UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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General Counsel

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ATTORNEYS FOR PLAINTIFF
FEDERAL TRADE COMMISSION

FEDERAL TRADE COMMISSION, *Plaintiff,*	
v.	**CASE NO.**
SOLACE INTERNATIONAL, INC., a corporation,	**STIPULATION FOR ENTRY OF PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**
BIOSCIENCE RESEARCH INSTITUTE LLC, a limited liability company, and	
AARON LILLY, individually and as owner, officer, and director of Solace International, Inc., and Manager of Bioscience Research Institute LLC,	
Defendants.	

Plaintiff, the Federal Trade Commission ("Commission" or "FTC"), filed its Complaint for Permanent Injunction and Other Equitable Relief, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), against Defendants Solace International, Inc., a corporation, Bioscience Research Institute LLC, a limited liability company, and Aaron Lilly,

individually and in his capacity as owner, officer, and director of Defendant Solace International, Inc., and as sole owner and Manager of Bioscience Research LLC.

The Commission and Defendants stipulate to entry of this proposed Stipulated Final Judgment and Order for Permanent Injunction and other Equitable Relief to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.

2. The Complaint charges that Defendants participated in deceptive acts or practices in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52, in the labeling, advertising, marketing, distribution, and sale of a purported mole, skin tag, and wart removal product and a purported weight loss product.

3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.

4. The paragraphs of this Order shall be read as the necessary requirements of compliance and not as alternatives for compliance, and no paragraph serves to modify another paragraph unless expressly so stated.

5. Pursuant to Federal Rule of Civil Procedure 65(d), the provisions of this Order are binding upon Defendants, and their officers, agents, servants, representatives, employees, and all other persons or entities in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise.

6. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order.

7. The parties waive all rights to appeal or otherwise challenge or contest the validity of this Order.

8. Each party shall bear its own costs and attorneys' fees.

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

ORDER DEFINITIONS

Unless otherwise specified:

1. "Corporate Defendants" means Solace International, Inc., Bioscience Research Institute LLC, and their successors and assigns.

2. "Individual Defendant" means Aaron Lilly.

3. "Defendants" means the Individual Defendant and the Corporate Defendants, individually, collectively, or in any combination.

4. "DermaTend" means DermaTend Original, DermaTend Ultra (also known as DermaTend Extra Strength and Ex DermaTend Ultra), and any other topically applied product containing bloodroot and/or any zinc compound.

5. "Covered Skin Care Product" means DermaTend and any other product promoted for removal of moles, skin tags, warts, or other skin blemishes or lesions.

6. "Lipidryl" means Lipidryl and any other product containing *Irvingia gabonensis*.

7. "Covered Weight Loss Product" means Lipidryl and any other product promoted for weight loss, fat loss, or reduction in body measurements.

8. "Covered Product" means any Covered Skin Care Product, any Covered Weight Loss Product, and any other food, drug, dietary supplement or cosmetic.

9. "Essentially Equivalent Product" means a product that contains the identical ingredients, except for inactive ingredients (*e.g.*, binders, colors, fillers, excipients), in the same form and dosage, and with the same route of administration (*e.g.*, orally, sublingually), as the Covered Skin Care Product or Covered Weight Loss Product; *provided that* the Covered Skin Care Product or Covered Weight Loss Product may contain additional ingredients if reliable scientific evidence generally accepted by experts in the field indicates that the amount and combination of additional ingredients is unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.

10. "Endorsement" means as defined in 16 C.F.R. § 255.0(b).

11. "Food," "drug," and "cosmetic" as used herein, means as defined in Section 15 of the FTC Act, 15 U.S.C. § 55.

12. "Affiliate" means any person or entity who participates in an Affiliate Program.

13. "Affiliate Program" means any arrangement under which any person or entity: (a) provides any Defendant with, or refers to any Defendant, potential or actual customers; or (b) otherwise markets, advertises, or offers for sale any product on behalf of any Defendant.

14. "Clearly and conspicuously" means:

A. In print communications (*e.g.*, printed publications or words displayed on the screen of an electronic device) and on product packaging and labels, the disclosure 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, location, or other characteristics, for an ordinary consumer

to notice, read, and comprehend it; *provided*, that if a disclosure on packaging or a label is made in a location other than the principal display panel, the principal display panel of that packaging or label shall include the statement "**See important information on [insert disclosure location]**"; and

B. In communications made through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services, and software), the disclosure shall be presented simultaneously in both the audio and the visual portions of the communication. In any communication presented solely through visual or audio means, the disclosure shall be made through the same means through which the communication is presented. In any communication disseminated by means of an interactive electronic medium, such as software, the Internet, or online services, the disclosure must be unavoidable. Any audio disclosure shall be presented in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. Any visual disclosure shall be presented in a manner that stands out in the context in which it is presented, so that it is sufficiently prominent, due to its size and shade, contrast to the background against which it appears on the screen, and its location, for an ordinary consumer to notice, read, and comprehend it.

Regardless of the medium used to disseminate it, the disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any communication or within any document linked or referenced therein.

15. "Close Proximity" means on the same print page, webpage, or other electronic page, proximate to the triggering representation, and not accessed or displayed through hyperlinks,

pop-ups, interstitials, or other means; *provided,* that in the case of a multi-page insert, the disclosure shall appear on the cover page or first page.

16. "Material connection" means any relationship that materially affects the weight or credibility of any endorsement and that would not reasonably be expected by consumers.

17. "Person" means a natural person, an organization, or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.

18. "Reliably Reported," for a human clinical test or study ("test"), means a report of the test has been published in a peer-reviewed journal, and such published report provides sufficient information about the test for experts in the relevant field to assess the reliability of the results.

19. The terms "and" and "or" in this Order shall be construed conjunctively or disjunctively as necessary, to make the applicable phrase or sentence inclusive rather than exclusive.

20. The term "including" in this Order means "including without limitation."

I.

PROHIBITED REPRESENTATIONS: COVERED SKIN CARE PRODUCTS

IT IS HEREBY ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Skin Care Product, are hereby permanently restrained and enjoined from representing, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration:

A. That the product is effective for the treatment or removal of moles, skin tags, or warts, including genital warts, or the product's success rate as a result of such treatment;

B. That the product provides results rapidly, or within any period of time, or following any number of applications;

C. The likelihood and magnitude of temporary or long-term scarring or other blemishes due to product use; or

D. The product's safety, including safety for use on children of any age;

unless the representation is non-misleading and, at the time of making such representation, Defendants possess and rely upon competent and reliable scientific evidence to substantiate that the representation is true. For purposes of this Section, competent and reliable scientific evidence shall consist of human clinical testing of the Covered Skin Care Product or of an Essentially Equivalent Product that is sufficient in quality and quantity, based on standards generally accepted by experts in dermatology research, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. Such testing shall be (1) randomized, double-blind, and placebo-controlled; and (2) conducted by researchers qualified by training and experience to conduct such testing. In addition, all underlying or supporting data and documents generally accepted by experts in dermatology research as relevant to an assessment of such testing as described in the Section entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies must be available for inspection and production to the Commission. Defendants shall have the burden of proving that a product satisfies the definition of an Essentially Equivalent Product.

II.

PROHIBITED REPRESENTATIONS: COVERED WEIGHT LOSS PRODUCTS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Weight Loss Product, are permanently restrained and enjoined from making, or assisting others in making, directly or by implication, including through the use of a product name, endorsement, depiction, or illustration, any representation that such product:

A. Causes or helps cause weight loss;

B. Causes or helps cause reduced body measurements; or

C. Causes or helps cause reduced body fat;

unless the representation is non-misleading and, at the time of making such representation, Defendants possess and rely upon competent and reliable scientific evidence to substantiate that the representation is true.

For purposes of this Section, competent and reliable scientific evidence shall consist of at least two adequate and well-controlled human clinical studies of the Covered Weight Loss Product, or of an Essentially Equivalent Product, conducted by different researchers, independently of each other, that conform to acceptable designs and protocols and whose results, when considered in light of the entire body of relevant and reliable scientific evidence, are sufficient to substantiate that the representation is true. Defendants shall have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

For purposes of this Section, "adequate and well-controlled human clinical study" means a human clinical study (1) that is randomized, double-blind, and placebo-controlled; (2) that is conducted by persons qualified by training and experience to conduct such a study; and (3) as to which, all underlying or supporting data and documents generally accepted by experts in weight loss research as relevant to an assessment of such testing as described in the Section entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies are available for inspection and production to the Commission.

III.

OTHER PROHIBITED REPRESENTATIONS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product, are hereby permanently restrained and enjoined from making any representation, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, other than representations covered under Sections I and II of this Order, about the health benefits, safety, or side effects of such product, unless the representation is non-misleading, and, at the time of making such representation, Defendants possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

For purposes of this Section, competent and reliable scientific evidence means tests, analyses, research, or studies (1) that have been conducted and evaluated in an objective manner by qualified persons; (2) that are generally accepted in the profession to yield accurate and reliable results; and (3) as to which, when they are human clinical tests or studies, all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of such testing as set forth in the Section entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies are available for inspection and production to the Commission.

IV.

PROHIBITED MISREPRESENTATIONS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product, are hereby permanently restrained and enjoined from misrepresenting, in any manner, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration:

A. That the benefits of such product are scientifically proven;

B. The existence, contents, validity, results, conclusions, or interpretations of any test, study, or research;

C. That medical professionals recommend or approve the product or its use; or

D. The status of any endorser or person providing a review of such product, including, but not limited to, misrepresenting that the endorser or reviewer is independent or an ordinary user of the product.

V.

DISCLOSURE OF MATERIAL CONNECTIONS

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product, shall clearly and conspicuously disclose, for any endorsement or review of such product, including any endorsement or review by an Affiliate, all material connections between the person providing the endorsement or review and Defendants or any other person manufacturing, labeling, advertising, offering for sale, selling, or distributing such product. The disclosure shall be in close proximity to the endorsement or review.

VI.

FDA APPROVED CLAIMS

IT IS FURTHER ORDERED that nothing in this Order shall prohibit Defendants from:

A. Making any representation for any drug that is permitted in labeling for such drug under any tentative or final monograph promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration; and

B. Making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to

the Nutrition Labeling and Education Act of 1990 or permitted under Sections 303-304 of the Food and Drug Administration Modernization Act of 1997.

VII.

AFFILIATE MARKETING

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product by means of an Affiliate Program, shall take steps sufficient to ensure compliance with this Order. Such steps shall include, at a minimum:

A. Establishing, implementing, and thereafter maintaining a system to monitor and review their Affiliates' representations and disclosures to ensure compliance with this Order. The system shall be implemented as follows:

1. No later than thirty (30) days after the date of service of this Order, and, on a semi-annual basis thereafter, Defendants shall determine the amount of sales for each Affiliate for the preceding six-month period. For those Affiliates whose sales exceed the median, Defendants shall:

(a) Monitor and review each Affiliate's web site(s) on at least a monthly basis at times not disclosed in advance to its Affiliates and in a manner reasonably calculated not to disclose the source of the monitoring activity at the time it is being conducted; and

(b) Conduct online monitoring and review of the Internet on at least a monthly basis, including, but not limited to, social networks such as Facebook, microsites such as Twitter, and video sites such as YouTube, for any representations by such Affiliates.

2. For the remainder of Defendants' Affiliates, no later than thirty (30) days after the date of service of this Order, and, on a semi-annual basis thereafter, Defendants shall select a random sample of twenty (20) Affiliates. Defendants shall:

(a) Monitor and review each of these randomly selected Affiliates' websites on at least a monthly basis at times not disclosed in advance to its Affiliates and in a manner reasonably calculated not to disclose the source of the monitoring activity at the time it is being conducted; and

(b) Conduct online monitoring and review of the Internet on at least a monthly basis, including, but not limited to, social networks such as Facebook, microsites such as Twitter, and video sites such as YouTube, for any representations by such Affiliates.

B. Immediately terminating from any Affiliate Program and ceasing payment to any Affiliate who Defendants reasonably conclude:

1. Has made representations that the Affiliate knew or should have known violated Sections I, II, III., IV.A, IV.B, or IV.C of this Order;

2. Misrepresented, in any manner, the status of such Affiliate, including, but not limited to, the misrepresentation that such Affiliate is an independent user or ordinary consumer; or

3. Has failed to make a disclosure required by Section V of this Order.

C. Creating, and thereafter, maintaining, and within fourteen (14) days of receipt of a written request from a representative of the Federal Trade Commission, making available for inspection and copying, reports sufficient to show compliance with this Section of the order.

VIII.

PRESERVATION OF RECORDS RELATING TO COMPETENT AND RELIABLE HUMAN CLINICAL TESTS OR STUDIES

IT IS FURTHER ORDERED that, with regard to any human clinical test or study ("test") upon which Defendants rely to substantiate any claim covered by this Order, Defendants shall secure and preserve all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of the test, including, but not necessarily limited to:

A. All protocols and protocol amendments, reports, articles, write-ups, or other accounts of the results of the test, and drafts of such documents reviewed by the test sponsor or any other person not employed by the research entity;

B. All documents referring or relating to recruitment; randomization; instructions, including oral instructions, to participants; and participant compliance;

C. Documents sufficient to identify all test participants, including any participants who did not complete the test, and all communications with any participants relating to the test; all raw data collected from participants enrolled in the test, including any participants who did not complete the test; source documents for such data; any data dictionaries; and any case report forms;

D. All documents referring or relating to any statistical analysis of any test data, including, but not limited to, any pretest analysis, intent-to-treat analysis, or between-group analysis performed on any test data; and

E. All documents referring or relating to the sponsorship of the test, including all communications and contracts between any sponsor and the test's researchers.

Provided, however, the preceding preservation requirement shall not apply to a Reliably Reported test, unless the test was conducted, controlled, or sponsored, in whole or in part by: (1) any Defendant; (2) any Defendant's officers, agents, representatives, or employees; (3) any other person or entity in active concert or participation with any Defendant; (4) any person or entity affiliated with or acting on behalf of any Defendant; (5) any supplier of any ingredient contained in the product at issue to any of the foregoing or to the product's manufacturer; or (6) the supplier or manufacturer of such product.

For any test conducted, controlled, or sponsored, in whole or in part, by Defendants, Defendants must establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of any personal information collected from or about participants. These procedures shall be documented in writing and shall contain administrative, technical, and physical safeguards appropriate to Defendants' size and complexity, the nature and scope of Defendants' activities, and the sensitivity of the personal information collected from or about the participants.

IX.

MONETARY JUDGMENT AND PARTIAL SUSPENSION

IT IS FURTHER ORDERED that:

A. Judgment in the amount of Eleven Million, Two Hundred Sixty Nine Thousand, Eight Hundred and Ninety Dollars ($11,269,890) is entered in favor of the Commission against Individual Defendant and Corporate Defendants, jointly and severally, as equitable monetary relief.

B. Defendants are ordered to pay to the Commission Four Hundred and Two Thousand, Three Hundred Thirty-Eight Dollars ($402,338), which, as Defendants stipulate, their undersigned counsel holds in escrow for no purpose other than payment to the Commission. Such payment must be made within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission.

C. Within five days of entry of this Order, Defendants are further ordered to initiate specific steps, as set forth below, to sell the properties located at 4911 Donegal Bay Court, Killeen, Texas; 4409 Pete Drive, Killeen, Texas; 2303 Huckleberry Drive, Killeen, Texas; and 3007 Viewcrest Drive, Killeen, Texas (the "Properties"), and immediately transfer the proceeds from each to the FTC:

1. Defendants shall sell the properties upon terms and conditions acceptable to the FTC. They shall promptly comply with all steps necessary to effectuate the sales, including, but not limited to, signing contracts for the real properties with independent real estate agents, keeping the Properties in good repair, keeping the Properties in conditions suitable for showing to prospective purchasers; signing contracts for sale of the Properties; signing all documents necessary or appropriate for the transfer of the Properties to new buyers; and any reasonable requests from the FTC related to these sales;

2. Defendants shall notify undersigned FTC counsel of the amount of any offer to purchase any of the Properties immediately upon receiving each such offer. Acceptance of any such offer shall be in the sole discretion of FTC counsel;

3. If, after six (6) months from the date of entry of this Order, any of the Properties have not been sold, Defendants shall immediately retain an auction company, and direct such auction company to sell each Property at a public auction, provided that Defendants shall first obtain from undersigned FTC counsel written approval of the auction company and of the terms for the auction, which approval shall not be unreasonably withheld. Defendants shall bear any and all costs associated with the auction of the Properties;

4. All net proceeds shall be paid to the FTC within ten (10) days of the sale or auction of any Property. Any sheriff, title company, or other person involved in such a sale or auction may rely on this Order as authority to deliver the net proceeds to the FTC;

5. Until the Properties have been sold or auctioned, Defendants shall maintain the Properties, including any structures, fixtures, and appurtenances thereto, in good working order and in the same condition as of June 3, 2014, which is the date Aaron Lilly signed the sworn Financial Statement of Danova Properties, LLC, through which he owns the Properties, and shall take no action to diminish their value;

6. Until Defendants transfer the proceeds of the sale of the Properties to the FTC, they shall remain current on all amounts due and payable on the Properties,

including but not limited to tax, insurance, homeowner's assessments, reasonable and necessary maintenance, and similar fees. Defendants shall cause existing insurance coverage for the Properties to remain in force until the transfers of ownership;

7. Defendants shall in no way profit from the sales of the Properties, including by sharing in any sales commission or fee, or by receiving anything of value of any kind.

D. Upon compliance with Sections IX.B and IX.C, above, the remainder of the judgment is suspended, subject to the Subsections below.

E. The Commission's agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Defendants' sworn financial statements and related documents (collectively, "financial attestations") submitted to the Commission, namely:

1. The Financial Statement of Individual Defendant Aaron Lilly signed on June 12, 2014 (Bates 1312-25), including the attachments, consisting of Federal Tax Returns for 2010-12 (Bates 837-879); draft federal tax filing for 2013 (Bates 1300-11); Ideal Image Statement (Bates 1323); Car Loan Statement for Mercedes (Bates 1322), Bank Statements (Bates 934-1299), and the valuation provided for the 2014 Mercedes (Bates 1324);

2. The Financial Statement of Corporate Defendant Solace signed by Aaron Lilly on May 16, 2014 (Bates 743-57), including the attachments consisting of Profit and Loss Statements for 2011-14 (Bates 794-809), Federal Tax Returns for 2011-2013 (Bates

758-793), and balance sheets for 2011-14 (Bates 1329-34);

3. The Financial Statement of Corporate Defendant Bioscience signed by Aaron Lilly on May 16, 2014 (Bates 810-24);

4. The Financial Statement of Danova Properties LLC, a real estate holding company wholly owned by Aaron Lilly, signed by Aaron Lilly on June 3, 2014 (revised Bates 915-32), including the attachments consisting of Profit and Loss Statements for 2013-14 (Bates 1327-28) and the April 2014 balance sheet (Bates 1326); and

5. The Financial Statement of Ace Marketing LLC, a marketing company wholly owned by Aaron Lilly, signed by Aaron Lilly on May 30, 2014 (Bates 880-93), including the attachments consisting of Federal Tax Returns for 2012-13 (Bates 894-908), Profit and Loss Statements for 2012-14 (Bates 912-14) and Balance Sheets for 2012-14 (Bates 909, 911, 933).

F. The suspension of the judgment will be lifted as to any Defendant if, upon motion by the Commission, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial attestations identified above.

G. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection A above (which the parties stipulate only for purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

H. Defendants relinquish dominion and all legal and equitable right, title, and interest in all

assets transferred pursuant to this Order and may not seek the return of any assets.

I. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

J. 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 this Order will have collateral estoppel effect for such purposes.

K. Defendants acknowledge that their Taxpayer Identification Numbers, and that of Ace and Danova, and the Social Security Number of Mr. Lilly, which Defendants previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

L. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

X.

CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, servants, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, are permanently restrained and enjoined from directly or indirectly:

A. Failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress; if a representative of the Commission requests in writing any information related to redress, Defendants must provide it, in the form prescribed by the Commission, within 14 days;

B. 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), that Defendants obtained prior to entry of this Order in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of DermaTend or Lipidryl; and

C. Failing to destroy such information in all forms in their possession, custody, or control within 30 days after receipt of written direction to do so from a representative of the Commission.

Provided, however, that customer information need not be destroyed, and may be disclosed, to the extent requested by a government agency or required by law, regulation, or court order.

XI.

ORDER ACKNOWLEDGMENTS

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

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

B. For eight (8) years after entry of this Order, Individual Defendant, for any business that such Defendant, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and Corporate Defendants, must deliver a copy of this Order to:

1. All principals, officers, directors, managers and members;
2. All employees agents, and representatives who have supervisory responsibilities in the labeling, advertising, marketing, distribution, or sale of any Covered Skin Care Product and any Covered Weight Loss Product, and all affiliates; and
3. Any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting.

Delivery must occur within seven (7) days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

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

XII.

COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendants make timely submissions to the Commission:

A. Sixty (60) days after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number as designated points of contact, which representatives of the Commission may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Individual Defendant must describe if he knows or should know due to his 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.

2. Additionally, Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify 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 eight (8) years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any change in: (a) any designated point of contact; (b) the structure of any Corporate Defendant, or any entity that Defendant has any ownership interest in or controls, directly or indirectly, 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, Individual 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, and identify the name, physical address, and any Internet address of the business or entity.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as

by concluding: I declare under penalty of perjury that the foregoing is true and correct. Executed on: _____ and supplying the date, signatory's full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission 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, N.W., Washington, D.C. 20580. The subject line must begin: FTC v. Solace International, Inc.

XIII.

RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 8 (eight) years after entry of the Order, and retain each such record for five (5) years. Specifically, Corporate Defendants, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product, and Individual Defendant, for any business that such Defendant, individually or collectively with any other Defendants, is a majority owner or controls, directly or indirectly, must create and retain the following records:

A. Accounting records showing the revenues from all goods or services sold;

B. In the case of goods or services sold through an Affiliate Program, records identifying the name, address, and telephone numbers of each Affiliate, and all websites, microsites, or social media pages operated by such Affiliate for the purpose of advertising, promotion,

offering for sale, sale, or distribution of such goods or services, and accounting records identifying sales referred or made by each such Affiliate;

C. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; address; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;

D. Records of complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;

E. Customer files obtained after entry of this Order showing the names, addresses, telephone numbers, dollar amounts paid, and the quantity and description of goods or services, purchased, to the extent such information is obtained in the ordinary course of business;

F. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

G. A copy of each unique advertisement or other marketing material.

XIV.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order, and any transfer of assets as required by this Order:

A. Within fourteen (14) days of receipt of a written request from a representative of the Commission, each 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 Commission 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. Except as provided in Subsection C below, for matters concerning this Order, the Commission is authorized to communicate through undersigned counsel or other counsel designated by a Defendant or, if Defendant is unrepresented by counsel with regard to this Order, directly with each Defendant. Defendants must permit representatives of the Commission to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

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

XV.

RETENTION OF JURISDICTION

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

SO ORDERED THIS 11th day of December, 201_4

_____
UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

FOR PLAINTIFF FEDERAL TRADE COMMISSION:

JONATHAN E. NUECHTERLEIN
General Counsel
Attorneys for Plaintiff
Federal Trade Commission
600 Pennsylvania Avenue, NW
H-568
Washington, D.C. 20580
(202) 326-2868 (voice)

_____ Date: 12/10/14
Janet M. Evans

JANET M. EVANS
Federal Trade Commission
600 Pennsylvania Avenue, NW
CC-10528
Washington, D.C. 20580
(202) 326-2125 (voice)
Email: jevans@ftc.gov

FOR DEFENDANTS SOLACE INTERNATIONAL, INC., AND BIOSCIENCE RESEARCH INSTITUTE LLC

_____ Date: 10-20-14
Aaron Lilly, President, Solace International, Inc., and Manager, Bioscience Research LLC

FOR DEFENDANT AARON LILLY:

_____ Date: 10-20-14
Aaron Lilly

ATTORNEYS FOR DEFENDANTS:

Linda A. Goldstein (KM) Date: 10-23-14

Linda A. Goldstein

LINDA A. GOLDSTEIN
Manatt, Phelps & Phillips, LLP
7 Times Square
New York, NY 10036
(212) 790-4544 (voice)
lgoldstein@manatt.com

FEDERAL TRADE COMMISSION, ***Plaintiff,***	)	
	)	**CASE NO.**
v.	)	
SOLACE INTERNATIONAL, INC., a corporation,	)	**ACKNOWLEDGMENT BY AFFIDAVIT OF RECEIPT OF ORDER BY DEFENDANT [NAME]**
BIOSCIENCE RESEARCH INSTITUTE LLC, a limited liability company, and	)	
AARON LILLY, individually and as owner, officer, and director of Solace International, Inc., and Manager of Bioscience Research Institute LLC ***Defendants.***	)	

1. My name is [insert name of Individual Defendant. If executed only or also on behalf of a Corporate Defendant, also insert: , my job title is _____, and I am authorized to accept service of process on insert name of Corporate Defendant]. I am [a U.S. citizen] over the age of eighteen, and I have personal knowledge of the facts set forth in this Acknowledgment.

2. [I was a Defendant and name of Corporate Defendant was a Defendant] in *FTC v. Solace International, Inc.*, which is the court case listed near the top of this page.

3. On [_____ __, 201_], I received a copy of the [exact full title of the Order], which was signed by the Honorable [Judge's name] and entered by the Court on [Month ___, 201_]. [A true and correct copy of the Order that I received is attached to this Acknowledgment.]

[4. If affiant is also acknowledging for a Corporate Defendant: On [Month ___, 201_], [name of Corporate Defendant] received a copy of the [exact full title of the Order], which was signed

by the Honorable [Judge's name] and entered by the Court on [Month ___, 201_]. The copy of the Order attached to this Acknowledgment is a true and correct copy of the Order it received.]

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on [Month __, 201_].

_____

[Full name of Defendant]

[[individually and as an] officer of [Corporate Defendant]]

State of _____, City of _____
Subscribed and sworn to before me
this _____ day of _____, 201__.

_____
Notary Public
My commission expires:

_____