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CLERK, U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

BY



FILED-SOUTHERN DIVISION
CLERK, U.S. DISTRICT COURT
FEB 23 2007
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

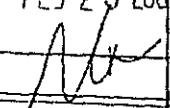
Federal Trade Commission,
Plaintiff,

v.

Dennis Connelly, et al.,
Defendants.

Case No. SACV 06-701 DOC (RNB)

SETTLEMENT AGREEMENT AND
~~Proposed~~ STIPULATED FINAL
ORDER AS TO DEFENDANT
JOANNE GARNEAU a/k/a JOANNE
TORKELSON AND DEFENDANT
ROBINA CAPITAL, INC. D.B.A
PROSPER FINANCIAL
SOLUTIONS INC.

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1 **BACKGROUND**

2 On August 3, 2006, Plaintiff Federal Trade Commission ("FTC" or
3 "Commission"), pursuant to Section 13(b) of the Federal Trade Commission Act
4 ("FTC Act"), 15 U.S.C. § 53(b), filed a complaint against Defendant **JOANNE**
5 **GARNEAU a/k/a JOANNE TORKELSON** and other defendants, for permanent
6 injunctive and other equitable relief, including consumer redress, applied ex parte
7 for a temporary restraining order with asset freeze and for an order to show cause
8 why a preliminary injunction should not be granted pursuant to Rule 65 of the
9 Federal Rules of Civil Procedure, and why a permanent receiver should not be
10 appointed. On August 9, 2006, the Court issued the ex parte restraining order,
11 appointed Robb Evans and Robb Evans & Associates LLC ("Robb Evans") as
12 temporary receiver over the corporate defendants, including over **PROSPER**
13 **FINANCIAL ("PROSPER")**, and issued an order to show cause why a
14 preliminary injunction ought not be granted.

15 In an effort to minimize unnecessary litigation, Plaintiff Commission and
16 Defendant **GARNEAU** entered into a Stipulated Preliminary Injunction. By
17 Stipulation of the parties, the Receivership over **ROBINA CAPITAL, INC. d/b/a**
18 **PROSPER FINANCIAL SOLUTIONS ("ROBINA")** was made permanent and
19 Robb Evans was appointed as the Monitor over Third Party **NATIONWIDE**
20 **SUPPORT SERVICES ("NATIONWIDE")**. Subsequently, Plaintiff
21 Commission amended its complaint and in pertinent part, **ROBINA** was added as
22 a Defendant.

23 Now Plaintiff Commission, negotiating through its counsel, and Defendant
24 **GARNEAU** and Defendant **ROBINA** (collectively "Defendants"), negotiating
25 through her counsel, have agreed to a settlement of this action.

26 Accordingly, the Commission and Defendants consent to entry of this
27 Settlement Agreement and [Proposed] Stipulated Final Order as to Defendant
28 Joanne Garneau a/k/a Joanne Torkelson and Defendant Robina Capital Inc.

1 ("Order") without adjudication of any issue of fact or law. The parties further
2 agree that entry of this Order in the docket by the Court will constitute notice to
3 each Defendant of the terms and conditions of the Order. Plaintiff and Defendants
4 having requested the Court to enter this Order, the Court hereby finds and orders
5 as follows:

6 7 **FINDINGS OF FACT**

8 1. Defendants were properly served with the Complaint, Summons,
9 TRO and First Amended Complaint in this matter.

10 2. Defendants consented to the entry of the Preliminary Injunction
11 against them and were properly served with the Preliminary Injunction in this
12 matter.

13 3. This Court has jurisdiction over the subject matter of the case and
14 personal jurisdiction over Defendants. Venue in the Central District of California
15 is proper.

16 4. The alleged actions of Defendants are in or affecting commerce, as
17 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

18 5. The allegations of the Complaint state a claim upon which relief can
19 be granted against Defendants under Sections 5(a) and 13(b) of the FTC Act, 15
20 U.S.C. §§ 45(a) and 53(b).

21 6. Plaintiff has the authority under Section 13(b) of the FTC Act, 15
22 U.S.C. § 53(b), to seek the relief it has requested.

23 7. Defendants have not admitted liability as to the charges in the
24 Complaint, and their consent to settle and finally resolve this action shall not be
25 interpreted to constitute an admission that they have engaged in any violations of
26 any law or regulations.

27 8. Defendants waive all rights to seek judicial review or otherwise
28 challenge or contest the validity of this Order.

1 9. Defendants waive any claim that they may hold against the
2 Commission, its employees, representatives or agents.

3 10. Defendants waive any claim that they may hold under the Equal
4 Access to Justice Act, 28 U.S.C. § 2412 (as amended), concerning the prosecution
5 of this action to the date of this Order, and any rights to attorneys' fees that may
6 arise under said provision of law.

7 11. All parties shall bear their own costs and attorneys' fees.

8 12. Defendants enter into this Order freely, and acknowledge that they
9 understand the provisions of this Order and are prepared to abide by its terms.

10 13. This Order is remedial in nature and shall not be construed as the
11 payment of a fine, penalty, punitive assessment, or forfeiture.

12 14. Entry of this Order is in the public interest and in the interest of the
13 parties.

14 ORDER

15 For purposes of this order, the following Definitions apply:

16 1. "Assets" means any legal or equitable interest in, right to, or claim to,
17 any real and personal property, including but not limited to chattel, goods,
18 instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or
19 other deliveries, inventory, checks, notes, accounts, credits, receivables, and all
20 cash, wherever located.

21 2. "Document" is synonymous in meaning and equal in scope to the
22 usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings,
23 drawings, graphs, charts, photographs, audio and video recordings, electronic
24 email ("email"), computer records, and other data compilations from which
25 information can be obtained and translated, if necessary, through detection devices
26 into reasonably usable form. A draft or non-identical copy is a separate
27 "document" within the meaning of the term.
28

1 3. “Defendant” means JOANNE GARNEAU a/k/a JOANNE
2 TORKEKELSON and ROBINA CAPITAL, INC. d/b/a PROSPER FINANCIAL
3 SOLUTIONS.

4 4. “Individual Defendants” refers to DENNIS CONNELLY,
5 RICHARD WADE TORKEKELSON, a/k/a WADE TORKEKELSON, and
6 JOANNE GARNEAU a/k/a JOANNE TORKEKELSON.

7 5. “Corporate Defendants” means Defendants HOMELAND
8 FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC,
9 UNITED DEBT RECOVERY, LLC, PROSPER FINANCIAL SOLUTIONS,
10 ROBINA CAPITAL, INC. d/b/a PROSPER FINANCIAL SOLUTIONS,
11 FINANCIAL LIBERTY LLC and each of them.

12 6. “Receivership Entities” means Defendants HOMELAND
13 FINANCIAL SERVICES, NATIONAL SUPPORT SERVICES, LLC,
14 UNITED DEBT RECOVERY, LLC., FINANCIAL LIBERTY LLC,
15 ROBINA CAPITAL, INC. d/b/a PROSPER FINANCIAL SOLUTIONS, and
16 each of them.

17 7. “Monitored Entity” means NATIONWIDE SUPPORT
18 SERVICES.

19 8. “Debt Negotiation” means

20 a. the business or practice of receiving, in return for
21 consideration, or the scheduled receipt, of a debtor’s monies, or evidences
22 thereof, for the purpose of distribution among certain specified creditors in
23 payment, or partial payment, of the debtor’s obligations; or

24 b. the business or practice of acting or offering or attempting to
25 act as an intermediary between a debtor and his creditors for the purpose of
26 settling, negotiating, or in any way altering the terms of payment of any debt
27 of a debtor.

28 9. The terms “and” and “or” have both conjunctive and disjunctive

1 meanings.

2 10. "Assisting others" means knowingly providing any of the following
3 goods or services to another person or entity:

4 a. performing customer service functions, including, but not
5 limited to, receiving or responding to consumer complaints; or

6 b. formulating or providing, or arranging for the formulation or
7 provision of, any telephone sales script or any other marketing material; or

8 c. providing names of, or assisting in the generation of, potential
9 customers; or

10 d. performing marketing services of any kind.

11
12 **ORDER**

13 **I.**

14 **PROHIBITED BUSINESS ACTIVITIES**

15 **IT IS THEREFORE ORDERED** that Defendants, their successors,
16 assigns, officers, agents, servants, employees, and attorneys, and those persons or
17 entities in active concert or participation with any of them who receive actual
18 notice of this Order by personal service or otherwise, whether acting directly or
19 through any corporation, subsidiary, division, or other device, in connection with
20 the advertising, marketing, promoting, offering for sale, or sale of any good or
21 service, are hereby permanently restrained and enjoined from falsely representing,
22 or from knowingly assisting others who are falsely representing, any of the
23 following:

24 A. That by enrolling in any debt-negotiation program, it is likely that
25 consumers will be able to pay off their credit-card or other unsecured debts
26 for a substantially reduced amount, such as 40 to 60 percent of the total
27 amount owed to their creditors; or

28 B. That consumers' creditors are likely to negotiate settlements under

- 1 | which the creditors will agree to accept substantially less than the amount
2 | the consumer owes on an account to settle the account; or
- 3 | C. That any Defendants or any other person operating a debt-negotiation
4 | program are able to negotiate more favorable settlements with consumers'
5 | creditors than the consumer can negotiate himself; or
- 6 | D. That any Defendants or any other person operating a debt-negotiation
7 | program has an established relationship with any creditor that gives the
8 | person an advantage in negotiating favorable settlements with the creditor;
9 | or
- 10 | E. That any negative information that appears on a consumer's credit
11 | report as a result of participating in any debt-negotiation program will be
12 | removed upon completion of the program or shortly thereafter; or
- 13 | F. That any negative effect from participating in any debt-negotiation
14 | program on a consumer's credit rating, credit score or credit report is likely
15 | to be either minimal or short-term; or
- 16 | G. That creditors are unlikely to sue consumers who participate in any
17 | debt-negotiation program or who otherwise fail to make their minimum
18 | monthly payments to their creditors; or
- 19 | H. That participating in any debt-negotiation program is likely to end
20 | most or all harassment or contact from creditors; or
- 21 | I. That consumer's creditors will stop harassing consumers or will not
22 | harass consumers who participate in any debt-negotiation program; or
- 23 | J. That consumers' creditors will not contact the consumer after a
24 | consumer sends the creditor a notice to cease contacting the consumer; or
- 25 | K. That consumers who participate in any debt-negotiation program do
26 | not need to worry about balances on their credit accounts increasing while
27 | they are in the program; or
- 28 | L. That Defendants or any other person will begin negotiating with all of

1 a consumer's creditors immediately upon the consumer's enrollment in any
2 debt-negotiation program; or

3 M. Any other fact material to a consumer's decision to participate in any
4 debt-negotiation, debt reduction or debt management program; or

5 N. Any other fact material to a consumer's decision to purchase any
6 good or service.

7 **II.**

8 **PROHIBITION AGAINST MATERIAL OMISSIONS**

9 **IT IS FURTHER ORDERED** that Defendants, their successors, assigns,
10 officers, agents, servants, employees, and attorneys, and those persons or entities
11 in active concert or participation with any of them who receive actual notice of
12 this Order by personal service or otherwise, whether acting directly or through any
13 corporation, subsidiary, division, or other device, in connection with the
14 advertising, promotion, offering for sale or sale of debt negotiation services or
15 credit-related products, programs or services, are hereby permanently restrained
16 and enjoined from failing to disclose, clearly and conspicuously, prior to the time
17 when a consumer purchases a service from Defendants, all information material to
18 a consumer's decision to buy any debt negotiation services or credit-related
19 products, programs, or services, including but not limited to the following
20 information, where appropriate:

21 A. The possibility that, if consumers stop paying their creditors, one or
22 more of their creditors may sue the consumer;

23 B. The fact that federal law prohibits creditors from misrepresenting a
24 consumer's payment history to credit reporting agencies, and that creditors
25 are permitted to report accurate negative information such as delinquencies
26 and charge-offs for seven years.

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III.

MONETARY RELIEF

IT IS FURTHER ORDERED that:

A. Within ten (10) business days of entry of this Order, Defendants shall pay to the Commission the sum of **six hundred thirty thousand dollars (\$630,000)** by certified or cashier's check made payable to the Federal Trade Commission or through wire transfer to an account designated by the Commission or its agent. Payment by certified or cashier's check shall be remitted to the Federal Trade Commission, Western Region, 10877 Wilshire Boulevard, Suite 700, Los Angeles, California 90024;

B. If Defendants fail to make the payments under Paragraph III A of this Order within the prescribed time period, the Commission may apply to the Court for entry of a judgment against Defendants in the amount of **four million dollars (\$4,000,000)** which amount shall be immediately due and payable, less any amounts already paid. For purposes of this Paragraph, Defendants waive any right to contest any of the allegations set forth in the Complaint filed in this matter or the amount of the requested judgment and agrees that the Court shall enter the monetary judgment in the amount of **four million dollars (\$4,000,000)** upon a showing by the Commission that Defendants failed to make the payment as set forth under Paragraph III A; *Provided*, that Defendants may cure a late payment by delivering such

payment to the Commission within three (3) days of the original payment date;

C. Defendants remain obligated to pay for the actual costs incurred by all consumer witnesses who have appeared for depositions in this litigation, *FTC v. Dennis Connelly et al, SACV06-701 DOC*, at the request of the defendants and shall reimburse all such consumers within ten (10) days of receipt of any written notification of the amount owed;

D. Within thirty (30) days of entry of this Order, Defendants shall send a



1 letter by first class mail, at their expense, to all consumers who enrolled in
2 the debt negotiation program through **PROSPER** through December 31,
3 2005 and who are currently still in the debt negotiation program being
4 serviced by the **MONITORED ENTITY**, advising each of them of their
5 right to quit the debt negotiation program. The letter may be sent on
6 **PROSPER** letterhead. The text and format of the letter and envelope must
7 be approved by the Commission, or its designated representatives, before it
8 is sent. Each party shall have the right to bring any irreconcilable
9 differences about the mailing to this Court;

10 E. The bank accounts of the Defendants including Defendant
11 **GARNEAU**'s personal accounts, including but not limited to those
12 corporate bank accounts held in the name of DePalma Regency, Inc.,
13 Palermo Capital Funding Corp., JAG Enterprises and Marbrisa Equities,
14 LLC, and any other assets which were frozen pursuant to the orders entered
15 in this case, shall be unfrozen upon the entry of this Order;

16 F. All funds paid pursuant to this Paragraph shall be deposited into a
17 fund administered by the Commission or its agent to be used for equitable
18 relief, including but not limited to restitution and any attendant expenses for
19 the administration of any restitution fund. In the event that direct restitution
20 to consumers is wholly or partially impracticable or funds remain after
21 restitution is completed, the Commission may apply any remaining funds for
22 such other equitable relief (including consumer information remedies) as it
23 determines to be reasonably related to the practices alleged in the
24 Complaint. Any funds not used for such equitable relief shall be deposited
25 to the Department of the Treasury as disgorgement and not as a fine or
26 penalty. The Commission shall have full and sole discretion to:

- 27 1. Determine the criteria for participation by individual claimants
28 in any consumer restitution program implemented pursuant to this

1 Order;

2 2. Determine the manner and timing of any notices to be given to
3 consumers regarding the existence and terms of such programs, and

4 3. Delegate any and all tasks connected with such restitution
5 program to any individual, partnerships, or corporations; and pay
6 reasonable fees, salaries, and expenses incurred thereby from the
7 payments made pursuant to this Order;

8 G. Defendants expressly waive any rights they may possess to litigate
9 the issue of monetary relief. Defendants acknowledge and agree that all
10 money paid pursuant to this Order is irrevocably paid to the Commission for
11 purposes of settlement between Plaintiff and Defendants; and

12 H. Defendants shall have no right to challenge the Commission's choice
13 of remedies under this Paragraph.

14 **IV.**

15 **RELIANCE ON REPRESENTATIONS**

16 **IT IS FURTHER ORDERED** that;

17 A. The Commission's agreement to, and the Court's approval of, this
18 Order is expressly premised upon the truthfulness, accuracy, and
19 completeness of Defendants' financial condition, as represented in the
20 financial statements dated August 11, 2006 *et seq.*, including attachments,
21 and in any other documents submitted by Defendants, including all
22 supplements to those financial statements, all of which the Commission
23 relied upon in negotiating and agreeing to the terms of this Order. If, upon
24 motion by the Commission to the Court, the Court finds that Defendants, in
25 any of the above-referenced materials, failed to disclose any asset with a
26 value in excess of \$1,000, materially misrepresented the value of any asset,
27 or made any other material misrepresentation or omission, monetary
28 judgment will be entered against Defendants in the amount of **\$4,000,000**

1 (four million dollars), which represents the approximate amount of
2 payments made to Defendants and corporate entities under Defendant
3 GARNEAU's possession, custody and control out of funds paid by
4 consumers, and will become immediately due and payable, less any
5 payments already made.

6 B. Notwithstanding any other provision of this Order, Defendants agree
7 that in any subsequent proceedings to enforce payment, including but not
8 limited to a non-dischargeability complaint filed in a bankruptcy
9 proceeding, Defendants waive any right to contest any of the allegations set
10 forth in the Complaint filed in this matter or the \$4,000,000 (four million
11 dollars) judgment referenced above.

12 V.

13 CUSTOMER LISTS

14 IT IS FURTHER ORDERED that Defendants, their officers, agents,
15 servants, employees, and attorneys, and all other persons or entities in active
16 concert or participation with them who receive actual notice of this Order by
17 personal service or otherwise, are permanently restrained and enjoined from
18 selling, renting, leasing, transferring, or otherwise disclosing the name, address,
19 telephone number, credit card number, bank account number, e-mail address, or
20 other identifying information of any person who paid any money to any of the
21 Defendants in this litigation, *FTC v. Dennis Connelly, et al. SACV06-701 DOC*,
22 or paid money to any of the Corporate Defendants, or the Receivership Entities, at
23 any time prior to entry of this order, in connection with telemarketing or with the
24 advertising, promotion, offering for sale or sale of debt negotiation services.

25 *Provided, however,* that such identifying information may be disclosed to a
26 law enforcement agency or as required by any law, regulation, or court order, and

27 *Provided further* that nothing herein shall prevent the transfer of such
28 information to a parent, subsidiary, agent or affiliate of Defendants including

1 | **NATIONWIDE SUPPORT SERVICES** or as part of the sale of Defendants'
2 | business or all or substantially all of Defendants' assets, except that Defendants
3 | may not directly or indirectly transfer any such information to either of the other
4 | individual Defendants in this litigation or to any parent, subsidiary agent or
5 | affiliate of any of those individual Defendants.

6 | **VI.**

7 | **COMPLIANCE MONITORING**

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

10 | A. Within fourteen (14) days of receipt of written notice from a
11 | representative of the Commission, Defendants shall submit additional
12 | written reports, sworn to under penalty of perjury; produce documents for
13 | inspection and copying; appear for deposition; and/or provide entry to any
14 | Commission representatives during normal business hours to any business
15 | location in Defendants' possession or direct or indirect control for the
16 | purpose of inspecting the business operation. Defendants, after attempting
17 | to resolve a dispute without court action, and for good cause shown, may
18 | file a motion with this Court seeking an order which justice requires to
19 | protect Defendants or any party or person from annoyance, embarrassment,
20 | oppression, or undue burden or expense, including one or more of the
21 | protections set forth in Fed. R. Civ. P. 26 (c);

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

- 25 | 1. Obtaining discovery from any person, without further leave of court,
26 | using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36,
27 | and 45;
- 28 | 2. Posing as consumers and suppliers to Defendants' employees, or any

1 other entity managed or controlled in whole or in part by
2 Defendants', without the necessity of identification or prior notice;
3 and

4 C. Defendants shall permit representatives of the Commission to
5 interview any employer, consultant, independent contractor, representative,
6 agent, or employee who has agreed to such an interview, relating in any way
7 to any conduct subject to this Order. The person interviewed may have
8 counsel present.

9 *Provided, however,* that nothing in this Order shall limit the Commission's
10 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,
11 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,
12 testimony, or information relevant to unfair or deceptive acts or practices in or
13 affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

14 VII.

15 COMPLIANCE REPORTING BY DEFENDANTS

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

18 A. For a period of three (3) years from the date of entry of this Order,
19 Defendant Garneau shall notify the Commission in writing of:

- 20 1. Any change in residence, mailing address and/or telephone numbers
21 of Defendant Garneau within ten (10) days of such change; and
- 22 2. Any change in employment status (including self employment) of
23 Defendant and any change in the ownership interest of Defendant in
24 any business entity, within ten (10) days of such change. Such notice
25 shall include the name and address of each business that Defendant is
26 affiliated with, employed by, or performs services for, a statement of
27 the nature of the business, and a statement of Defendant's duties and
28 responsibilities in connection with the business and employment; and

1 3. Any changes in Defendant's name or use of any aliases or fictitious
2 names.

3 B. For a period of four (4) years from the date of entry of this Order,
4 Defendants shall notify the Commission of any changes in corporate
5 structure of Defendants that may affect compliance obligations arising
6 under this Order, including but not limited to a dissolution, assignment,
7 sale, merger, or other action that would result in the emergence of a
8 successor entity; the creation or dissolution of a subsidiary, parent, or
9 affiliate that engages in any acts or practices subject to this Order; the filing
10 of a bankruptcy petition; or a change in the corporate name or address, at
11 least thirty (30) days prior to such change, *provided* that, with respect to any
12 proposed change in the corporation about which Defendants learn less than
13 thirty (30) days prior to the date such action is to take place, they shall
14 notify the Commission as soon as is practicable after obtaining such
15 knowledge.

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

- 21 1. A copy of each acknowledgment of receipt of this Order, obtained
22 pursuant to Paragraph X, below; and
- 23 2. Any other changes required to be reported under Subparagraph A of
24 this Paragraph VII, above.

25 D. For the purposes of this Order, Defendants shall, unless otherwise
26 directed by the Commission's authorized representatives, mail all written
27 notifications to the Commission to:

28 Assistant Regional Director

1 Western Region, Los Angeles
2 Federal Trade Commission
3 10877 Wilshire Blvd, Suite 700
4 Los Angeles, CA 90024

5 Re: FTC v. Dennis Connelly et al.
6 SACV-06-0701 DOC (x)

7 E. For purposes of the compliance reporting and monitoring required by
8 this Order, the Commission is authorized to communicate directly with the
9 Defendants.

10 **VIII.**

11 **COOPERATION WITH FTC COUNSEL**

12 **IT IS FURTHER ORDERED** that Defendants shall, in connection with
13 this action or any subsequent investigations related to or associated with the
14 transactions or occurrences that are the subject of the Commission's Complaint,
15 cooperate in good faith with the Commission and appear, at such places and times
16 as the Commission shall reasonably request, after written notice, for interviews,
17 conferences, pretrial discovery, review of documents, and for such other matters as
18 may be reasonably requested by the Commission. If requested in writing by the
19 Commission or by the Commission's attorneys, Defendants shall appear and
20 provide truthful testimony in any trial, deposition, or other proceeding related to or
21 associated with the transactions or the occurrences that are the subject of the
22 Complaint, without the service of a subpoena. The Commission shall provide
23 reasonable notice to Defendants of any need for her appearance and shall keep
24 designated counsel for Defendants apprised of developments in the litigation. The
25 Commission acknowledges that these Defendants may provide the same level of
26 cooperation to any other Defendant in this action under the same terms and
27 conditions.

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IX.

RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of six (6) years from the date of entry of this Order, Defendants and their agents, employees, officers, corporations, successors, and assigns, and those persons in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, while engaging in conduct related to the subject matter of this Order, are hereby restrained and enjoined from failing to create and retain the following records:

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

B. Personnel records accurately reflecting: the name, address, email (if any) 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, phone 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 through any third party) and any responses to those complaints or requests;

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

F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order, required by Paragraph X, below,

1 and all reports submitted to the FTC pursuant to Paragraph VII, above.

2 **X.**

3 **DISTRIBUTION OF ORDER BY DEFENDANTS**

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

7 A. Defendants must deliver a copy of this Order to all of their principals,
8 officers, directors, and managers. Defendants must also deliver copies of
9 this Order to all of their employees, agents, and representatives who engage
10 in sales or marketing of debt negotiation services. For current personnel,
11 delivery shall be within five (5) days of service of this Order upon
12 Defendants. For new personnel, delivery shall occur prior to them assuming
13 their responsibilities.

14 B. Defendants must secure a signed and dated statement acknowledging
15 receipt of the Order, within thirty days of delivery, from all persons
16 receiving a copy of the Order pursuant to this Paragraph X.

17 **XI.**

18 **WIND UP OF NATIONWIDE MONITOR PROCEEDINGS,**
19 **WIND UP OF ROBINA RECEIVERSHIP PAYMENT OF FEES AND**
20 **EXPENSES AND DISCHARGE OF MONITOR/RECEIVER**

21 **IT IS FURTHER ORDERED** that,

22 A. The entry of the Court's order approving this Stipulation shall wind
23 up the proceedings of Robb Evans as the Monitor of **NATIONWIDE** and
24 shall constitute an order for the following relief:

- 25 1. approving and confirming the Monitor's actions and activities during
26 the course of the Monitor proceedings of **NATIONWIDE**;
27 2. authorizing and approving the wind up of the Monitor proceedings
28 without the Monitor making, filing or obtaining approval of any

1 further Monitor reports and/or accountings;

2 3. authorizing, approving and requiring immediate payment by
3 **NATIONWIDE** of all outstanding fees and expenses of the Monitor,
4 its staff and its professionals for the period of October 1, 2006
5 through and including the effective date of the Monitor's discharge,
6 including without limitation those fees and expenses for which the
7 Monitor has sought approval for the months of October 2006 and
8 November 2006 that are subject to the Monitor's pending motion for
9 approval set for hearing on February 12, 2007; and

10 4. discharging the Monitor, its members, officers, agents, employees and
11 representatives, relieving the Monitor, its members, officers, agents,
12 employees and representatives of all duties, liabilities and
13 responsibilities pertaining to the Monitor's duties under the
14 Preliminary Injunction/Monitor Order, provided that the discharge of
15 the Monitor shall not be effective unless and until all fees and
16 expenses of the Monitor, its staff and its professionals have been paid
17 in full by **NATIONWIDE** as required herein.

18 B. The entry of the Court's order approving this Stipulation shall wind
19 up the proceedings of Robb Evans as the Permanent Receiver of **ROBINA**,
20 its affiliates, subsidiaries, successors and assigns and any other corporations
21 or businesses under their control and shall constitute an order for the
22 following relief:

- 23 1. approving and confirming the Receiver's actions and activities during
24 the course of the receivership proceedings of **ROBINA**;
- 25 2. authorizing and approving the wind up of the receivership
26 proceedings of **ROBINA** without the Receiver making, filing or
27 obtaining approval of any further Receiver reports and/or
28 accountings;

- 1 3. authorizing and approving immediate payment of all outstanding
2 administrative expenses of the receivership estate pertaining to
3 **ROBINA** and of all outstanding fees and expenses of the Receiver,
4 its staff and its professionals for the period of October 1, 2006
5 through and including the effective date of the Receiver's discharge
6 from assets of the receivership estate, including without limitation
7 those fees and expenses for which the Receiver has sought approval
8 for the months of October 2006 and November 2006 that are subject
9 to the Receiver's pending motion for approval set for hearing on
10 February 12, 2007, with any surplus assets after payment of such fees
11 and expenses to be turned over by the Receiver to **ROBINA** upon
12 discharge of the Receiver;
- 13 4. relieving the Receiver of the obligation or responsibility, if any, to
14 pay pre-receivership claims or debts of **ROBINA** that arose prior to
15 the commencement of the receivership, with **ROBINA** being
16 obligated and responsible for the payment of all such pre-receivership
17 claims and debts, subject to all defenses, offsets, reductions or
18 counterclaims **ROBINA** may have thereto; and
- 19 5. discharging the Receiver, its members, officers, agents, employees
20 and representatives, relieving the Receiver, its members, officers,
21 agents, employees and representatives of all duties, liabilities and
22 responsibilities pertaining to the Receiver's duties under the
23 Preliminary Injunction/Receiver Order, provided that the discharge of
24 the Receiver shall not be effective unless and until all fees and
25 expenses of the Receiver, its staff and its professionals have been
26 paid in full from the assets of the **ROBINA** receivership estate and
27 any surplus assets of the **ROBINA** receivership estate have been
28 turned over the Defendants;

1 C. Defendants have agreed to pay all outstanding amounts owed to the
2 Receiver for the expenses and costs of the Receivership over Defendant
3 **ROBINA** and owed to the Monitor for the expenses and costs of the
4 Monitor over **NATIONWIDE**, as approved by the Court in this Order.

5 D. The Receiver/Monitor may redact financial information pertaining to
6 **ROBINA, PROSPER** or **NATIONWIDE** from all current and future
7 reports that may be posted to any web site of the Receiver or Monitor.

8 **XII.**

9 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

10 **BY DEFENDANTS**

11 **IT IS FURTHER ORDERED** that, within five (5) business days of receipt
12 of this Order as entered by the Court, Defendants must submit to the Commission
13 a truthful sworn statement acknowledging receipt of this Order.

14 **XIII.**

15 **SEVERABILITY**

16 **IT IS FURTHER ORDERED** that the provisions of this Order are separate
17 and severable from one another. If any provision is stayed or determined to be
18 invalid, all of the remaining provisions shall remain in full force and effect.

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XIV.

RETENTION OF JURISDICTION

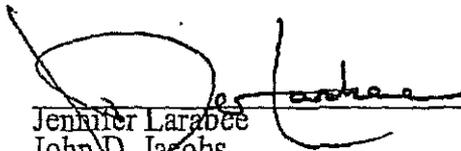
IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification and enforcement of this Order.

SO STIPULATED:

January __, 2007

Defendant Joanne Gameau individually and on behalf of
Defendant Robina Capital d.b.a Prosper Financial
Solutions

February 20
~~January~~ __, 2007


Jennifer Larabee
John D. Jacobs
Barbara Y.K. Chun
Attorneys for Plaintiff Federal Trade Commission

APPROVED AS TO FORM:

January __, 2007

Thomas H. Bienert, Jr.
Steven L. Krongold
Attorney for Defendants Joanne Gameau, Robina Capital
and Third Party Nationwide Support Services

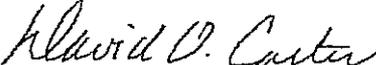
WITHOUT OBJECTION:

January __, 2007

Gary O. Caris, Esq.
Attorney for Robb Evans and Robb Evans & Associates,
Court-appointed Receiver for Robina Capital d.b.a
Prosper Financial Solutions and Court appointed
Monitor over Nationwide Support Services

SO ORDERED:

February 23, 2007


The Honorable David O. Carter
United States District Judge

XIV.

RETENTION OF JURISDICTION

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

SO STIPULATED:

January 30, 2007
[Signature]
Defendant Joanne Garneau individually and on behalf of
Defendant Robina Capital d.b.a Prosper Financial
Solutions

January __, 2007
Jennifer Larabee
John D. Jacobs
Barbara Y.K. Chun
Attorneys for Plaintiff Federal Trade Commission

APPROVED AS TO FORM:

January 30, 2007
[Signature]
Thomas H. Bienert, Jr.
Steven L. Krongold
Attorney for Defendants Joanne Garneau, Robina Capital
and Third Party Nationwide Support Services

WITHOUT OBJECTION:

January __, 2007
Gary O. Caris, Esq.
Attorney for Robb Evans and Robb Evans & Associates,
Court-appointed Receiver for Robina Capital d.b.a
Prosper Financial Solutions and Court appointed
Monitor over Nationwide Support Services

SO ORDERED:

_____, 2007
The Honorable David O. Carter
United States District Judge

[Handwritten mark]

XIV.

RETENTION OF JURISDICTION

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

SO STIPULATED:

January __, 2007

Defendant Joanne Garneau individually and on behalf of Defendant Robina Capital d.b.a Prosper Financial Solutions

January __, 2007

Jennifer Larabee
John D. Jacobs
Barbara Y.K. Chun
Attorneys for Plaintiff Federal Trade Commission

APPROVED AS TO FORM:

January __, 2007

Thomas H. Bienert, Jr.
Steven L. Krongold
Attorney for Defendants Joanne Gameau, Robina Capital and Third Party Nationwide Support Services

WITHOUT OBJECTION:

~~January~~ ^{February} 20, 2007


Gary O. Carr, Esq.
Attorney for Robb Evans and Robb Evans & Associates, Court-appointed Receiver for Robina Capital d.b.a Prosper Financial Solutions and Court appointed Monitor over Nationwide Support Services

SO ORDERED:

_____, 2007

The Honorable David O. Carter
United States District Judge

1 CERTIFICATE OF SERVICE

2 I, Jennifer Larabee, certify as follows:

3 I am over the age of 18 and am employed by the Federal Trade Commission. My
4 business address is 10877 Wilshire Boulevard, Suite 700, Los Angeles, California 90024.

5 On February 20, 2007, I caused the attached document entitled "SETTLEMENT
6 AGREEMENT AND [Proposed] STIPULATED FINAL ORDER AS TO
7 DEFENDANT JOANNE GARNEAU a/k/a JOANNE TORKELSON AND
8 DEFENDANT ROBINA CAPITAL, INC. D.B.A PROSPER FINANCIAL
9 SOLUTIONS INC." be served by email to:

10 Gary O. Caris, Esq.
Lesile Hawes, Esq.
McKenna Long & Aldridge, LLP
11 444 South Flower Street, 8th Floor
Los Angeles, CA 90071

Counsel for Permanent Receiver and Monitor
E-mail: gcaris@mckennalong.com
Lhawas@mckennalong.com
Fax: 213-243-6330

12 Robb Evans & Associates LLP
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Sun Valley, CA 91353-0880

Permanent Receiver and Monitor
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E-mail: kenton.johnson@robbevans.com

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16 Los Angeles, CA 90067-4120

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17 H. Dean Steward
107 Avenida Miramar, Suite C
18 San Clemente, CA 92672

Attorney for Defendant Dennis Connelly, Homeland Financial,
& National Support Services LLC
email: deansteward@fea.net
fax: 949-496-6753

19 David W. Wiechert
20 107 Avenida Miramar, Suite A
San Clemente, CA 92672

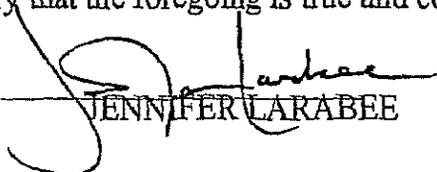
Attorney for Defendant Richard Wade Torkelson
email: dwiechert@aol.com, jacobs.andrea@gmail.com
Fax: 949-496-6753

21 Thomas H. Bienert Jr.
22 Steven L. Krongold
Bienert & Krongold
23 115 Avenida Miramar
San Clemente, CA 92672

Attorney for Defendant Joanne Garneau & Monitored Entity Nationwide
Email: tom@bnklaw.com, steve@bnklaw.com
Fax: 949-496-6753

24 I declare under penalty of perjury that the foregoing is true and correct.

25 Dated: February 20, 2007

26 
27 JENNIFER LARABEE
28