees, and attorneys, and any other Person or entity in active concert or participation with them or with any HSP Defendant, who receives actual notice of this Order by personal service or otherwise.

15. **"Telemarketing"** means any plan, program, or campaign that is conducted to induce the purchase of goods or services or a charitable contribution by use of one or more telephones.

I.

PROHIBITED BUSINESS ACTIVITIES - HEALTHCARE-RELATED PRODUCTS

IT IS THEREFORE ORDERED that HSP Defendants, whether acting directly or through any Person, are permanently restrained and enjoined from: (1) advertising, marketing, promoting, offering for sale, or selling any Healthcare-Related Products; and (2) Assisting Others with advertising, marketing, promoting, offering for sale, or selling any Healthcare-Related Products.

II.

PROHIBITED BUSINESS ACTIVITIES - MISREPRESENTATIONS

IT IS FURTHER ORDERED that HSP Defendants, whether acting directly or through any Person, and their Representatives, in connection with the marketing of goods or services, are hereby restrained and enjoined from making, or Assisting Others in the making of, expressly or by implication, any false or misleading statement or representation of Material fact, including but not limited to:

A. Any Material terms regarding the total cost to purchase, receive, or use, and the quantity of, any goods or services that are subject to the sales offer;

B. Any Material restrictions, limitations, or conditions to purchase, receive, or use the goods or services sold; and

C. Any Material aspect of the performance, efficiency, nature, characteristics, benefits, or qualities of the goods or services.

III.

PROHIBITED BUSINESS ACTIVITIES - VIOLATING THE TSR

IT IS FURTHER ORDERED that HSP Defendants, whether acting directly or through any Person, and their Representatives, in connection with Telemarketing of any goods or services are hereby restrained and enjoined from violating any provision of the TSR, 16 C.F.R. Part 310, including but not limited to:

A. Initiating outbound calls, or causing others to initiate outbound calls, and failing to disclose truthfully, promptly, and in a Clear and Conspicuous manner to the person receiving a call in connection with Telemarketing: (1) the identity of the seller, or (2) the nature of the goods or services;

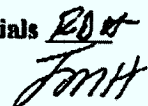
B. Failing to connect, or causing another to fail to connect, an outbound call to a consumer made in connection with Telemarketing to a sales representative within two seconds of the completed greeting of the person answering the call;

C. Initiating any outbound telephone calls, or causing others to initiate outbound telephone calls, that deliver prerecorded messages;

D. Initiating any outbound telephone calls, or causing others to initiate outbound telephone calls, to any person's telephone number on the National Do Not Call Registry;

E. Initiating outbound telephone calls, or causing another to initiate outbound telephone calls, to a person who has previously stated that he or she does not wish to receive such a call; and

F. Initiating outbound telephone calls, or causing others to initiate outbound



telephone calls, to a telephone number within a given area code when HSP Defendants have not, either directly or through another Person, paid the required annual fee for access to the telephone numbers within that area code that are included in the National Do Not Call Registry.

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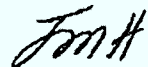
BAN ON THE USE OF CONSUMER INFORMATION

IT IS FURTHER ORDERED that HSP Defendants, whether acting directly or through any Person, and their Representatives, are permanently restrained and enjoined from disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account – including a credit card, bank account, or other financial account – of any Person that was obtained by any Defendant in connection with the sale of any product or service during the period: June 1, 2009 through the date of entry of this Order. HSP Defendants must dispose of such customer information in all forms in their possession, custody, or control within thirty (30) days after entry of this Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed. *Provided, however*, that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by a law, regulation, or court order.

V.

EQUITABLE MONETARY RELIEF

IT IS FURTHER ORDERED that monetary judgment is entered in favor of the FTC and against HSP Defendants, jointly and severally, in the amount of eleven million, eight



hundred fifty one thousand, seventy dollars and seventy seven cents (\$11,851,070.77); *provided, however,* that based on the sworn representations in HSP Defendants' Corporate and Individual Financial Statements (dated September 25, October 16, and October 17, 2012) and the sworn testimony that Judy and Roy Hamilton provided at depositions held on October 18, 2012, the full payment of the foregoing amount shall be suspended upon satisfaction of the obligations set forth in Subsections A through C of this Section, and subject to the conditions set forth in Section VI (Right to Reopen):

A. Effective upon entry of this Order, HSP Defendants shall surrender to the Receiver, John Arrastia, Jr., all control, title, dominion, and interest in the Assets that are part of the Receivership, with the exception of the following:

1. Roy and Judy Hamilton's home listed under Item 22 of their Individual Financial Statements (dated October 16 and 17, 2012);
2. Roy and Judy Hamilton's vehicles listed under Item 21 of their Individual Financial Statements (dated October 16 and 17, 2012);
3. Roy and Judy Hamilton's horses, ponies, and other animals listed under Item 20 of their Individual Financial Statements (dated October 16 and 17, 2012); and
4. Any other property that the Receiver abandons.

B. HSP Defendants relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law. HSP Defendants shall make no claim to or demand for return of the funds directly or indirectly, through counsel or otherwise.

C. HSP Defendants agree that the facts as alleged in the Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the Commission to enforce its rights to any payment or money judgment

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pursuant to this Order, including but not limited to a nondischargeability complaint in any bankruptcy case. HSP Defendants further stipulate and agree that the facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have collateral estoppel effect for such purposes.

VI.

RIGHT TO REOPEN

IT IS FURTHER ORDERED THAT:

A. The FTC's agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of: (1) HSP Defendants' sworn Corporate and Individual Financial Statements (dated September 25, October 16, and October 17, 2012), and (2) the sworn testimony that Judy and Roy Hamilton provided at depositions held on October 18, 2012, all of which HSP Defendants assert were truthful, accurate, and complete at the time they were submitted. HSP Defendants and the FTC stipulate that these Documents and sworn testimony include Material information upon which the FTC relied in negotiating and agreeing to this Order.

B. If, upon motion by the FTC, this Court finds that HSP Defendants failed to disclose any Material Asset or Materially misstated the value of any Asset in the Documents or sworn testimony described in Section VI.A, above, or made any other Material misstatement or omission in the financial statements, sworn testimony, or related Documents, then this Order shall be reopened and suspension of the judgment shall be lifted for the purpose of requiring payment of monetary relief in the amount of eleven million, eight hundred fifty one thousand,

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seventy dollars and seventy seven cents (\$11,851,070.77). *Provided, however*, that in all other respects this Order shall remain in full force and effect, unless otherwise ordered by the Court.

C. Upon any reinstatement of the monetary judgment, the Court shall make an express determination that the monetary judgment shall be immediately due and payable as to Individual HSP Defendants. The FTC shall be entitled to interest on the judgment, computed from the day of entry of this Order, at the rate prescribed by 18 U.S.C. § 1961, as amended, on any outstanding amounts not paid. The FTC shall be permitted to execute on the judgment immediately after the suspension is lifted and engage in discovery in aid of execution.

D. Proceedings initiated under this provision would be in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any proceedings that the FTC may initiate to enforce this Order. For purposes of this Section, HSP Defendants waive the right to contest any of the allegations in the Complaint.

VII.

LIFTING OF ASSET FREEZE

IT IS FURTHER ORDERED that the Asset freeze against Individual HSP Defendants, (ECF No. 71, Section VI), shall be lifted upon entry of this Order with respect to the Assets identified in Section V.A, above, and remains in full force with respect to all other Assets of the Individual HSP Defendants and all other Defendants.

VIII.

RECEIVER'S DUTIES

IT IS FURTHER ORDERED that John Arrastia, Jr., the Receiver appointed by the Stipulated Preliminary Injunction (ECF 71.), is hereby appointed Receiver for the Receivership Defendants for the purpose of taking the necessary steps to wind down the businesses of the HSP

Corporate Defendants, liquidate their assets, and pay any net assets to the FTC to satisfy the monetary judgment entered by this Order. The Receiver shall be the agent of this Court and shall be accountable directly to this Court. In carrying out these duties, the Receiver is authorized and directed to:

A. Take any and all steps that the Receiver concludes are appropriate to wind down the HSP Corporate Defendants.

B. Take any and all steps necessary or advisable to locate and liquidate all assets of the Receivership Defendants, cancel the HSP Corporate Defendants' contracts, collect on amounts owed to the HSP Corporate Defendants, and take such other steps as may be necessary to terminate and dissolve the HSP Corporate Defendants efficiently.

C. Provide the FTC, upon request, with any business records of the HSP Corporate Defendants, including but not limited to, Documents that: (1) identify customers from whom the HSP Corporate Defendants collected payments, including the most recent known address, telephone number, and the amount of any fees paid by such customers; and (2) identify customers who received refunds from the HSP Corporate Defendants and the amount of the refunds.

D. Continue to exercise full control of the HSP Corporate Defendants and continue to collect, marshal, and take custody, control and possession of: (1) all the funds, property, premises, accounts, Documents, mail and other assets of, or in the possession or under the control of, the HSP Corporate Defendants, wherever situated, the income and profits therefrom, and all sums of money now or hereafter due or owing to the HSP Corporate Defendants, with full power to collect, receive and take possession of all goods, chattels, rights, credits, monies, effects, lands, leases, books and records, limited partnership records, work papers, and records of

accounts, including computer-maintained information, contracts, financial records, monies on hand in banks and other financial institutions, and other papers and Documents of other individuals, partnerships or corporations whose interests are now held by or under the direction, possession, custody or control of the HSP Corporate Defendants, and (2) all the Assets of the Individual HSP Defendants, wherever situated, the income and profits therefrom, with the exception of the Assets listed in Section V.A (Equitable Monetary Relief) (collectively, the "Receivership Estate").

E. Dispose of, or arrange for the disposal of, the records of the HSP Corporate Defendants no later than six (6) months after the Court's approval of the Receiver's final report as to the Receivership Estate, except that: (1) to the extent such records are reasonably available, the Receiver shall arrange for records sufficient to ascertain the funds that an individual consumer paid to the HSP Corporate Defendants, and any refunds provided to individual consumers, to be retained for a minimum of one year from the entry of this Order; and (2) if state or local law regulating the HSP Corporate Defendants' business requires the retention of particular records for a specified period, the Receiver shall arrange for such records to be disposed of after the specified period has expired. To safeguard the privacy of consumers, records containing personal financial information shall be shredded, incinerated, or otherwise disposed of in a secure manner. For records that must be retained, the Receiver may elect to retain records in their original form, or to retain photographic or electronic copies.

F. Continue to perform all acts necessary or advisable to complete an accounting of the Assets, and prevent unauthorized transfer, withdrawal, or misapplication of Assets.

G. Make payments and disbursements from the HSP Corporate Defendants' estate that are necessary or advisable for carrying out the directions of, or exercising the authority

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granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the HSP Corporate Defendants prior to the date of entry of the temporary restraining order in this action, except payments that the Receiver deems necessary or advisable to secure and liquidate assets of the HSP Corporate Defendants, such as rental payments or payment of liens.

H. Enter into contracts and purchase insurance as advisable or necessary.

I. Perform all incidental acts that the Receiver deems to be advisable or necessary, which include retaining, hiring, or dismissing any employees, independent contractors, and agents as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the statutory authority granted by this Order.

J. Continue to institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts or arbitration proceedings as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order, including but not limited to, actions challenging fraudulent or voidable transfers.

K. Continue to defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or against the HSP Corporate Defendants, as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order.

L. Issue subpoenas to obtain Documents and records pertaining to the Receivership, and conduct discovery in this action on behalf of the Receivership estate.

M. Continue to maintain one or more bank accounts as designated depositories for funds of the Receivership Defendants, and make all payments and disbursements from the

Receivership Estate from such an account. The Receiver shall serve copies of monthly account statements on all parties.

N. Continue to maintain accurate records of all receipts and expenditures that he makes as Receiver.

O. Continue to cooperate with reasonable requests for information or assistance from any state or federal law enforcement agency.

IX.

COMPENSATION OF RECEIVER

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, in the possession or control of, or which may be received by, the Receivership Defendants. The Receiver must not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

X.

RECEIVER'S FINAL REPORT AND DISBURSEMENT OF ASSETS OF THE CORPORATE DEFENDANTS

IT IS FURTHER ORDERED that:

A. The Receiver shall liquidate the assets of the HSP Corporate Defendants as soon as practicable. No later than sixty (60) days from the date of the entry of this Order, the Receiver shall file and serve on the parties a report (the "Final Report") to the Court that details the steps taken to dissolve the Receivership Estate. The Final Report shall include an accounting of the Receivership Estate's finances and total assets and a description of what other actions, if any, must be taken to wind-down the Receivership. Promptly thereafter, but no later than thirty (30)

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days after submission of the Final Report, the Receiver shall file an application for payment of compensation and expenses associated with his performance of duties as Receiver under this Order, the Temporary Restraining Order (ECF 17), and the Stipulated Preliminary Injunction (ECF 71) entered in this proceeding. The Receiver shall mail copies of the Final Report to all known creditors of the HSP Corporate Defendants with a notice stating that any objections to paying any assets of the HSP Corporate Defendants to satisfy the Receiver's costs and expenses and the monetary judgment set forth in this Order must be submitted to the Court and served by mail upon the Receiver and the parties within thirty (30) days of the mailing of the Final Report. If subsequent actions (such as the completion of tax returns or further actions to recover funds for the Receivership) are appropriate, the Receiver shall file an additional report or reports ("Supplemental Report") describing the subsequent actions and a subsequent application for the payment of fees and expenses related to the subsequent acts.

B. The Court will review the Final Report and any objections to the report and, absent a valid objection, will issue an order directing the Receiver to: (1) pay the reasonable costs and expenses of administering the Receivership, including the compensation of the Receiver and the Receiver's personnel authorized by Section IX (Compensation of Receiver) of this Order or other orders of this Court, and the actual out-of-pocket costs incurred by the Receiver in carrying-out his duties; and (2) pay all remaining funds to the FTC as partial satisfaction of the judgment.

C. With Court approval, the Receiver may hold back funds for a specified period as a reserve to cover additional fees and costs related to actions to be addressed in a Supplemental Report. If the Receiver does not make a supplemental application for fees and expenses within the specified period, or if funds remain in the reserve fund after the payments of fees and

expenses approved by the Court in response to such a supplemental application, all funds remaining in the reserve fund shall be immediately paid to the FTC or its designated agent.

XI.

TERMINATION OF THE RECEIVERSHIP

IT IS FURTHER ORDERED that upon completion by the Receiver of the tasks set forth in this Order, the Receivership over the Receivership Defendants shall be dissolved and the Receiver discharged.

XII.

COOPERATION WITH FTC COUNSEL

IT IS FURTHER ORDERED that HSP Defendants shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the FTC's Complaint, cooperate in good faith with the FTC and appear at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of Documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, HSP Defendants shall appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without the service of a subpoena.

XIII.

ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that HSP Defendants obtain acknowledgments of receipt of this Order:

A. Each HSP Defendant, within seven (7) days of entry of this Order, must submit to the FTC an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For five (5) years after entry of this Order, each Individual HSP Defendant for any business that each, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, must deliver a copy of this Order to: (1) all principals, officers, directors, and managers; (2) all employees, agents, and Representatives who participate in the type of conduct specified in Section I (Prohibited Business Activities – Healthcare-Related Products); and (3) any business entity resulting from any change in structure as set forth in the Section XIV (Compliance Reporting). Delivery must occur within seven (7) days of entry of this Order for current personnel. To all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which any Individual HSP Defendant delivered a copy of this Order, that defendant must obtain, within thirty (30) days, a signed and dated acknowledgment of receipt of this Order.

XIV.

COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Individual HSP Defendants shall make timely submissions to the FTC:

A. One year after entry of this Order, each Individual HSP Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each defendant must: (a) designate at least one telephone number and an email, physical, and postal address as points of contact, which representatives of the FTC may use to communicate with them; (b) identify all of that defendant's businesses by

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all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the products and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which each Individual HSP Defendant must describe if he or she knows or should know due to his or her own involvement); (d) describe in detail whether and how that defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission; and

2. Additionally, each Individual HSP Defendant must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences; (b) identify all titles and roles in all business activities, including any business for which such defendant performs services whether as an employee or otherwise and any entity in which such defendant has any ownership interest; and (c) describe in detail such defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For ten (10) years following entry of this Order, each Individual HSP Defendant must submit a compliance notice, sworn under penalty of perjury, within fourteen (14) days of any change in the following:

1. Each Individual HSP Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any entity that such defendant has any ownership interest in or directly or indirectly controls that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution

of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order;

2. Additionally, each Individual HSP Defendant must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which such defendant performs services whether as an employee or otherwise and any entity in which such defendant has any ownership interest or otherwise has direct or indirect control, and identify the business's name, physical address, and Internet address, if any;

C. Each Individual HSP Defendant must submit to the FTC notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such defendant within fourteen (14) days of its filing;

D. Any submission to the FTC required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 18 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____" and supplying the date, signatory's full name, title (if applicable), and signature; and

E. Unless otherwise directed by an FTC representative in writing, all submissions to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. HSP X120050.

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XV.

RECORDKEEPING

IT IS FURTHER ORDERED that Individual HSP Defendants must create certain records for ten (10) years after entry of the Order, and to retain each such record for five (5) years. Specifically, for any business in which each Individual HSP Defendant, individually or collectively with any other Defendant, is a majority owner or directly or indirectly controls, such defendant must maintain the following records:

- A. Accounting records showing the revenues from all goods or services sold, all costs incurred in generating those revenues, and the resulting net profit or loss;
- B. Personnel records showing, for each Person providing services, whether as an employee or otherwise, that Person's: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the reason for termination;
- C. Complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and
- E. A copy of each advertisement, marketing email, banner advertisement, pop-up advertisement, mobile advertisement, web page, direct mail piece, Telemarketing script, text advertisement, or other marketing material.

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XVI.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Individual HSP Defendants' compliance with this Order, including the financial representations upon which the judgment was suspended:

A. Within fourteen (14) days of receipt of written notice from a representative of the FTC, each Individual HSP Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce Documents, for inspection and copying. The FTC is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the FTC is authorized to communicate directly with each Individual HSP Defendant. Individual HSP Defendants must permit representatives of the FTC to interview any employee or other Person affiliated with them who has agreed to such an interview. The Person interviewed may have counsel present.

C. The FTC may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Individual HSP Defendants or any individual or entity affiliated with them, without the necessity of identification or prior notice. Nothing in this Order limits the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

XVII.


RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this

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matter for purposes of construction, modification, and enforcement of this Order.

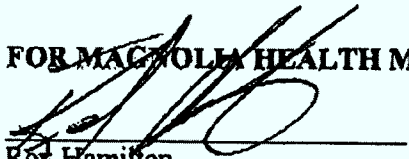
FOR HEALTH SERVICE PROVIDERS, INC.:



Roy Hamilton

Date: 1/2/2013, 2012

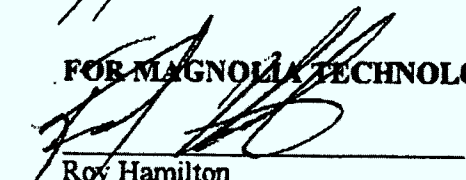
FOR MAGNOLIA HEALTH MANAGEMENT CORPORATION:



Roy Hamilton

Date: 1/2/2013, 2012

FOR MAGNOLIA TECHNOLOGIES CORPORATION:



Roy Hamilton

Date: 1/2/2013, 2012


FOR FAY MARKETING, INC.:



Roy Hamilton

Date: 1/2/2013, 2012

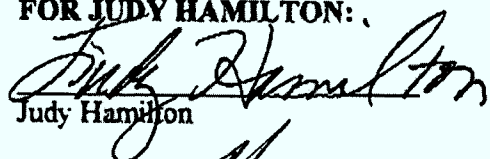
FOR ROY HAMILTON:



Roy Hamilton

Date: 1/2/2013, 2012

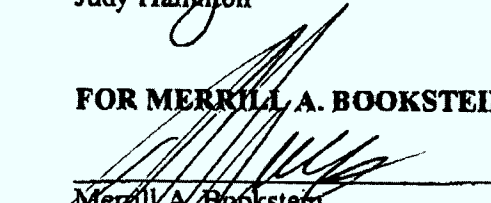
FOR JUDY HAMILTON:



Judy Hamilton


Date: 1-2-2013, 2012

FOR MERRILL A. BOOKSTEIN:



Merrill A. Bookstein
Counselor at Law P.A.
1900 Glades Rd.


Date: 1/2/2013, 2012



Suite 102
Boca Raton, FL 33431
Tel: 561-361-9454
Fax: 561-361-9843

*Counsel for Defendants Health Service Providers, Inc.,
Magnolia Health Management Corporation, Magnolia Technologies Corporation,
Fav Marketing, Inc., Roy Hamilton, and Judy Hamilton*

FOR THE FEDERAL TRADE COMMISSION:



Dotan Weinman
Patricia B. Hsue

Date: 2/11/2013

FEDERAL TRADE COMMISSION
600 Pennsylvania Avenue, NW, H-286
Washington, DC 20580
(202) 326-3049, dweinman@ftc.gov (Weinman)
(202) 326-3132, phsue@ftc.gov (Hsue)
(202) 326-3395 (Fax)
Attorneys for Plaintiff Federal Trade Commission

IT IS SO ORDERED, this 19 day of February, 2013, at 1³⁰ o'clock a.m./p.m.



Judge Robert N. Scola
UNITED STATES DISTRICT JUDGE

