FILED CLERK, U.S. DISTRICT COURT JOHN D. GRAUBERT 1 MAR 3 0 2005 Acting General Counsel 2 DAVID P. FRANKEL ROSEMARY ROSSO MAMIE KRESSES THEODORE H. HOPPOCK CHRISTINE J. LEE CENTRAL DISTRICT OF CALIFORNIA 3 4 DAVID K. KOEHLER 5 Priority ALYSA BERNSTEIN Federal Trade Commission Send Enter 600 Pennsylvania Ave., N.W., Rm, NJ-3212 Washington, D.C. 20580 Tel: (202) 326-2812, 2174, 2070, 3087, 2095, 3627, 3289 Fax: (202) 326-3259 Closed JS-5/JS-6 7 JS-2/JS-3 Scan Only 8 KENNETH H. ABBE (Local Counsel) California Bar # 172416 Federal Trade Commission 10877 Wilshire Boulevard, Suite 700 Los Angeles CA 90024 Tel: (310)-824-4318 10 11 Fax: (310) 824-4380 12 田姓品 Attorneys for Plaintiff FEDERAL TRADE COMMISSION UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA WESTERN DIVISION 16 Hon. Dickran Tevrizian FEDERAL TRADE COMMISSION, 17 Plaintiff, CV 03-3700-DT (PJWx) 18 19 (Proposed) STIPULATED FINAL A. GLENN BRASWELL, JOL MANAGEMENT CO. 20 ORDER FOR G.B. DATA SYSTEMS, INC. PERMANENT GERO VITA INTERNATIONAL, INC., 21 INJUNCTION AND THERACEUTICALS, INC., HALSEY SETTLEMENT OF 22 HOLDINGS LLC., HEALTH QUEST PUBLICATIONS, INC., G.B. DATA SYSTEMS, INC. (CANADA), RON CLAIMS FOR MONETARY RELIEF 23 RE: CERTAIN TEPPER, KONALD M. LAWRENCE, M.D., CORPORATE 24 PH.D., HANS KUGLER, PH.D., AND DEFENDANTS CHAŚE REVEL A/K/A MARCUS 25 DOCKETED ON CM WELBOURNE, JOHN WELLBURN, JAMES WELLBURN, MARTIN 26 WELLNER, JOHN MEGGENHORN, and APR - 1 2005, JOHN BURKE, 27 28 Defendants. 005 BY

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Plaintiff, the Federal Trade Commission ("FTC" or "Commission") filed a Complaint and Second Corrected First Amended Complaint for permanent injunction and other relief against A. Glenn Braswell, JOL Management Co., G.B. Data Systems, Inc., Gero Vita International, Inc., Theraceuticals, Inc., Halsey Holdings LLC, Health Quest Publications, Inc., G.B. Data Systems, Inc. (Canada), Ron Tepper, Ronald M. Lawrence, M.D., Ph.D., Hans Kugler, Ph.D., and Chase Revel, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b). Defendants JOL Management Co., G.B. Data Systems, Inc., Gero Vita International, Inc., Theraceuticals, Inc., Health Quest Publications, Inc., and G.B. Data Systems, Inc. (Canada) deny the allegations in the Complaint, except jurisdictional facts, and dispute the legal basis for the relief requested, but are willing to agree to the entry of the following Stipulated Final Order for Permanent Injunction and Settlement of Claims for Monetary Relief ("Order"), without adjudication of any issues of fact or law and without Defendants admitting liability for any of the matters alleged in the Complaint.

The Commission and Defendants have stipulated to the entry of the following Order in settlement of the Commission's Complaint against Defendants. The Court, being advised in the premises, finds:

FINDINGS

- 1. This Court has jurisdiction over the subject matter of this case and jurisdiction over all parties. Venue in the Central District of California is proper.
- 2. The Complaint states a claim upon which relief can be granted and the Answer states multiple legal defenses. The Commission has the authority to seek the relief it has requested.
- 3. The activities of Defendants are in or affecting commerce, as defined in 15 U.S.C. § 44.
- 4. The parties waive all rights to seek judicial review or otherwise

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challenge or contest the validity of this Order. Defendants also waive any claims that they may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order.

- Each party shall bear its own costs and attorneys' fees. 5.
- 6. Entry of this Order is in the public interest.
- This Order resolves all claims that arose prior to the date of entry of 7. this Order against JOL Management Co., formerly known as and doing business as, G.B. Data Systems, Inc., Gero Vita International, Inc., Theraceuticals, Inc., Health Quest Publications, Inc., and G.B. Data Systems, Inc. (Canada), Life Quest Leasing, Inc., Data Response Specialists, Inc., and American Natural Health and Longevity Corporation (together the "Settling Companies") with respect to any allegation that such Settling Companies violated the Federal Trade Commission Act and the regulations promulgated thereunder. This Order does not resolve any claims against A. Glenn Braswell, Halsey Holdings LLC, Ron Tepper, Ronald M. Lawrence, M.D., Ph.D., Hans Kugler, Ph.D. or Chase Revel.
- Pursuant to Federal Rule of Civil Procedure 65(d), the provisions of 8. this Order are binding upon the Settling Companies, and their officers, agents, servants, 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.
- This is a final order with respect to the Settling Companies. 9.
- The Settling Companies' stipulation is for settlement purposes only; it 10. does not constitute an admission of facts, other than jurisdictional facts, or violations of law as alleged in the Second Corrected First Amended Complaint and in fact the Settling Companies deny same;

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and it may not be used against the Settling Companies in any other proceeding, except in such proceedings as may be necessary to enforce the provisions of this Order.

11. This Order reflects a negotiated agreement among the parties.

DEFINITIONS

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

- 1. Unless otherwise specified, Settling Companies shall mean JOL Management Co. ("JOL"), a corporation, formerly known as and doing business as, G.B. Data Systems, Inc. ("G.B. Data Systems"), a corporation; Gero Vita International, Inc. ("Gero Vita"), a corporation; Theraceuticals, Inc. ("Theraceuticals"), a corporation; Health Quest Publications, Inc. ("Health Quest"), a corporation; and G.B. Data Systems, Inc. (Canada) ("G.B. Data Canada"), a corporation; Life Quest Leasing, Inc. ("Life Quest"); a corporation, Data Response Specialists, Inc. ("Data Response"), a corporation; and American Natural Health and Longevity Corporation ("American Natural Health"), a corporation, LonglifeMaxx, Inc. ("Longlife Maxx"), a corporation, and their successors and assigns.
- 2. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the relevant field to yield accurate and reliable results.
- 3. "Food" and "drug" shall mean "food" and "drug" as defined in Section 15 of the FTC Act, 15 U.S.C. § 55.
- 4. "Covered product" shall mean any food, drug, or dietary supplement, whether sold individually or as part of a program.

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- 5. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
- 6. "Endorsement" shall mean as defined in 16 C.F.R. § 255.0(b).
- 7. "Clear(ly) and prominent(ly)" shall mean as follows:
 - In an advertisement communicated through an electronic a. medium (such as television, video, radio, and interactive media including the Internet and online services), the disclosure shall be presented in either the audio or video portions of the advertisement, except that the Warning disclosure required by Paragraph V shall be presented simultaneously in both the audio and video portions of the advertisement. Provided, however, that in any advertisement presented solely through video or audio means, the disclosure may be made through the same means in which the advertisement is presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The video disclosure shall be of a size and shade, and shall appear on the screen for a duration, sufficient for an ordinary consumer to read and comprehend it. In addition to the foregoing, in interactive media the disclosure shall also be unavoidable and shall be presented prior to the consumer incurring any financial obligation.
 - b. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background in which it appears.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure

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shall be used in any advertisement or on any label.

CONDUCT PROHIBITIONS AND REQUIRED DISCLOSURES Representations Regarding Respiratory Products

I.

IT IS HEREBY ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, representatives, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Lung Support Formula, or any other respiratory product, are hereby permanently restrained and enjoined from making any representation, in any manner, expressly or by implication, including through the use of trade names or endorsements, that such product:

- A. Cures or treats lung diseases or respiratory problems, including allergies, asthma, colds, influenza, bronchitis, sinus problems, chest congestion, emphysema, smoking damage, or shortness of breath;
- B. Reverses existing lung damage in persons with emphysema or significantly improves their breathing;
- C. Prevents breathing problems for persons who do not have existing respiratory problems; or
- D. Is clinically proven to eliminate or cure allergies related to respiratory problems, asthma, colds, influenza, bronchitis, sinus problems, chest congestion, emphysema, smoking damage, or shortness of breath;

unless the representation is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Representations Regarding Diabetes and Blood Sugar Products

II.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, representatives, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of AntiBetic Pancreas Tonic or any other diabetes or blood sugar product, are hereby permanently restrained and enjoined from making any representation, in any manner, expressly or by implication, including through the use of trade names or endorsements, that such product:

A. Can cure Type I or Type II diabetes;

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- B. Is an effective or superior alternative to insulin or other diabetes medications for the treatment of Type I or Type II diabetes;
- C. Lowers blood sugar levels in persons with diabetes or regenerates or repairs the pancreatic beta cells that produce insulin; or
- D. Is clinically proven to lower blood sugar levels in persons with diabetes or to regenerate or repair the pancreatic beta cells that produce insulin;

unless the representation is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Representations Regarding Anti-Aging Products III.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, representatives, employees, and all persons or entities in

- A. Prevents or reverses age-related memory loss, dementia, or Alzheimer's disease;
- B. Enables persons to live longer; or

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C. Is clinically proven to prevent or reverse age-related memory loss, dementia, or Alzheimer's disease;

unless the representation is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Representations Regarding Weight Loss Products IV.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, representatives, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of ChitoPlex or any other weight loss product, are hereby permanently restrained and enjoined from making any representation, in any manner, expressly or by implication, including through the use of trade names or endorsements, that any such product:

A. Enables consumers to lose weight, maintain weight, or prevent weight gain;

B. Enables consumers to reverse obesity; or

C. Is proven to cause weight loss; unless the representation is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Representations Regarding Sexual Enhancement Products

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, representatives, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Testerex, or any other sexual enhancement product, are hereby permanently restrained and enjoined from making any representation, in any manner, expressly or by implication, including through the use of trade names or endorsements, that such product:

- A. Is effective in treating impotence or erectile dysfunction; or
- B. Has no harmful side effects; unless the representation is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Provided further that in any advertisement, promotional material or product label for any male sexual enhancement product containing yohimbine, yohimbe bark, or yohimbe bark extract, that contains any representation about the efficacy, benefits, performance, safety or side effects of such product, Settling Companies, their officers, agents, representatives, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, shall make clearly and prominently, and in close

proximity to such representation, the following disclosure:

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advertisement or on any label.

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WARNING: This product can raise blood pressure and interfere with other drugs you may be taking. Talk to your doctor before taking this product.

On a product label, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears. *Provided*, if a disclosure on a bottle label or package label is made in a location other than the principal display panel, the bottle label or package label shall: (i) include the statement "See important warning on [insert disclosure location]" in a type size and location on the principal display panel sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears; and (ii) place the disclosure on the bottle label and, if applicable, the 16 package label, within a border that is a color or shade that contrasts with the background against which it appears. Provided further, that, in a multi-page insert, the disclosure shall appear on the cover page or first page. Nothing contrary to, linconsistent with, or in mitigation of the disclosure shall be used in any

Representations Regarding Covered Products VI.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees, and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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, that the formula for any product has been tested by scientists, researchers, or other medical professionals and found to be effective.

VII.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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, in any manner, expressly or by implication, including through the use of trade names or endorsements, that such product is effective in the cure, treatment, mitigation, or prevention of any disease unless the claim is true, non-misleading, and, at the time it is made, Settling Companies possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Representations Regarding Tests or Studies VIII.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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, the existence, contents, validity, results, conclusions, or interpretations of any test or study.

Advertising Formats

IX.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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, that:

- A. The product has been independently reviewed or evaluated; or
- B. Any advertisement for the product is not a paid advertisement.

Use of Endorsements

X.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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 representing, in any manner, expressly or by implication, that such product has been endorsed by any person, organization or group that is an expert with respect to the endorsement message unless:

- A. The endorser is an existing person, organization, or group whose qualifications give it the expertise that the endorser is represented as having with respect to the endorsement;
- B. The endorsement is substantiated by an objective and valid evaluation

or test using procedures generally accepted by experts in the relevant science or profession to yield accurate and reliable results; and

C. The endorser has a reasonable basis for the endorsement.

For purposes of a criminal contempt proceeding, it shall be a defense hereunder that Settling Companies neither knew nor had reason to know of the inadequacy of the substantiation claimed by the endorser for the representation.

XI.

IT IS FURTHER ORDERED that Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other device, and their officers, agents, servants, employees and all persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, 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:

- A. Misrepresenting that any endorser of the product is not affiliated with or is independent from Settling Companies; and
- B. Failing to disclose, clearly and prominently, any material connection, where one exists, between Settling Companies and any endorser of the product. For purposes of this Paragraph, a "material connection" shall mean any relationship that may materially affect the weight or credibility of the endorsement, including, but not limited to: where the endorser has any direct or indirect ownership interest in any defendant corporation or its subsidiaries or affiliates, or receives a royalty or percentage of sales of the endorsed product; or the endorser is an employee, agent, representative, officer, director, or shareholder of any defendant corporation or its subsidiaries or affiliates.

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FDA-APPROVED CLAIMS

XII.

IT IS FURTHER ORDERED that:

- A. Nothing in this Order shall prohibit Settling Companies from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration; and
- B. Nothing in this Order shall prohibit Settling Companies from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated under the laws of the United States of America.

MONETARY JUDGMENT AND CONSUMER REDRESS

Judgment

XIII.

IT IS FURTHER ORDERED that

- A. Judgment is hereby entered against the Settling Companies, jointly and severally, in the amount of Thirty Million Dollars (\$30,000,000); provided, however, that all of this amount except those amounts set forth hereafter shall be suspended.
- B. The Settling Companies, jointly and severally, shall pay to the Commission the sum of Five Hundred and Forty Thousand Dollars (\$540,000), which shall be paid as follows:
 - 1. Twenty Thousand Dollars (\$20,000) within three (3) days after entry of this Order and on the first of each month for five (5) months thereafter;
 - 2. Thirty Thousand Dollars (\$30,000) on the first of each month beginning six (6) months after entry of this Order and on the

- 3. Forty Thousand Dollars (\$40,000) on the first of each month beginning twelve (12) months after entry of this Order and on the first of each month for five (5) months thereafter.
- C. The Settling Companies shall pay all amounts due under this Judgment in cash by electronic funds transfer to the Commission, or to such agent as the Commission may direct, pursuant to instructions provided by the Commission.
- D. All funds paid pursuant to this Judgment shall be deposited into an account administered by the Commission or its agent to be used for equitable relief, including but not limited to consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to the Settling Companies' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited in the United States Treasury as disgorgement. The Settling Companies shall have no right to challenge the Commission's choice of remedies under this Paragraph or the manner of distribution chosen by the Commission.
- E. All money paid pursuant to this Judgment is irrevocably paid to the Commission for purposes of settlement between the Commission and the Settling Companies, and the Settling Companies relinquish all right, title, and interest to assets held by the Commission in connection with this case.
- F. No portion of the payment as herein provided shall be deemed

- payment of any fine, penalty, forfeiture, or punitive assessment.
- G. In the event of any default by the Settling Companies of any obligation imposed on the Settling Companies under this Paragraph, including but not limited to the failure to fulfill the payment obligations set forth in Subparagraph B:
 - 1. The suspension of the judgment amount set forth in Subparagraph A shall be vacated as to the Settling Companies, and the full amount of that judgment shall immediately become due, plus interest from the date of entry of this Judgment pursuant to 28 U.S.C. § 1961, less any payments already made; provided, however, that in the event of default, the suspension of the judgment amount set forth in Subparagraph A shall not be vacated if the Settling Companies cure such default within seven (7) calendar days after delivery of notice of default addressed and telefaxed to Chief Financial Officer of JOL, 6701 Center Drive West, Suite 1500, Los Angeles, CA 90045 and the Settling Companies' counsel of record herein, or such substitute counsel as the Settling Companies may advise Plaintiff; and
 - 2. The Commission shall be entitled to immediately exercise any and all rights and remedies against the Settling Companies and their property to collect the full amount of the judgment amount set forth in Subparagraph A and interest thereon, less any payments already made.
- H. The Settling Companies agree that, subject to their right to cure as provided for in Subparagraph G(1), if they fail to timely and completely fulfill the payment and other obligations set forth in this Judgment, the facts as alleged in the Complaint filed in this matter shall be taken as true, without further proof, in any subsequent

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litigation filed by the Commission to enforce its rights pursuant to this Judgment, including but not limited to, a nondischargeability complaint in any bankruptcy case.

I. The Settling Companies are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Commission Settling Companies' taxpayer identifying numbers (employer identification number), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of the Settling Companies' relationship with the government.

Right to Reopen

XIV.

IT IS FURTHER ORDERED that:

- A. The Commission's agreement to this Order is expressly premised upon the Settling Companies' financial condition as represented by the information the Settling Companies provided to the Commission regarding each Settling Company's financial condition, to wit:
 - Financial Statement For Corporate Defendant JOL Management
 Co. formerly known as and doing business as, G.B. Data
 Systems, Inc., signed and dated <u>February 14, 2005</u>;
 - 2. Financial Statement for Corporate Defendant Theraceuticals,
 Inc., signed and dated <u>February 14, 2005</u>;
 - 3. Financial Statement for Corporate Defendant Gero Vita

 International, Inc., signed and dated February 14, 2005;
 and
 - 4. Financial Statement for Corporate Defendant Health Quest
 Publications, Inc., signed and dated February 14, 2005

 These financial statements and supporting documents contain material

information upon which the Commission relied in negotiating and

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agreeing to the terms of this Order.

If, upon motion by the Commission, the Court finds that any financial B. statement identified in Subparagraph A contains any material misrepresentation or omission, the suspended judgment entered pursuant to Paragraph XIII. A. of this Judgment shall become immediately due and payable by the Settling Companies, jointly and severally, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance; provided, however, that in all other respects this Judgment shall remain in full force and effect unless otherwise ordered by the Court; and, provided further, that proceedings instituted 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 but not limited to contempt proceedings, or any other proceedings that the Commission or the United States may initiate to enforce this Judgment. For purposes of this Paragraph, and any subsequent proceedings to enforce payment, including but not limited to a nondischargeability complaint filed in a bankruptcy proceeding, Settling Companies agree not to contest any of the allegations in the Commission's Complaint.

XV.

IT IS FURTHER ORDERED that:

A. The Commission's agreement to this Order is expressly premised upon the Settling Companies' representations and warranties as follows: 1) the Settling Companies are unaware of any existing business relationship between any of them and A. Glenn Braswell or any entity that A. Glenn Braswell owns or controls, directly or indirectly; and 2) the Settling Companies are unaware of any ownership interest in any

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of them by A. Glenn Braswell or any entity that A. Glenn Braswell owns or controls, directly or indirectly. These representations and warranties are based on information currently available to the Settling Companies and their current officers and directors. The Commission understands and accepts that the foregoing representations and warranties do not apply to Perpetual Health, LLC, and that the Settling Companies have made no representations or warranties with respect to Perpetual Health, LLC.

If, upon motion by the Commission, the Court finds that Defendant A. В. Glenn Braswell, 1) has acquired any ownership interest in any Settling Company, or in their successors, assigns, subsidiaries, divisions, or affiliates that are owned or controlled by the Settling Companies, in any manner, directly or indirectly, including, but not limited to, through any person, entity, corporation, partnership, subsidiary, division, trade name, or other device; or 2) has direct or indirect control over any Settling Company, or their successors, assigns, subsidiaries, divisions, or affiliates that are owned or controlled by the Settling Companies, in any manner, directly or indirectly, including, but not limited to, through any person, entity, corporation, partnership, subsidiary, division, trade name, or other device; or 3) is an officer, director, employee, consultant, contractor, vendor, or supplier to or for any Settling Company, or their successors, assigns, subsidiaries, divisions, or affiliates that are owned or controlled by the Settling Companies, in any manner, directly or indirectly, including, but not limited to, through any person, entity, corporation, partnership, subsidiary, division, trade name, or other device; or 4) receives any compensation, in any form, including but not limited to any payment for the use of intellectual property or any other service, salary, royalty,

dividend, or commission, from any Settling Company, or from their successors, assigns, subsidiaries, divisions, or affiliates that are owned or controlled by the Settling Companies, in any manner, directly or indirectly, including, but not limited to, through any person, entity, corporation, partnership, subsidiary, division, trade name, or other device; then the suspended judgment entered pursuant to Paragraph XIII.A. of this Judgment shall become immediately due and payable by Settling Companies, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance; *provided*, *however*, that in all other respects this Judgment shall remain in full force and effect unless otherwise ordered by the Court.

- C. Subparagraph B, above, shall not apply to any amounts (if any) which may be owed pursuant to any valid and enforceable royalty or license agreement between Gero Vita International, Inc. and Perpetual Health, LLC; provided that without acknowledging the existence of any valid and enforceable agreement, Gero Vita International, Inc. exercises whatever lawful right it may have to terminate any royalty or licence agreement with Perpetual Health, LLC, whether or not valid and enforceable, on or about September 6, 2005. The Settling Companies are ordered to promptly notify the FTC if and when any payments are made pursuant to the Perpetual Health agreement, including the amounts of any payments and where (and to whom) such payments are made.
- D. Subject to Subparagraph B, above, nothing in this Order shall be deemed or construed to prohibit the Settling Companies from complying with any legal obligation existing prior to January 27, 2005.

E. In any subsequent proceedings to enforce payment pursuant to this paragraph, including but not limited to a non-dischargeability complaint filed in a bankruptcy proceeding, the Settling Companies agree not to contest any of the allegations in the Commission's Complaint.

COOPERATION WITH COMMISSION XVI.

IT IS FURTHER ORDERED that Settling Companies must reasonably and in good faith cooperate with the Commission in connection with this action or any subsequent investigations related to or associated with the transactions or occurrences that are the subject of the Commission's Complaint. The Settling Companies shall use their best efforts to identify, make available, and secure the testimony and assistance of current and former officers, directors, or employees as part of the aforesaid cooperation. The Settling Companies acknowledge, understand, and agree that such cooperation shall include, but not be limited to, the following:

- A. Appearing for interviews as may reasonably be requested by the Commission;
- B. Responding to all reasonable inquiries of the Commission;
- C. Providing all documents, records, and other tangible evidence reasonably requested by the Commission;
- D. Providing truthful declarations, affidavits, certifications, and written testimony that may be reasonably requested by the Commission;
- E. Appearing and providing oral testimony at any trial, deposition, or other proceeding. The Settling Companies agree to accept service by overnight delivery of any subpoena to appear and provide testimony; and
- F. Responding fully to the Court Orders dated August 13, 2004 and

October 7, 2004, requiring the production of documents and answers to interrogatories.

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The foregoing cooperation shall be upon reasonable written notice by the Commission. The Settling Companies' failure to cooperate as required herein constitutes a material breach of the settlement between the parties and a violation of this Order. If, upon motion by the Commission after written notice and a seven (7) calendar day opportunity to cure, the Court finds that the Settling Companies have failed to cooperate reasonably and in good faith with the Commission as provided for in this Paragraph, Three Million Dollars (\$3,000,000) of the suspended judgment entered pursuant to Paragraph XIII.A. of this Judgment shall become immediately due and payable by the Settling Companies, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid balance; provided, however, that in all other respects this Judgment shall remain in full force and effect unless otherwise ordered by the Court; and *provided further*, that proceedings instituted 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 but not limited to contempt proceedings, or any other proceedings that the Commission or the United States may initiate to enforce this Judgment. In any subsequent proceedings to enforce payment pursuant to this Paragraph, including but not limited to a nondischargeability complaint filed in a bankruptcy proceeding, the Settling Companies agree not to contest any of the allegations in the Commission's Complaint.

COMPLIANCE REQUIREMENTS Employees' Compliance with Order XVII.

IT IS FURTHER ORDERED that the Settling Companies, directly or through any corporation, partnership, subsidiary, division, trade name, or other

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consumers regarding such products. The Settling Companies, at a minimum, shall:

1. Conduct periodic monitoring of representations concerning any product made by persons engaged in sales or other customer service functions, including any representations made orally or through electronic communications;

Take reasonable steps sufficient to monitor and ensure that all

employees and agents engaged in sales, marketing, advertising,

Paragraphs I through XI of this Order. Such steps shall include

adequate monitoring of all advertisements, promotions, sales

presentations, and other oral and written communication with

promotion, or other customer service or policy functions comply with

- 2. Conduct periodic monitoring of representations made in advertising for the product;
- 3. Maintain a procedure for receiving, maintaining, and responding to consumer complaints; and
- 4. Maintain a procedure for taking action against any employee or agent who engages in any conduct prohibited by Paragraphs I through XI of this Order, including, but not limited to, warning each such employee or agent upon the first instance of non-compliance and termination, as specified below in Subparagraph B of this Paragraph.
- B. Terminate the employment of any employee or agent who engages in any conduct prohibited by Paragraphs I through XI of this Order once the Settling Companies know or should know that such person is or has been engaged in such conduct after having been warned of a previous instance of non-compliance.

Compliance Reporting XVIII.

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

- A. For a period of five (5) years from the date of entry of this Order, the Settling Companies shall notify the Commission of any proposed change in corporate structure of the Settling Companies that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided that*, with respect to any proposed change in the corporation about which a Defendant learns less than thirty (30) days prior to the date such action is to take place, the Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.
- B. Sixty (60) days after the date of entry of this Order, the Settling Companies each shall provide a written report to the Commission, sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:
 - 1. The then-current business addresses, mailing addresses, telephone numbers, a description of its business activities, and identification of all products that each Defendant advertises or sells;
 - 2. A copy of each acknowledgment of receipt of this Order

obtained by the Settling Companies pursuant to Paragraph XXI;

- A statement describing the manner in which Settling Companies have complied and are complying with each provision of this Order; and
- 4. Any changes required to be reported pursuant to Subparagraph A above.
- C. For purposes of this Order, the Settling Companies shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Associate Director for Advertising Practices Federal Trade Commission 600 Pennsylvania Avenue, N.W.,

Washington, D.C. 20580

Re: FTC v. Braswell et al., No. CV 03-3700-DT (PJWx)

D. For purposes of the compliance reporting required by this Paragraph, the Commission is authorized to communicate in writing directly with the Settling Companies, with a copy to the Settling Companies' counsel of record herein, or such substitute counsel as the Settling Companies may advise Plaintiff. The Settling Companies shall be given the opportunity to have counsel present for any oral communications.

Compliance Monitoring

XIX.

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

A. Within ten (10) days, or such longer period as may be reasonable but not to exceed thirty (30) days, of receipt of written notice from a representative of the Commission, the Settling Companies each shall

submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in such defendant's possession or direct or indirect control to inspect the business operation;

- B. In addition, the Commission is authorized to monitor compliance with this Order by all other lawful means, including but not limited to the following:
 - obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;
 - 2. posing as consumers or suppliers to the Settling Companies, their employees, or any other entity managed or controlled in whole or in part by the Settling Companies without the necessity of identification or prior notice; and
- C. The Settling Companies shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

Provided, however, that nothing in this Order shall limit 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, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

RECORD KEEPING PROVISIONS

XX.

IT IS FURTHER ORDERED that, for a period of five (5) years from the

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- A. Accounting records that reflect the cost of any goods or services sold, revenues generated, and disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, telephone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly, or though any third party) and all records showing any responses to those complaints or requests;
- E. Copies of all advertisements, promotional materials, sales scripts, training materials, or other marketing materials utilized in the advertising, marketing, promotion, offering for sale, distribution or sale of any covered product;
- F. All materials that were relied upon in making any representations contained in the materials identified in Subparagraph E above, including all documents evidencing or referring to the accuracy of any claim therein or to the efficacy of any covered product, including, but not limited to, all tests, reports, studies, demonstrations, as well as all

 evidence in the Settling Companies' possession that confirms, contradicts, qualifies, or calls into question the accuracy of such claims regarding the efficacy of such covered product;

- G. Records accurately reflecting the name, address, and telephone number of each manufacturer or laboratory engaged in the development or creation of any testing obtained for the purpose of advertising, marketing, promoting, offering for sale, distributing, or selling any product; and
- H. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgements of receipt of this Order and all reports submitted to the FTC pursuant to this Order.

DISTRIBUTION OF ORDER XXI.

IT IS FURTHER ORDERED that, the Settling Companies, for a period of five (5) years from the date of entry of this Order, shall deliver this Order to each of its principals, officers, directors, and managers. In the case of current principals, officers, directors, and managers, the Order shall be delivered within five (5) days of service of this Order upon the Settling Companies. For new principals, officers, directors, and managers, delivery shall occur prior to their assuming their position or responsibilities. The Settling Companies must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Paragraph.

ACKNOWLEDGMENT OF RECEIPT OF ORDER XXII.

IT IS FURTHER ORDERED that each Settling Company, within five (5) business days of receipt of this Order as entered by the Court, must execute and submit to the Commission a sworn statement acknowledging receipt of this Order.

COURT'S RETENTION OF JURISDICTION XXIII.

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

SO STIPULATED:

By:

Federal Trade Commission 600 Pennsylvania Avenue, N.W. Rm. NJ-3212 Washington, D.C. 20580 Tel: (202) 326-2812, 2174, 2070, 3087, 2095, 3627, 3289 Fax: (202) 326-3259

By:

Attorneys for Plaintiff FEDERAL TRADE COMMISSION

By:

By:

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LIFE QUEST LEASING, INC. By:
DATA RESPONSE SPECIALISTS, INC. By:
AMERICAN NATURAL HEALTH AND LONGEVITY CORPORATION By:
Clempleton 3/1/65
G. CRESSWELL TEMPLETON III Hill, Farrer & Burrill LLP One California Plaza, 37th Floor 300 South Grand Avenue Los Angeles, California 90071-3147 (213) 620-0460 (213) 624-4840 (facsimile)
Attorney for the Settling Companies: JOL Management Co., G.B. Data Systems, Inc., Gero Vita International, Inc., Theraceuticals, Inc., Health Quest Publications, Inc., and G.B. Data Systems, Inc. (Canada), Life Quest Leasing, Inc., Data Response Specialists, Inc., and American Natural Health and Longevity Corporation
LONGLIFEMAXX, INC. By:
TIMOTHY S. NGUYEN 6701 Center Drive West, Suite 1500 Los Angeles, California 90045 (310) 348-3722 (310) 665-9802 (facsimile)

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IT IS SO ORDERED

Dated MAR 3 0 2005

Attorney for Settling Company LongLifeMaxx, Inc.

DICKRAN TEVRIZIAN

United States District Judge



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Miami, FL 33131

601 West 5th Street, 12th Floor

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 29, 2005, I caused true and correct copies of the [Proposed] STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION AND SETTLEMENT OF CLAIMS FOR MONETARY RELIEF RE: CERTAIN CORPORATE DEFENDANTS to be served as follows:

BY FEDERAL EXPRESS:

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International, Inc., Theraceuticals,
Inc., Health Quest Publications, Inc.,
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(Canada)

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Holdings LLC

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David K. Koehler