

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

FEDERAL TRADE COMMISSION;
the states and commonwealths of
ALABAMA, CALIFORNIA, COLORADO,
CONNECTICUT, DELAWARE, FLORIDA,
GEORGIA, ILLINOIS, INDIANA, IOWA,
KANSAS, KENTUCKY, LOUISIANA,
MAINE, MARYLAND, MASSACHUSETTS,
MICHIGAN, MISSOURI, MONTANA,
NEBRASKA, NEVADA, NEW HAMPSHIRE,
NEW JERSEY, NEW MEXICO, NEW YORK,
NORTH CAROLINA, OHIO, OKLAHOMA,
OREGON, PENNSYLVANIA, TENNESSEE,
TEXAS, UTAH, VIRGINIA, WASHINGTON,
WEST VIRGINIA, WISCONSIN, WYOMING;
and the DISTRICT OF COLUMBIA,

Case Number 21-10174
Honorable David M. Lawson

Plaintiffs,

v.

ASSOCIATED COMMUNITY SERVICES, INC.,
CENTRAL PROCESSING SERVICES, LLC,
COMMUNITY SERVICES APPEAL, LLC,
THE DALE CORP., DIRECTELE, INC.,
ROBERT WILLIAM BURLAND,
RICHARD T. COLE, AMY BURLAND,
BARBARA COLE, SCOT STEPEK,
NIKOLE GILSTORF, ANTONIO G. LIA,
and JOHN LUCIDI,

Defendants.

CONSENT JUDGMENT

On January 26, 2021, the United States Federal Trade Commission, along with 38 states and the District of Columbia, commenced this civil action by filing a complaint alleging that the defendants illegally and deceptively procured tens of millions of dollars in bogus donations from hundreds of millions of Americans, through more than 1.3 billion unsolicited telephone calls. The 167-page pleading charges that the defendants' conduct violated dozens of state and federal

statutes regulating telecommunications and consumer trade, and the plaintiffs sought preliminary and permanent injunctive relief, monetary awards of civil penalties authorized by the numerous statutes that were violated, and recovery of their costs and attorney fees.

The parties have filed stipulations severally to resolve all of the claims against various groups of defendants. The Court has reviewed the pleadings and the parties' statements of stipulated facts. The glossary of terms specified by the parties and the facts admitted by their mutual consent are incorporated herein and relied upon by the Court in making the following findings. *See* Stipulation for Entry of Consent Judgment (ECF No. 45). The Court finds based on the representations of the parties that it has subject matter jurisdiction over the federal claims pleaded in the complaint and supplemental jurisdiction via 28 U.S.C. § 1367 over the state law claims. The Court finds that it has personal jurisdiction over each of the defendants, all of whom have consented to be bound by the judgment of this Court. The Court has considered the terms of the parties' proposed settlement and finds that it is a fair, adequate, and reasonable resolution of a genuine controversy between them, the agreed injunctive relief and monetary penalties comprise reasonable redress for the grievances alleged, and the public interest favors approval. The Court further finds that it should retain jurisdiction to enforce the terms of this Consent Judgment.

Accordingly, judgment hereby is entered in favor of the plaintiffs against defendants Directele, Inc., The Dale Corporation, Nikole Gilstorf (a/k/a Nikole Luton or Nikole Dicks), and Antonio "Tony" Lia., and all of the following is **ORDERED AND ADJUDGED:**

I. BAN ON FUNDRAISING

The Settling Defendants are permanently restrained and enjoined from Fundraising or providing Fundraising Services to any Nonprofit Organization, whether directly or indirectly. This includes controlling, directly or indirectly, holding an ownership interest in, or receiving any

payment or other financial benefit from any Person engaged in Fundraising or the provision of Fundraising Services.

II. BAN ON ROBOCALLS

The Settling Defendants are permanently restrained and enjoined from:

A. Initiating, causing others to initiate, or assisting others in initiating, any Outbound Telephone Call that plays or delivers a prerecorded message, including, but not limited to, any Outbound Telephone Call that uses soundboard technology to play prerecorded audio clips, whether acting directly or through an intermediary, unless the Settling Defendant(s) prove(s) that such prerecorded message was delivered for the purpose of compliance with 16 C.F.R. § 310.4(b)(4)(iii);

B. Controlling, holding a managerial post in, consulting for, serving as an officer, having any revenue sharing agreement with, or holding any ownership interest, share, or stock in any company that engages in conduct prohibited in Subsection II.A above. Provided, however, that it is not a violation of this Consent Judgment to own a non-controlling interest in a publicly-traded company that engages in such conduct.

III. PROHIBITION AGAINST ABUSIVE CALLING PRACTICES

The Settling Defendants, Settling Defendants' officers, agents, employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, whether acting directly or indirectly, in connection with Telemarketing, are permanently restrained and enjoined from engaging in, causing others to engage in, or assisting others to engage in, any of the following practices:

A. Causing any telephone to ring, or engaging any Person in telephone conversation, repeatedly or continuously with intent to annoy, abuse, or harass any Person at the called number;
or

B. Initiating any Outbound Telephone Call to a Person when that Person has previously stated that he or she does not wish to receive a telephone call from the Person initiating the call or the Person on whose behalf the call is initiated.

IV. PROHIBITION AGAINST MISREPRESENTATIONS

The Settling Defendants, Settling Defendants' officers, agents, employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service, or soliciting a Contribution, are permanently restrained and enjoined from misrepresenting, or assisting others in misrepresenting, expressly or by implication:

- A. The nature or purpose of any good, service, or Contribution, or the nature, purpose, or mission of any Person on whose behalf the Settling Defendant(s) are soliciting Contributions;
- B. That any Contribution is tax deductible, in whole or in part;
- C. The purpose for which any Contribution will be used;
- D. The percentage or amount of any Contribution that will go to any Person or to any particular program or activity of the Person on whose behalf Contributions are being solicited; and
- E. Any fact material to consumers' decisions concerning any good or service or the use of a Contribution by any Person.

V. MANDATORY DISCLOSURE THAT CONTRIBUTIONS ARE NOT TAX DEDUCTIBLE

The Settling Defendants, Settling Defendants' officers, agents, employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, whether acting directly or indirectly, in connection with soliciting for Contributions that are not tax-deductible, are permanently restrained and enjoined from failing to disclose, Clearly

and Conspicuously, and prior to requesting any Contribution, orally or in writing, that any such Contribution is not deductible for federal and/or state income tax purposes as a charitable donation.

VI. PROHIBITION ON VIOLATING THE TELEMARKETING SALES RULE

The Settling Defendants, Settling Defendants' officers, agents, and employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, whether acting directly or indirectly, are permanently restrained and enjoined from engaging in, causing others to engage in, or assisting others engaging in violating the Telemarketing Sales Rule, 16 C.F.R. Part 310.

VII. COMPLIANCE WITH STATE LAW

The Settling Defendants, Settling Defendants' officers, agents, employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, whether acting directly or indirectly, in connection with the sale of any good or service or soliciting Contributions, are permanently restrained and enjoined from violating, causing others to violate, or assisting others in violating any provision of the state laws cited in the parties' stipulation.

VIII. COOPERATION

The Settling Defendants:

A. Shall cooperate fully with Plaintiffs' representatives in this case, including in any investigation into compliance by any of the Defendants with this Consent Judgment, and in any investigation related to or associated with the conduct, transactions, occurrences, telephone calls, pre-recorded messages, or Persons that are the subject of the Complaint. Settling Defendants must provide truthful and complete information, evidence, and testimony. Settling Defendants must appear for interviews, discovery, hearings, trials, and any other proceedings that any Plaintiff's representative may reasonably request upon seven days' written notice, or other reasonable notice,

at such places and times as each Plaintiff's representative may designate, without the service of a subpoena.

B. Further, to assist the Plaintiffs with any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint, and with monitoring Settling Defendants' compliance with this Consent Judgment, Settling Defendants consent, for purposes of the Electronic Communications Privacy Act, in relevant part at 18 U.S.C. §§ 2701-2712, to the disclosure by electronic communications service providers and remote computing service providers of the contents of their auto-dialed, Telemarketing, or prerecorded telephone communications and records or other information pertaining to their auto-dialed, Telemarketing, or prerecorded telephone communications. Settling Defendants further agree to execute, within five days of a request from any Plaintiff's representative, any forms or other documents evidencing their consent that may be required by such electronic communications service providers or remote computing service providers.

IX. DONOR INFORMATION

The Settling Defendants and Settling Defendants' officers, agents, employees, and all other Persons in active concert or participation with them, who receive actual notice of this Consent Judgment, are permanently restrained and enjoined from directly or indirectly:

A. Disclosing, using, or benefitting from any information about any Donor solicited by Defendants ACS, CPS, CSA, Directele, Inc., or The Dale Corporation, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a Donor's account (including a credit card, bank account, or other financial account);

B. Failing to destroy such Donor information in all forms in their possession, custody, or control within 10 days after entry of this Consent Judgment; and

C. Failing to provide a sworn statement certifying they have destroyed such Donor information in all forms in their possession, custody, or control within 15 days after entry of this Consent Judgment.

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

X. MONETARY JUDGMENT AND PARTIAL SUSPENSION

Judgment hereby is entered against the Settling Defendants as follows:

A. Judgment in the amount of One Million Six Hundred Eleven Thousand Eight Hundred Sixty-Four dollars and no cents (\$1,611,864.00) is entered in favor of Plaintiffs against Settling Defendants as equitable monetary relief.

B. Separately, judgment in the amount of One Hundred Ten Million Sixty-Three Thousand Eight Hundred Forty-Three Dollars and no cents (\$110,063,843.00) is entered in favor of Plaintiffs against Individual Defendants as equitable monetary relief.

C. Defendant Gilstorf shall pay Ten Thousand Dollars and no cents (\$10,000.00). Defendant Gilstorf shall pay Two Thousand Five Hundred Dollars and no cents (\$2,500.00) of this sum within three (3) days of entry of this Consent Judgment and shall make three additional payments of Two Thousand Five Hundred Dollars (\$2,500) within sixty (60), one hundred and twenty (120), and one hundred and eighty days (180), respectively. This sum will be paid to one or more charities as a Contribution as set forth below in paragraph X.L, following subsequent motion by the State Plaintiffs and order of this Court.

D. Defendant Lia shall pay Ten Thousand Dollars and no cents (\$10,000.00). Defendant Lia shall pay Two Thousand Five Hundred Dollars and no cents (\$2,500.00) of this sum within three (3) days of entry of this Consent Judgment and shall make three additional payments of Two Thousand Five Hundred Dollars and no cents (\$2,500.00) within sixty (60), one

hundred and twenty (120), and one hundred and eighty days (180), respectively. This sum will be paid to one or more charities as a Contribution as set forth below in paragraph X.L, following subsequent motion by the State Plaintiffs and order of this Court.

E. To secure the payments over time under Paragraphs X.C and X.D, the Individual Defendants shall take the following steps:

1. To secure her performance under Paragraph X.C, Defendant Gilstorf hereby grants to Plaintiff Federal Trade Commission a lien on and security interest in her Gibraltar, Michigan residence disclosed on her Financial Statement executed on February 12, 2020 in the value of Seven Thousand Five Hundred Dollars and no cents (\$7,500.00). Defendant Gilstorf represents and acknowledges that the Plaintiffs are relying on the material representations that she is the sole owner of the property; that title to the property is marketable; and that the property is not encumbered by any lien, mortgage, deed of trust, assignment, pledge, security interest, or other interest except for the lien, mortgage or security interest identified in the Financial Statement of Defendant Gilstorf executed on February 12, 2020;

2. To secure his performance under Paragraph X.D, Defendant Lia hereby grants to Plaintiff Federal Trade Commission a lien on and security interest in his Macomb, Michigan residence disclosed on his Financial Statement executed on February 13, 2020 in the value of Seven Thousand Five Hundred Dollars and no cents (\$7,500.00). Defendant Lia represents and acknowledges that the Plaintiffs are relying on the material representations that he owns the property jointly with his spouse and no other person(s); that his spouse is aware of and has agreed to the recording of this lien; that title to the property is marketable; and that the property is not encumbered by any lien, mortgage, deed of trust, assignment, pledge, security interest, or

other interest except for the lien, mortgage or security interest identified in the Financial Statement of Defendant Lia executed on February 13, 2020;

3. Individual Defendants shall cooperate fully with the Commission in the perfection of its liens and security interests in their respective properties, and be responsible for preparing, executing, and recording the necessary documents and taking other actions necessary to perfect the Commission's voluntary lien on and security interest in the respective properties. Individual Defendants shall each be responsible for paying all costs relating to the preparation, execution, delivery, filing, recording, and termination of the voluntary liens on and security interests in their respective properties. Individual Defendants shall each deliver to the Commission copies of all recording documents used to perfect the Commission's voluntary lien on and security interest in their respective properties within ten days from the date of entry of this Consent Judgment;

4. If either Individual Defendant does not or cannot take all necessary steps to perfect the Commission's lien and security interest in their respective property within ten (10) days of entry of this Consent Judgment, including due to the objection or non-cooperation of a co-owner, that Individual Defendant shall pay the full amount due under Paragraph X.C or X.D, respectively, within ten (10) days of entry of this Consent Judgment.

F. Individual Defendants stipulate that their undersigned counsel holds the monies owed for the initial payments pursuant to Paragraphs X.C and X.D in a client trust account for no purpose other than payment to the Florida Department of Legal Affairs Escrow Fund ("Florida Escrow Fund").

G. The monies owed by Individual Defendants and held in a client trust account by their undersigned counsel shall be transferred within three (3) days of entry of this Consent

Judgment to the Florida Escrow Fund, which shall hold this amount for no purpose other than future payment to one or more charities as a Contribution, unless otherwise ordered by this Court. This transfer shall be made by wire transfer, cashier's check, or other certified funds made payable to the Florida Department of Legal Affairs Escrow Fund.

H. Upon completion of all payments and requirements described in Paragraphs X.C, X.D, and X.E, the remainder of the judgment is suspended as to all Settling Defendants, subject to Paragraphs X.I and X.J.

I. Plaintiffs' agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Settling Defendants' sworn financial statements and related documents (collectively referred to as "Financial Representations") submitted to the Plaintiffs, namely:

1. As to Corporate Defendants:
 - a. Financial statement of Directele, Inc., executed on February 12, 2020, and attachments thereto;
 - b. Financial statement of The Dale Corporation, executed on February 12, 2020, and attachments thereto; and
 - c. Supplemental information and documents provided to the Commission on behalf of Corporate Defendants by their undersigned counsel on June 5, 2020, June 18, 2020, June 22, 2020, December 22, 2020, and December 23, 2020; and
2. As to Defendant Gilstorf:
 - a. Financial statement of Nikole Gilstorf, executed on February 12, 2020;
 - b. Declaration of Nikole Gilstorf, executed on December 23, 2020; and

c. Supplemental information and documents provided to the Commission on behalf of Defendant Gilstorf by her undersigned counsel on June 4, 2020, June 5, 2020, June 9, 2020, June 18, 2020, June 22, 2020, June 25, 2020, June 26, 2020; and

3. As to Defendant Lia:

a. Financial statement of Antonio Lia, executed on February 12, 2020;

b. Declaration of Antonio Lia, executed on December 21, 2020; and

c. Supplemental information and documents provided to the Commission on behalf of Defendant Lia by his undersigned counsel on June 4, 2020, June 9, 2020, and June 25, 2020.

J. The suspension of the judgment as to any Settling Defendant will be lifted if, upon motion by any Plaintiff, the Court finds that such Settling 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 Representations identified above.

K. If the suspension of the judgment is lifted as to any Settling Defendant, the judgment becomes immediately due in the amount specified in Paragraph X.A (which the parties stipulate only for purposes of this Section represents the consumer injury that the Complaint alleges was caused by Directele, Inc., and The Dale Corporation, and for which Settling Defendants are jointly and severally liable) and, if the suspension of the judgment is lifted as to any Individual Defendant, Paragraph X.B (which the parties stipulate only for purposes of this Section represents the consumer injury that the Complaint alleges was caused by ACS, CPS, and CSA, and for which Individual Defendants are jointly and severally liable), less any payment previously made by Settling Defendants pursuant to this Section (as to the judgment in Paragraph X.A), or by ACS, CPS, CSA, Robert William “Bill” Burland, Richard “Dick” T. Cole, Amy

Burland, Barbara Cole, Scot Stepek, and/or John Lucidi pursuant to any other order entered in connection with this matter (as to the judgment in Paragraph X.B), plus interest computed from the date of entry of this Consent Judgment. Payments on the judgment shall be made to the Florida Escrow Fund if the Court has not approved one or more charities to receive the Contribution pursuant to Paragraph X.L. Such payments shall be made by wire transfer, cashier's check, or other certified funds made payable to the Florida Department of Legal Affairs Escrow Fund. If the Court has approved one or more charities to receive a Contribution pursuant to Paragraph X.L, then any such payments shall be made to the approved charities.

L. The State Plaintiffs shall identify one or more charities to recommend to this Court as suitable to receive a Contribution. Within 90 days of entry of this Consent Judgment, the State Plaintiffs shall submit to this Court a motion and proposed order recommending one or more recipients for the Contribution, the amount to be paid to any approved recipient, and the manner and timeframe for such payment. All monies paid by Settling Defendants and held in the Florida Escrow Fund shall be distributed only as authorized and directed by this Court. Settling Defendants shall have no right to challenge any recommendations regarding any Contribution or monetary distribution made by the State Plaintiffs.

M. Settling Defendants understand that any Contribution to a charity described herein is being made in lieu of consumer restitution and not on behalf of Settling Defendants. Therefore, Settling Defendants stipulates that they will not claim any tax deduction, credit, or other benefit related to any Contribution to a charity discussed in this Consent Judgment.

XI. ADDITIONAL MONETARY PROVISIONS

A. Settling Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Consent Judgment and may not seek the return of any assets.

B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil or administrative litigation by or on behalf of any Plaintiff, including (i) in a proceeding to enforce the right to any payment or monetary judgment pursuant to this Consent Judgment, such as a nondischargeability complaint in any bankruptcy case, (ii) in any bond enforcement action by any State Plaintiff, and (iii) in any action by the State of Michigan or any order by a court of competent jurisdiction in the State of Michigan to dissolve the Corporate Defendants.

C. The facts alleged in the Complaint establish all elements necessary to sustain an action by any Plaintiff pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Consent Judgment will have collateral estoppel effect for such purposes.

D. Individual Defendants acknowledge that their Social Security Numbers, which they previously submitted to Plaintiffs, may be used for collecting and reporting on any delinquent amount arising out of this Consent Judgment, in accordance with 31 U.S.C. §7701.

XII. JUDGMENT ACKNOWLEDGMENTS

The Settling Defendants shall acknowledge receipt of this Consent Judgment as follows:

A. The Settling Defendants, within seven days of entry of this Consent Judgment, each must submit to Plaintiff Federal Trade Commission an acknowledgment of receipt of this Consent Judgment sworn under penalty of perjury.

B. For 15 years after entry of this Consent Judgment, each Individual Defendant, for any business that s/he, individually or collectively with any other Defendant named in this matter, is the majority owner or controls directly or indirectly, must deliver a copy of this Consent Judgment to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for Telemarketing and all agents and representatives who participate in Telemarketing; 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 days of entry of this Consent Judgment for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which the Individual Defendants delivered a copy of this Consent Judgment, the Individual Defendants must obtain, within thirty days, a signed and dated acknowledgment of receipt of this Consent Judgment.

XIII. COMPLIANCE REPORTING

The Settling Defendants shall make timely submissions to the Federal Trade Commission and, on behalf of the State Plaintiffs, to the Office of the Michigan Attorney General, according to the following terms:

A. One year after entry of this Consent Judgment, each Settling Defendant must submit a compliance report, sworn under penalty of perjury:

1. The Settling Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission and the Plaintiff States may use to communicate with each of them; (b) identify all of their 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 or Telemarketing conducted, the means of advertising, marketing, sales, and Telemarketing, and the involvement of any other Defendant (which Settling Defendant must describe if s/he knows or should know due to her/his own involvement); (d) describe in detail whether and how they are in compliance with each Section of this Consent Judgment; and (e) provide a copy of each Consent Judgment Acknowledgment obtained pursuant to this Consent Judgment, unless previously submitted to the FTC and the Office of the Michigan Attorney General .

2. Additionally, Individual Defendants 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 Individual Defendant performs services whether as an employee or otherwise, and any entity in which that Individual Defendant has any ownership interest; and (c) describe in detail Individual Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For 15 years after entry of this Consent Judgment, Settling Defendants must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Settling Defendants must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity that any Settling Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Consent Judgment, 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 Consent Judgment.

2. Additionally, Individual Defendants 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 that Individual Defendant performs services whether as an employee or otherwise, and any entity in which that Individual Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

C. Settling Defendants must submit to the Commission and to the Office of the Michigan Attorney General 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 required by this Consent Judgment 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 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.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Consent Judgment 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, et al. v. Associated Community Services, Inc., et al., Case No. _____.

F. Unless otherwise directed in writing by a representative of the Office of the Michigan Attorney General, all submissions to the Office of the Michigan Attorney General pursuant to this Consent Judgment must be emailed to AG-COD@michigan.gov or sent to:

Michigan Department of Attorney General
Corporate Oversight Division
PO Box 30736
Lansing, MI 48909

The subject line must begin: FTC, et al. v. Associated Community Services, Inc., et al. Case No. _____.

G. Settling Defendants expressly consent to the sharing of any and all documents submitted as part of his compliance reporting to any Plaintiff with all other Plaintiffs.

XIV. RECORDKEEPING

The Settling Defendants must create certain records for 15 years after entry of the Consent Judgment and retain each such record for five years. Specifically, Corporate Defendants, and each Individual Defendant for any business that, individually or collectively with any other Defendant, s/he 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, or Telemarketing;

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

C. Records of all consumer or Donor 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 Consent Judgment, including all submissions to the Commission and to the State of Michigan;

E. A copy of each unique advertisement or other marketing material; and

F. Settling Defendants shall provide any records created and retained as a result of this Consent Judgment to any Plaintiff upon request within ten days of the receipt of such request.

XV. COMPLIANCE MONITORING

For the purpose of monitoring the Settling Defendants' compliance with this Consent Judgment, and any failure to transfer any assets as required by this Consent Judgment the Settling Defendants shall comply with the following compliance monitoring procedures:

A. Within fourteen days of receipt of a written request from a representative of any Plaintiff, Settling Defendants 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. Each Plaintiff 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. Nothing in this Consent Judgment limits any Plaintiff's lawful demand for documents or other evidence pursuant to applicable law.

B. For matters concerning this Consent Judgment, each Plaintiff is authorized to communicate directly with each Settling Defendant. Settling Defendants must permit representatives of any Plaintiff to interview any employee or other individual affiliated with Settling Defendants who has agreed to such an interview. The individual interviewed may have counsel present.

C. Any Plaintiff may use all other lawful means, including posing, through its representatives as consumers, donors, suppliers, or other individuals or entities, to Settling Defendants or any individual or entity affiliated with Settling Defendants, without the necessity of identification or prior notice. Nothing in this Consent Judgment 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, nor limits State Plaintiffs' lawful use of relevant state laws governing pre-suit investigation and discovery.

D. Upon written request from a representative of any Plaintiff, any consumer reporting agency must furnish a consumer report concerning any Individual Defendant, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1).

XVI. STATE COURT ENFORCEMENT

Without limiting any other provisions of this Consent Judgment, each State Plaintiff shall have the authority to enforce or seek sanctions for violations of this Consent Judgment

independently in a court of general jurisdiction in its state, if that State Plaintiff has reason to believe that Persons in its state have been or will be affected. No approval from any other Plaintiff is required. Defendants consent to any such state court's jurisdiction for purposes of enforcing the terms of this Consent Judgment.

XVII. CORPORATE DISSOLUTION

Without limiting any other provision of this Consent Judgment, each of the Corporate Defendants:

A. Shall immediately cease all business activities other than those necessary to effectuate the requirements of this Section;

B. Shall complete a wind up of all of its business activities and affairs and liquidate, specifically including filing all required state fundraising reports, and dispose of any and all of their assets, subject to the restrictions set forth in Section IX, above, regarding Donor information, within 180 days of the date of this Consent Judgment; and

C. Stipulate to dissolution through a judgment of dissolution entered by a court of competent jurisdiction in the State of Michigan pursuant to Mich. Comp. Laws § 450.1831(c), and agree not to contest any such judgment of dissolution, or any other action to effect a judgment of dissolution pursuant to Mich. Comp. Laws § 450.1821(1)(c) by the State of Michigan, acting through its attorney general. Any action for dissolution shall be brought no earlier than 180 days after the date of entry of this Consent Judgment.

XVIII. RETENTION OF JURISDICTION

The Court retains jurisdiction over this matter for purposes of construction, modification, and enforcement of this Consent Judgment **through March 30, 2036**. Any party may file a motion

on or before that date either to extend or shorten the term for the Court's retention of jurisdiction, setting forth good grounds showing why further Court supervision is or is not required.

s/David M. Lawson
DAVID M. LAWSON
United States District Judge

Dated: March 31, 2021