

DEPT OF JUSTICE

"LODGED"

Please have this [redacted] and place it in the United States Attorney's box. Thank you.

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

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2006 JUN 13 11:10:05

13 UNITED STATES OF AMERICA,  
14 Plaintiff,  
15 v.  
16 CREDIT FOUNDATION OF AMERICA, a  
17 California corporation; et al,  
18 Defendants.

CV06-3654 ABC(VBKx)

Case No.

STIPULATED JUDGMENT  
AND ORDER FOR  
PERMANENT INJUNCTION  
AS TO CREDIT SHELTER  
OF AMERICA, INC., AND  
BRYAN TAYLOR

19 Plaintiff, the United States of America, acting upon notification and  
20 authorization to the Attorney General by the Federal Trade Commission ("FTC" or  
21 "Commission"), has commenced this action by filing the complaint herein, and  
22 Defendants Credit Shelter of America, Inc., and Bryan Taylor (collectively  
23 "Defendants") have waived service of the summons and the complaint and have  
24 agreed to settlement of this action without adjudication of any issue of fact or law.

25 **THEREFORE**, on the joint motion of the parties, it is hereby **ORDERED**,  
26 **ADJUDGED AND DECREED** as follows:  
27  
28

**FINDINGS**

1  
2           1.     This Court has jurisdiction over the subject matter and the parties  
3 pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345 and 1355, and 15 U.S.C.  
4 §§ 45(m)(1)(A), 53(b), 56(a), and 57b.

5           2.     Venue is proper as to all parties in this District.

6           3.     The activities of Defendants are in or affecting commerce, as defined  
7 in Section 4 of the FTC Act, 15 U.S.C. § 44.

8           4.     The complaint states a claim upon which relief may be granted  
9 against Defendants under Sections 5(a), 5(m)(1)(A), 13(b) and 19 of the Federal  
10 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a), 45(m)(1)(A), 53(b), and  
11 57b.

12          5.     Defendants have entered into this Stipulated Judgment and Order for  
13 Permanent Injunction (“Order”) freely and without coercion. Defendants further  
14 acknowledge that they have read the provisions of this Order and are prepared to  
15 abide by them.

16          6.     By entering into this Stipulation, the Defendants do not admit to the  
17 allegations of the complaint, other than the jurisdictional facts.

18          7.     This Order does not constitute, nor shall it be interpreted to  
19 constitute, either an admission by the Defendants of any wrongdoing or a finding  
20 by the Court that the Defendants have engaged in any violations of law.

21          8.     Plaintiff and Defendants hereby waive all rights to appeal or  
22 otherwise challenge or contest the validity of this Order.

23          9.     Defendants have agreed that this Order does not entitle Defendants to  
24 seek or to obtain attorneys’ fees as a prevailing party under the Equal Access to  
25 Justice Act, 28 U.S.C. § 2412, and Defendants further waive any rights to  
26 attorneys’ fees that may arise under said provision of law.

27          10.    Entry of this Order is in the public interest.  
28

## DEFINITIONS

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

1. “Asset” means any legal or equitable interest in, or right or claim to, any real and personal property, including without limitation, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, and all cash, wherever located.

2. “Assisting” means providing assistance or support to any person or entity including, but not limited to: (a) providing names of, or assisting in the generation of, potential customers including, but not limited to, arranging for the automated delivery of messages to potential customers; (b) performing marketing services of any kind; (c) formulating, drafting, providing, or arranging for the formulation, drafting, or provision of any marketing materials, including any script or other document used when talking to customers or potential customers; (d) providing any training or training materials; or (e) providing information, advice, consultation, or materials regarding business operations, processes, or practices; while knowing or consciously avoiding knowing that the person or entity is engaged in any act or practice that violates this Order or the Telemarketing Sales Rule, 16 C.F.R. Part 310, as amended, 68 Fed. Reg. 4580, 4669.

3. “Billing information” means any data that enables any person to access a customer's account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card.

4. “Credit counseling” means providing individualized financial advice to a consumer about his or her finances or credit that helps the consumer understand the financial alternatives available to him or her, with the goal of improving the consumer’s knowledge of personal financial management.

1           5.     “Customer” means any person who is or may be required to pay for  
2 goods or services offered through telemarketing.

3           6.     “Debt management plan,” “debt management program,” or “DMP”  
4 means a plan or program that involves or purports to involve (a) a consumer  
5 paying one consolidated periodic payment to the program to cover the debts that  
6 are included in the program; and (b) the program disbursing payments to the  
7 creditors of the consumer.

8           7.     “Debt management services” means:

9                 (a) receiving money from a consumer for the purpose of distributing  
10 one or more payments to or among one or more creditors of the consumer in full or  
11 partial payment of the consumer's obligation;

12                 (b) arranging or assisting a consumer to arrange for the distribution  
13 of one or more payments to or among one or more creditors of the consumer in full  
14 or partial payment of the consumer's obligation;

15                 (c) exercising direct or indirect control, or arranging for the exercise  
16 of such control, over funds of a consumer for the purpose of distributing payments  
17 to or among one or more creditors of the consumer in full or partial payment of the  
18 consumer's obligation; or

19                 (d) acting or offering to act, for a fee, as an intermediary between a  
20 consumer and one or more creditors of the consumer for the purpose of adjusting,  
21 settling, discharging, reaching a compromise on or otherwise altering the terms of  
22 payment of the consumer's obligation.

23           8.     “Defendants” means Credit Shelter of America, Inc., and Bryan  
24 Taylor.

25           9.     “Established business relationship” means a relationship between the  
26 seller and a person based on: (a) the person’s purchase, rental, or lease of the  
27 seller’s goods or services or a financial transaction between the person and the  
28 seller, within the eighteen (18) months immediately preceding the date of the

1 telemarketing call; or (b) the person's inquiry or application regarding a product or  
2 service offered by the seller, within the three (3) months immediately preceding  
3 the date of a telemarketing call.

4 10. "National Do Not Call Registry" means the National Do Not Call  
5 Registry, which is the "do-not-call" registry maintained by the Commission  
6 pursuant to 16 C.F.R. § 310.4(b)(1)(iii)(B).

7 11. "Seller" means any person who, in connection with a telemarketing  
8 transaction, provides, offers to provide, or arranges for others to provide goods or  
9 services to the customer in exchange for consideration, whether or not such person  
10 is under the jurisdiction of the Commission.

11 12. "Telemarketer" means any person who, in connection with  
12 telemarketing, initiates or receives telephone calls to or from a customer or donor.

13 13. The "Telemarketing Sales Rule" or "Rule" means the FTC Rule  
14 entitled "Telemarketing Sales Rule," 16 C.F.R. Part 310, attached hereto as  
15 Appendix A.

16 14. "Telemarketing" means a plan, program, or campaign which is  
17 conducted to induce the purchase of goods or services or a charitable contribution,  
18 by use of one or more telephones and which involves more than one interstate  
19 telephone call. The term does not include the solicitation of sales through the  
20 mailing of a catalog which: contains a written description or illustration of the  
21 goods or services offered for sale; includes the business address of the seller;  
22 includes multiple pages of written material or illustrations; and has been issued not  
23 less frequently than once a year, when the person making the solicitation does not  
24 solicit customers by telephone but only receives calls initiated by customers in  
25 response to the catalog and during those calls takes orders only without further  
26 solicitation. For purposes of the previous sentence, the term "further solicitation"  
27 does not include providing the customer with information about, or attempting to  
28 sell, any other item included in the same catalog which prompted the customer's

1 call or in a substantially similar catalog. The following acts or practices are  
2 exempt from this Rule: telephone calls in which the sale of goods or services or  
3 charitable solicitation is not completed, and payment or authorization of payment  
4 is not required, until after a face-to-face sales or donations presentation by the  
5 seller or charitable organizations, *provided, however*, that this exemption does not  
6 apply to the requirements of §§ 310.4(a)(1), (a)(7), (b), and (c).

7 15. “Outbound telephone call” means a telephone call initiated by a  
8 telemarketer to induce the purchase of goods or services or to solicit a charitable  
9 contribution.

10 16. “Person” means any individual, group, unincorporated association,  
11 limited or general partnership, corporation, or other business entity.

## 12 **ORDER**

### 13 **I. PROHIBITION AGAINST DECEPTIVE MARKETING PRACTICES**

14  
15 **IT IS FURTHER ORDERED** that, in connection with the marketing,  
16 providing, or assisting in the marketing or providing of debt management  
17 programs, debt management services, or credit counseling, whether directly,  
18 indirectly, in concert with others, or through any intermediary, business entity or  
19 device, Defendants, and each of them, and their successors, assigns, officers,  
20 agents, servants, employees, attorneys, joint venturers, and any other persons in  
21 active concert or participation with them who receive actual notice of this Order  
22 by personal service or otherwise, whether acting directly or through any  
23 corporation, subsidiary, division or other device, are hereby permanently  
24 restrained and enjoined from:  
25

26 A. Making any false representations that a particular consumer has been  
27 pre-approved for participation in a debt management plan with a particular  
28

1 creditor or is guaranteed acceptance in a debt management plan at a particular  
2 interest rate or payment level by a particular creditor;

3 B. Making any false representations about the benefits that consumers  
4 will receive through enrolling in a debt management plan or the timing in which  
5 such benefits will be received. This includes misrepresentations that:

6 1. Consumers who purchase debt management services will  
7 receive interest rate reductions from particular creditors or that interest charges on  
8 credit card debt will be reduced to as low as zero percent;

9 2. Consumers will save money if they purchase debt management  
10 services because they will repay their debts for reduced amounts or in a shorter  
11 period of time;

12 3. Consumers will receive debt management services before their  
13 next credit card billing cycle;

14 4. Consumers will receive help from credit counselors who will  
15 provide them with individual credit counseling;

16 5. Enrolling in a DMP will quickly stop or lessen debt collection  
17 efforts by consumers' creditors;

18 6. The interest rate on consumers' debts will be reconfigured to be  
19 calculated as simple interest rather than compound interest; and

20 7. Consumers will be able to take a charitable tax deduction for  
21 payments made for debt management services;

22 C. Making any false representations about the terms and conditions  
23 associated with receiving a refund; and

24 D. Making any other false or deceptive representation concerning the  
25 provision of debt management programs, debt management services, or credit  
26 counseling.





1                   **III. PROHIBITION AGAINST ABUSIVE TELEMARKETING**  
2   **PRACTICES**

3                   **IT IS FURTHER ORDERED** that, in connection with telemarketing,  
4 Defendants, and each of them, and their successors, assigns, officers, agents,  
5 servants, employees, attorneys, joint venturers, and any other persons in active  
6 concert or participation with them who receive actual notice of this Order by  
7 personal service or otherwise, whether acting directly or through any corporation,  
8 subsidiary, division or other device, are hereby permanently restrained and  
9 enjoined from engaging in, or assisting other persons to engage in:

10           A.     Initiating any outbound telephone call to a person's telephone number  
11 on the National Do Not Call Registry of persons who do not wish to receive  
12 outbound telephone calls to induce the purchase of goods or services unless:

13                   1.     The seller has obtained the express agreement, in writing, of  
14 such person to place calls to that person. Such written agreement must clearly  
15 evidence such person's authorization that calls made by or on behalf of a specific  
16 party may be placed to that person, and must include the telephone number to  
17 which the calls may be placed and the signature of that person; or

18                   2.     The seller has an established business relationship with such  
19 person and that person has not stated that he or she does not wish to receive  
20 outbound telephone calls from the seller;

21           B.     Initiating any outbound telephone call to telephone numbers within  
22 given area codes without first paying the required annual fees for access to the  
23 telephone numbers within those area codes that are included in the National Do  
24 Not Call Registry when Defendants do not have the established business  
25 relationship or express authorization described in Section III.A of this Order;

26           C.     Initiating any outbound telephone call to a person when that person  
27 has previously stated that he or she does not wish to receive an outbound  
28 telephone call made by or on behalf of the seller whose goods or services are

1 being offered or made by or on behalf of the charitable organization for which a  
2 charitable contribution is being solicited;

3 D. Engaging in any act or practice that has the effect of denying or  
4 interfering, directly or indirectly, with a person's right to be placed on any entity-  
5 specific do-not-call list; and

6 E. Engaging in any other act or practice that violates the prohibitions on  
7 abusive telemarketing acts or practices in the Telemarketing Sales Rule, 16 C.F.R.  
8 § 310.4, the recordkeeping requirements, 16 C.F.R. § 310.5, or the provisions  
9 governing fees for access to the National Do Not Call Registry, 16 C.F.R. § 310.8.  
10 *Provided, however,* that this Section III shall not apply to any situation where  
11 Defendants are engaged in assisting any person that is exempt from complying  
12 with the Do Not Call requirements under the Telemarketing Sales Rule, 16 C.F.R.  
13 § 310.4(b)(1)(A) and (B).

#### 14 15 **IV. MONITORING CUSTOMER CONTACTS AND SERVICE**

16 IT IS FURTHER ORDERED that Defendants, and each of them, and their  
17 successors, assigns, officers, agents, servants, employees, attorneys, joint  
18 venturers, and any other persons in active concert or participation with them who  
19 receive actual notice of this Order by personal service or otherwise, whether acting  
20 directly or through any corporation, subsidiary, division or other device, in  
21 connection with the marketing, providing, or assisting in any manner or in any  
22 capacity whatsoever in the marketing or providing of debt management programs,  
23 debt management services, or credit counseling, whether directly, indirectly, in  
24 concert with others, or through any intermediary, business entity or device, are  
25 hereby permanently restrained and enjoined from:

26 A. Failing to ensure that, prior to enrolling customers in a debt  
27 management program, each telemarketer, whether employed directly by  
28 Defendants or by Defendants' agents, is provided with initial and rebuttal scripts

1 and sales materials that are authorized by the debt management services provider  
2 and that comply with this Order. Defendants shall require and ensure that each  
3 telemarketer uses such scripts and sales materials;

4 B. Failing to take reasonable steps sufficient to monitor and ensure that  
5 telemarketers and other personnel, whether employed directly by Defendants or by  
6 Defendants' agents, who are engaged in sales or customer service functions,  
7 comply with this Order. Such monitoring shall include ensuring that lists of phone  
8 numbers that are used to contact consumers include only numbers that are  
9 authorized to be called under the Telemarketing Sales Rule. Such monitoring  
10 shall also include using non-commissioned employees to listen to a representative  
11 sample of the oral presentations made by persons engaged in sales or other  
12 customer service functions and keep records regarding any misrepresentations;  
13 *provided, however*, that this Section does not authorize or require Defendants to  
14 take any steps that violate any federal, state or local laws;

15 C. Failing to maintain and provide personnel, whether employees or  
16 independent contractors, who are adequately trained and certified to meet  
17 standards that are generally acceptable in the credit counseling profession;

18 D. Failing to maintain and provide adequate procedures for receiving  
19 and promptly investigating and responding to consumer complaints;

20 E. Failing to ascertain the number and nature of consumer complaints  
21 regarding potentially violative telephone calls or sales practices in which each  
22 employee or independent contractor is involved; and

23 F. Failing to take corrective action with respect to any employee or  
24 independent contractor who Defendants determine, whether as a result of  
25 monitoring or through consumer complaints, is not complying with this Order;  
26 such corrective action may include training, disciplining or terminating such  
27 employee or independent contractor.

1 **V. USE OF CUSTOMER DATA**

2 **IT IS FURTHER ORDERED** that Defendants, and each of them, and their  
3 successors, assigns, officers, agents, servants, employees, attorneys, joint  
4 venturers, and any other persons in active concert or participation with them who  
5 receive actual notice of this Order by personal service or otherwise, whether acting  
6 directly or through any corporation, subsidiary, division or other device, and  
7 persons or entities in active concert or participation with them who receive actual  
8 notice of this Order, are hereby permanently restrained and enjoined from:

9 A. Selling, renting, leasing, transferring, or otherwise disclosing the  
10 name, address, telephone number, billing information, e-mail address or other  
11 identifying information of any person who submitted such information to any  
12 Defendant in connection with debt management plans, programs, or services, at  
13 any time prior to entry of this Order; and

14 B. Using or benefitting from, for commercial purposes, the name,  
15 address, telephone number, billing information, e-mail address or other identifying  
16 information of any person who submitted such information to any Defendant in  
17 connection with debt management plans, programs, or services, at any time prior  
18 to entry of this Order;

19 **Provided, however,** that Defendants may disclose such identifying information  
20 (i) for the purpose of making payments on debts on behalf of consumers; (ii) with  
21 the express written consent of the person whose information is disclosed; (iii) to a  
22 law enforcement agency; or (iv) as required or authorized by any law, regulation  
23 or court order.

24  
25 **VI. MONETARY JUDGMENT**

26 **IT IS FURTHER ORDERED** that:

27 A. A judgment for equitable monetary relief in the amount of  
28 \$102,540.00 is hereby entered against Defendants, jointly and severally, as

1 restitution for consumer injury; *provided, however*, that this judgment shall be  
2 suspended subject to the conditions set forth in Section VII of this Order. In the  
3 event that a monetary payment under this Order becomes due, all funds paid  
4 pursuant to this Paragraph shall be deposited into a fund administered by the  
5 Commission or its agent to be used for equitable relief, including but not limited to  
6 consumer redress, and any attendant expenses for the administration of such  
7 equitable relief. Defendants shall cooperate in identifying and locating consumers  
8 entitled to restitution under this Order. The Commission will use reasonable  
9 efforts to distribute restitution funds to consumers. In the event that the use of any  
10 funds paid pursuant to this Order for direct redress to consumers is wholly or  
11 partially impracticable or funds remain after redress is completed, the Commission  
12 may apply any remaining funds for such other equitable relief (including consumer  
13 information remedies) as it determines to be reasonably related to the Defendants'  
14 practices alleged in the Complaint. Funds not used for such equitable relief, if  
15 any, shall be deposited to the U.S. Treasury as disgorgement. Defendants shall  
16 have no right to challenge the Commission's choice of remedies under this  
17 Section. Defendants shall have no right to contest the manner of distribution  
18 chosen by the Commission.

19 B. In the event of default on any payment required to be made by this  
20 Section, the entire unpaid amount, together with interest computed under 28  
21 U.S.C. § 1961 -- accrued from the date of default until the date of payment -- shall  
22 be immediately due and payable. Defendants agree that, in such event, the facts as  
23 alleged in the complaint filed in this action shall be taken as true in any  
24 subsequent litigation filed by Plaintiff or the Commission to enforce their rights  
25 pursuant to this Order, including but not limited to a nondischargeability  
26 complaint in any subsequent bankruptcy proceeding. Proceedings instituted under  
27 this Section are in addition to, and not in lieu of, any other civil or criminal  
28

1 remedies that may be provided by law, including any other proceedings the  
2 Plaintiff may initiate to enforce this Order.

3 C. Defendants shall cooperate fully with Plaintiff and the Commission  
4 and their agents in all attempts to collect the amount due pursuant to this Section if  
5 Defendants fail to pay fully the amount due at the time specified herein. In such  
6 an event, Defendants agree to provide Plaintiff and the Commission with their  
7 federal and state tax returns for the preceding two years, and to complete new  
8 standard-form financial disclosure forms fully and accurately within ten (10)  
9 business days of receiving a request from Plaintiff or the Commission to do so.  
10 Defendants further authorize Plaintiff and the Commission to verify all  
11 information provided on their financial disclosure forms with all appropriate third  
12 parties, including but not limited to financial institutions.

13 D. In accordance with 31 U.S.C. § 7701, Defendants are hereby required,  
14 unless they have done so already, to furnish to Plaintiff and the Commission their  
15 taxpayer identifying number(s) (social security numbers or employer identification  
16 numbers) which shall be used for purposes of collecting and reporting on any  
17 delinquent amount arising out of Defendants' relationship with the government.  
18

19 **VII. RIGHT TO REOPEN AND TERMINATE SUSPENSION**

20 **IT IS FURTHER ORDERED** that, Plaintiff's and the Commission's  
21 agreement to and the Court's approval of this Order are expressly premised upon  
22 the truthfulness, accuracy, and completeness of the financial disclosure forms and  
23 other financial information ("financial statements") relating to Defendants'  
24 financial condition and relating to payments made by and refunds made to  
25 Defendants' current and former customers, previously submitted by Defendants to  
26 the Commission. If, upon motion by the Plaintiff, this Court finds that any  
27 Defendant failed to disclose any material asset, materially misrepresented the  
28 value of any asset, or made any other material misrepresentation in or omission

1 from the financial statements relating to their financial condition, the Court shall  
2 enter judgment against the offending Defendant, in favor of the Plaintiff, in the  
3 amount of \$102,540.00, and the entire amount shall become immediately due and  
4 payable. If, upon motion by the Plaintiff, this Court finds that any of Defendants'  
5 financial statements materially misstated the amount of any customer payments or  
6 refunds, the Plaintiff may request that this Order be reopened for the purpose of  
7 requiring additional restitution from each Defendant who made such  
8 misrepresentation or omission; **provided, however**, that in all other respects this  
9 Order shall remain in full force and effect unless otherwise ordered by this Court;  
10 and **provided further**, that proceedings instituted under this Paragraph are in  
11 addition to, and not in lieu of, any other civil or criminal remedies available by  
12 law. Solely for the purposes of reopening or enforcing this Paragraph, Defendants  
13 waive any right to contest any of the allegations set forth in the complaint filed in  
14 this matter.

15  
16 **VIII. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

17 **IT IS FURTHER ORDERED** that each Defendant, within five (5)  
18 business days of receipt of this Order as entered by the Court, must submit to the  
19 Commission a truthful sworn statement acknowledging receipt of this Order.

20  
21 **IX. DISTRIBUTION OF ORDER BY DEFENDANTS**

22 **IT IS FURTHER ORDERED** that, for a period of three (3) years from the  
23 date of entry of this Order, Defendants shall deliver copies of the Order as directed  
24 below:

25 A. Credit Shelter must deliver a copy of this Order to all of its principals,  
26 officers, directors, and managers. Credit Shelter also must deliver a copy of this  
27 Order to all of its employees, agents, and representatives who engage in conduct  
28 related to the subject matter of this Order. For current personnel, delivery shall be

1 within five (5) days of service of the Order upon Credit Shelter. For new  
2 personnel, delivery shall occur prior to them assuming their responsibilities;

3 B. For any business engaged in conduct related to the subject matter of  
4 this Order that Bryan Taylor controls, directly or indirectly, or in which that  
5 individual Defendant has a majority ownership interest, Bryan Taylor must deliver  
6 a copy of this Order to all principals, officers, directors, and managers of that  
7 business. Bryan Taylor must also deliver a copy of this Order to all employees,  
8 agents, and representatives of that business who engage in conduct related to the  
9 subject matter of this Order. For current personnel, delivery shall be within five  
10 (5) days of service of this Order upon Bryan Taylor. For new personnel, delivery  
11 shall occur prior to them assuming their responsibilities;

12 C. For any business where Bryan Taylor is not a controlling person of a  
13 business but otherwise engages in conduct related to the subject matter of this  
14 Order, Bryan Taylor must deliver a copy of this Order to all principals and  
15 managers of such business before engaging in such conduct; and

16 D. Defendants must secure a signed and dated statement acknowledging  
17 receipt of the Order, within thirty (30) days of delivery, from all persons receiving  
18 a copy of this Order pursuant to this Section.

19  
20 **X. COMPLIANCE REPORTING BY DEFENDANTS**

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

23 A. For a period of three (3) years from the date of entry of this Order,  
24 Bryan Taylor shall notify the Commission of the following:

25 1. Any changes in residence, mailing addresses, and telephone  
26 numbers of Bryan Taylor, within ten (10) days of the date of such change;

27 2. Any changes in employment status (including self-  
28 employment) of Bryan Taylor, and any change in the ownership of Bryan Taylor



1 in any business entity, within ten (10) days of the date of such change. Such  
2 notice shall include the name and address of each business that Bryan Taylor is  
3 affiliated with, employed by, creates or forms, or performs services for; a  
4 statement of the nature of the business; and a statement of Bryan Taylor's duties  
5 and responsibilities in connection with the business or employment; and

6 3. Any changes in Bryan Taylor's name or use of any aliases or  
7 fictitious names; and

8 4. Any changes in the corporate structure of Credit Shelter or any  
9 business entity that Bryan Taylor directly or indirectly controls, or has an  
10 ownership interest in, that may affect compliance obligations arising under this  
11 Order including, but not limited to, a dissolution, assignment, sale, merger, or  
12 other action that would result in the emergence of a successor entity; the creation  
13 or dissolution of a subsidiary, parent, or affiliate that engages in any acts or  
14 practices subject to this Order; the filing of a bankruptcy petition; or a change in  
15 the corporate name or address, at least thirty (30) days prior to such change,  
16 *provided* that, with respect to any proposed change in the corporation about which  
17 Bryan Taylor learns less than thirty (30) days prior to the date such action is to  
18 take place, Bryan Taylor shall notify the Commission as soon as is practicable  
19 after obtaining such knowledge;

20 B. One hundred eighty (180) days after the date of entry of this Order,  
21 Defendants shall provide a written report to the Commission, sworn to under  
22 penalty of perjury, setting forth in detail the manner and form in which they have  
23 complied and are complying with this Order. This report shall include, but not be  
24 limited to:

25 1. For Bryan Taylor:

26 a. The then-current residence address, mailing addresses,  
27 and telephone numbers of Bryan Taylor;



1 location in such Defendant's possession or direct or indirect control to inspect the  
2 business operation;

3 B. In addition, the Commission is authorized to monitor compliance with  
4 this Order by all other lawful means including, but not limited to, the following:

5 1. Obtaining discovery from any person, without further leave of  
6 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and  
7 45; and

8 2. Posing as consumers or suppliers to any Defendant or any  
9 Defendant's employees, or any other entity managed or controlled in whole or in  
10 part by any Defendant, without the necessity of identification or prior notice; and

11 C. Each Defendant shall permit representatives of the Commission to  
12 interview any employer, consultant, independent contractor, representative, agent,  
13 or employee who has agreed to such an interview, relating in any way to any  
14 conduct subject to this Order. The person interviewed may have counsel present.  
15 *Provided, however,* that nothing in this Order shall limit the Commission's lawful  
16 use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15  
17 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,  
18 testimony, or information relevant to unfair or deceptive acts or practices in or  
19 affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).  
20

## 21 XII. RECORD KEEPING PROVISIONS

22 **IT IS FURTHER ORDERED** that, for a period of six (6) years from the  
23 date of entry of this Order, Defendants, in connection with the provision of debt  
24 management programs, debt management services, or credit counseling, are  
25 hereby restrained and enjoined from failing to create and retain the following  
26 records:

27 A. Accounting records that reflect the cost of goods or services sold,  
28 revenues generated, and the disbursement of such revenues;

1 B. Personnel records accurately reflecting: the name, address, and  
2 telephone number of each person employed in any capacity by such business,  
3 including as an independent contractor; that person's job title or position; the date  
4 upon which the person commenced work; and the date and reason for the person's  
5 termination, if applicable;

6 C. Customer files containing the names, addresses, telephone numbers,  
7 dollar amounts paid, quantity of items or services purchased, and description of  
8 items or services purchased, to the extent such information is obtained in the  
9 ordinary course of business;

10 D. Complaints and refund requests (whether received directly, indirectly  
11 or through any third party) and any responses to those complaints or requests;

12 E. Copies of all sales scripts, training materials, advertisements, or other  
13 marketing materials; and

14 F. All records and documents necessary to demonstrate full compliance  
15 with each provision of this Order including, but not limited to, copies of  
16 acknowledgments of receipt of this Order, required by Section IX, and all reports  
17 submitted to the Commission pursuant to Section X.

### 18 19 **XIII. COMPLETE SETTLEMENT**

20 The undersigned parties, by their respective counsel, hereby consent to entry  
21 of the foregoing Order which shall constitute a final judgment and order in this  
22 matter. These parties further stipulate and agree that the entry of the foregoing  
23 Order shall constitute a full, complete and final settlement of this action.  
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1                                   **XIV. RETENTION OF JURISDICTION**

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

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6                   **JUDGMENT IS THEREFORE ENTERED** in favor of Plaintiff and  
7 against Defendants, pursuant to all the terms and conditions recited above.

8 SO ORDERED this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

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11 United States District Judge  
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1 FOR THE PLAINTIFF:  
2 FOR THE UNITED STATES OF AMERICA

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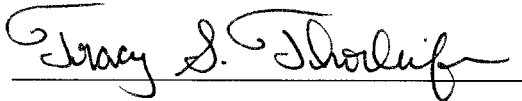
15 EUGENE M. THIROLF  
16 Director  
17 Office of Consumer Litigation

18 

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18 ELIZABETH STEIN  
19 Trial Attorney  
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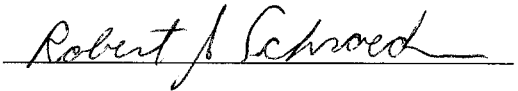
1 **FOR THE FEDERAL TRADE COMMISSION**

2  
3 

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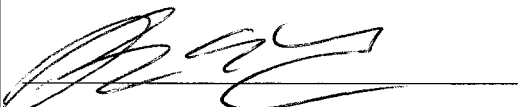
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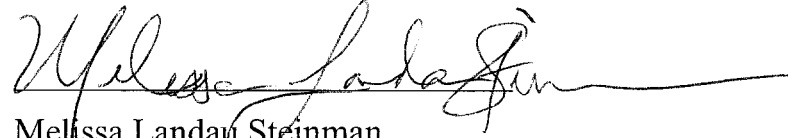
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1 **FOR DEFENDANTS:**

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1 For the foregoing reasons, the Commission believes that settlement by entry  
2 of the attached stipulated orders is justified and within the public interest.

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