

The Honorable James L. Robart

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

FEDERAL TRADE COMMISSION and  
STATE OF WASHINGTON,

Plaintiffs,

v.

DEBT SOLUTIONS, INC., a Florida corporation, also doing business as DSI Financial, Inc., and Accelerated Financial, Inc.; DSI FINANCIAL, INC., a Florida corporation, also doing business as Accelerated Financial, Inc.; DSI DIRECT, INC., a Florida corporation; PACIFIC CONSOLIDATION SERVICES, INC., a Washington corporation, also doing business as DSI Financial, Inc., and Accelerated Financial, Inc.; KENNETH SCHWARTZ, individually and as an officer of Debt Solutions, Inc., DSI Financial, Inc., and DSI Direct, Inc.; JENNIFER RUTH WHALEN, aka Jennifer Ruth Krizan, individually and as an officer of Pacific Consolidation Services, Inc., and DSI Direct, Inc.; DAVID SCHWARTZ, individually and as a manager of Pacific Consolidation Services, Inc.; and GREG MOSES, individually and as a manager of Pacific Consolidation Services and DSI Direct, Inc.,

Defendants.

Case No. CV06-0298JLR

**STIPULATED FINAL JUDGMENT  
AND ORDER FOR PERMANENT  
INJUNCTION AND OTHER  
EQUITABLE RELIEF AS TO ALL  
DEFENDANTS**

This matter comes before the Court on the stipulation of Plaintiffs Federal Trade Commission (“FTC” or “Commission”) and the State of Washington (“State”), and Defendants Debt Solutions, Inc.,

1 also doing business as DSI Financial, Inc., and Accelerated Financial, Inc.; DSI Financial, Inc., also  
2 doing business as Accelerated Financial, Inc.; DSI Direct, Inc.; Pacific Consolidation Services, Inc.,  
3 also doing business as DSI Financial, Inc., and Accelerated Financial, Inc.; Kenneth Schwartz; Jennifer  
4 Ruth Whalen; David Schwartz; and Greg Moses (hereafter "Defendants").

5 On March 6, 2006, Plaintiffs jointly filed a Complaint for Injunctive and Other Equitable  
6 Relief, including restitution. Plaintiff FTC filed the Complaint under Sections 5(a), 13(b), and 19 of  
7 the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b), and 57b, and the  
8 Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. §§ 6101-6108, and Plaintiff  
9 State filed the Complaint under Section 4(a) of the Telemarketing and Consumer Fraud and  
10 Abuse Prevention Act, 15 U.S.C. § 6103 (a), the Washington Unfair Business Practices-Consumer  
11 Protection Act ("Washington CPA"), Wash.Rev.Code § 19.86.020, and the Washington Commercial  
12 Telephone Solicitation Act ("Washington CTSA"), Wash.Rev.Code §19.158. The Plaintiffs also  
13 moved for an *Ex Parte* Application for Temporary Restraining Order with Asset Freeze, which  
14 application was denied, Order Permitting Limited Expedited Discovery, and Order to Show Cause Why  
15 a Preliminary Injunction Should Not Issue pursuant to Rule 65 of the Federal Rules of Civil Procedure.  
16 On April 3, 2006, this Court entered a Preliminary Injunction.

17 Now Plaintiffs and Defendants, negotiating through their respective counsel, have agreed to  
18 settlement of this action and consent to entry of this Stipulated Final Judgment and Order for  
19 Permanent Injunction and Other Equitable Relief ("Order") without adjudication of any issue of fact or  
20 law and entry of this Order shall constitute a full, complete, and final settlement of all matters in  
21 dispute arising from the Complaint in this action to the date of entry of this Order. The parties further  
22 agree that entry of this Order in the docket by the Court will constitute notice to them of the terms and  
23 conditions of the Order. Plaintiffs and Defendants, having requested the Court to enter this Order, the  
24 Court hereby finds and orders as follows:

### 25 FINDINGS OF FACT

- 26 1. This Court has jurisdiction over the subject matter of this case and the parties hereto.  
27 Venue in the Western District of Washington is proper.
- 28 2. The alleged activities of Defendants are in or affecting commerce, as defined in Section

1 4 of the FTC Act, 15 U.S.C. § 44.

2 3. The allegations of the Complaint support relief against Defendants under Sections 5(a),  
3 13(b), and 19 of the FTC Act, 15 U.S.C. §§ 45(a), 53(b), and 57b, the Telemarketing and Consumer  
4 Fraud and Abuse Prevention Act, 15 U.S.C. §§ 6101-6108, the Washington CPA, Wash. Rev. Code  
5 § 19.86.020, and the Washington CTSA, Wash. Rev. Code §19.158, to seek the relief it has requested.

6 4. Plaintiff FTC has the authority under Sections 13(b) and 19 of the FTC Act, 15 U.S.C.  
7 §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C.  
8 §§ 6101-6108, to seek the relief it has requested. Plaintiff State of Washington has the authority under  
9 Section 4(a) of the Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. § 6103  
10 (a), the Washington CPA, Wash. Rev. Code § 19.86.020, and the Washington CTSA, Wash. Rev. Code  
11 §19.158, to seek the relief it has requested.

12 5. Defendants have not admitted to liability as to the charges in the Complaint, and their  
13 consent to entry of this Order shall not be interpreted to constitute an admission that they have engaged  
14 in any violations of any law or regulation.

15 6. Defendants acknowledge that they have read the provisions of this Order and have  
16 agreed to abide by them. Defendants consent freely and without coercion to entry of this Stipulated  
17 Final Judgment and Order for Permanent Injunction in the interest of settling this litigation, and  
18 acknowledge that they understand the provisions of this Order and are prepared to abide by its terms.  
19 At all times, Defendants have been represented by counsel, including during the negotiations that led to  
20 this Order.

21 7. Defendants waive all rights to seek appellate review or otherwise challenge or contest  
22 the validity of this Order.

23 8. Defendants waive and release any claim they may have against the FTC and the State,  
24 and their employees, representatives, or agents.

25 9. Defendants waive all rights that may arise under the Equal Access to Justice Act, 28  
26 U.S.C. § 2412.

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

1 11. Entry of this Order is in the public interest.

2  
3 **DEFINITIONS**

4 A. **“Assets”** means any legal or equitable interest in, right to, or claim to any real or  
5 personal property including, but not limited to, chattel, goods, instruments, equipment, fixtures, general  
6 intangibles, effects, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits,  
7 receivables (as those terms are defined in the Uniform Commercial Code), and all cash, wherever  
8 located.

9 B. **“Assisting others”** means providing any of the following goods or services to another  
10 person: (1) serving as an officer, director, or consultant; (2) performing customer service functions,  
11 including, but not limited to, receiving or responding to customer complaints; (3) formulating or  
12 providing, or arranging for the formulation or provision of, any script or any other material for  
13 communicating with customers or potential customers; (4) providing the names of, or assisting in the  
14 generation of, potential customers, including, but not limited to, arranging for the automated delivery  
15 of messages to potential customers; (5) performing marketing services of any kind; or (6) providing  
16 any other substantial help or aid, while knowing or consciously avoiding knowing that the person  
17 receiving assistance is engaged in an act or practice that is prohibited by this Order.

18 C. **“Consumer”** means an actual or potential purchaser, customer, or licensee.

19 D. **“Debt Negotiation or Debt Elimination Product, Service, or Program”** means any  
20 product, service, or program that includes or purports to include:

- 21 (1) The receipt of a debtor’s monies, or evidences thereof, for the purpose of  
22 distribution among creditors in payment, or partial payment, of the debtor’s  
23 obligations; or  
24 (2) Acting, or offering or attempting to act, as an intermediary between a debtor and  
25 his or her creditors for the purpose of settling, negotiating, or in any way altering  
26 the terms of payment of any debt; or  
27 (3) Showing or purporting to show consumers how to restructure, consolidate,  
28 liquidate, accelerate, settle, or alter the terms of payment of any debt; or

1 (4) Providing any service to a consumer relating to managing his or her debts.

2 E. **“Defendants”** means Debt Solutions, Inc., also doing business as DSI Financial, Inc.,  
3 and Accelerated Financial, Inc.; DSI Financial, Inc., also doing business as Accelerated Financial, Inc.;  
4 DSI Direct, Inc.; Pacific Consolidation Services, Inc., also doing business as DSI Financial, Inc., and  
5 Accelerated Financial, Inc.; Kenneth Schwartz; Jennifer Ruth Whalen; David Schwartz; and Greg  
6 Moses, and each of them, by whatever names each might be known.

7 F. **“Document”** is synonymous in meaning and equal in scope to the usage of the term in  
8 Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, photographs,  
9 audio and video recordings, computer records, and other data compilations from which information can  
10 be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft  
11 or non-identical copy is a separate document within the meaning of the term.

12 G. **“Person”** means any individual, group, unincorporated association, limited or general  
13 partnership, corporation, or other entity.

14 H. **“Telemarketing Sales Rule” or “Rule”** means the FTC Rule entitled “Telemarketing  
15 Sales Rule,” 16 C.F.R. § 310.

16 I. **“Telemarketing”** is as defined in 16 C.F.R. § 310.2 (cc).

17 J. **“Outbound telephone call”** is as defined in 16 C.F.R. § 310.2 (u).

18 K. **“Telemarketer”** is as defined in 16 C.F.R. § 310.2 (bb).

19 L. In connection with telemarketing, a **“customer”** means any person who is or may be  
20 required to pay for goods or services offered through telemarketing.

21 M. **“Representatives”** means successors, assigns, officers, agents, servants, and employees  
22 of Defendants and those persons in active concert or participation with them who receive actual notice  
23 of this Order by personal service or otherwise.

24 N. **“Material”** means likely to affect a person’s choice of, or conduct regarding, goods,  
25 services, or a charitable contribution.

26 O. **“Clearly and conspicuously” or “clear and conspicuous”** means:

27 (1) In print communications, that the message shall be in a type size and location  
28 sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that

1 contrasts with the background against which it appears;

2 (2) In communications disseminated orally, that the message shall be delivered in a  
3 volume and cadence sufficient for an ordinary person to hear and comprehend it;

4 (3) In communications made through an electronic medium (such as television,  
5 video, radio, and interactive media such as the Internet, online services, and software), that the  
6 message shall be presented simultaneously in both the audio and visual portions of the  
7 communication;

8 (4) In any communication presented solely through visual or audio means, that the  
9 message shall be made through the same means in which the communication is presented:

10 (a) Any audio message shall be delivered in a volume and cadence sufficient  
11 for an ordinary consumer to hear and comprehend it, and

12 (b) Any visual message shall be of a size and shade, with a degree of  
13 contrast to the background against which it appears and shall appear on  
14 the screen for a duration and in a location, sufficiently noticeable for an  
15 ordinary consumer to read and comprehend it;

16 Regardless of the medium used to disseminate it, the message shall be in understandable  
17 language and syntax. Nothing contrary to, inconsistent with, or in mitigation of, the message shall be  
18 used in any communication.

19 P. “National Do Not Call Registry” means the National Do Not Call Registry maintained  
20 by the Federal Trade Commission pursuant to 16 C.F.R. § 310.4(b)(1)(iii)(B).

21  
22 **I. BAN ON TELEMARKETING OR SALE OF ANY DEBT NEGOTIATION  
23 OR DEBT ELIMINATION PRODUCT, SERVICE, OR PROGRAM**

24 **IT IS THEREFORE ORDERED** that Defendants Kenneth Schwartz and Jennifer Whalen are  
25 permanently restrained and enjoined from engaging or participating, or assisting others who are  
26 engaged or participating, directly or indirectly, or through any business entity or other device, in the  
27 telemarketing, advertising, promotion, offering of sale, or sale of any debt negotiation or debt  
28 elimination product, program, or service. Nothing in this Order shall be construed as being an

1 exception to this Section.

2  
3 **II. PROHIBITIONS AGAINST MATERIAL MISREPRESENTATIONS**

4 **IT IS THEREFORE ORDERED** that Defendants, their officers, agents, servants, and  
5 employees, and those persons in active concert or participation with any of them who receive actual  
6 notice of this Order by personal service or otherwise, whether acting directly or through any  
7 corporation, subsidiary, division, or other device, in connection with the advertising, marketing,  
8 promoting, offering for sale, or sale of any debt negotiation or debt elimination product, service, or  
9 program, are hereby permanently restrained and enjoined from misrepresenting, or assisting others in  
10 misrepresenting, expressly or by implication, orally or in writing, any fact material to a consumer's  
11 decision to purchase or accept the good, service, or program, including, but not limited to, the  
12 following:

13 A. That consumers who purchase Defendants' product, service, or program will have their  
14 credit card or loan interest rates reduced substantially as a result of Defendants negotiating reduced  
15 interest rates with consumers' creditors;

16 B. That consumers who purchase Defendants' product, service, or program will save a  
17 substantial amount of money in a short time as a result of Defendants negotiating reduced interest rates  
18 with consumers' creditors;

19 C. That consumers who purchase Defendants' product, service, or program will be able to  
20 pay off their debt substantially faster without increasing their monthly payments as a result of  
21 Defendants negotiating reduced interest rates with consumers' creditors;

22 D. That consumers who purchase Defendants' product, service, or program will be able to  
23 reduce their monthly payments on their credit cards or loans as a result of Defendants negotiating  
24 reduced interest rates with consumers' creditors;

25 E. That Defendants have special relationships and contacts with consumers' credit card  
26 companies or lenders that enable them to negotiate lower interest rates for consumers;

27 F. That Defendants' product, services, or program is endorsed or approved by any entity,  
28 including, but not limited to, the Financial Standards Council of Canada and the Registered Financial

1 Planners Institute of North America; and

2 G. Any material term, condition, or limitation of a refund, cancellation, exchange, or  
3 repurchase policy.

4  
5 **III. PROHIBITION AGAINST MATERIAL OMISSIONS**

6 **IT IS FURTHER ORDERED** that Defendants, their officers, agents, servants, and employees,  
7 and those persons in active concert or participation with any of them who receive actual notice of this  
8 Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary,  
9 division, or other device, in connection with the advertising, marketing, promoting, offering for sale, or  
10 sale of any debt negotiation or debt elimination product, service, or program, are hereby permanently  
11 restrained and enjoined from failing to disclose, clearly and conspicuously, prior to the time when a  
12 consumer purchases such product, service, or program, all information material to a consumer's  
13 decision to buy the product, service, or program, including, but not limited to, if applicable, that the  
14 savings guaranteed to consumers are not the result of Defendants' negotiating reduced interest rates  
15 with consumers' creditors but, instead, are achieved over a substantial time period if consumers follow  
16 a computer-generated payment schedule over the life of their debt.

17  
18 **IV. VIOLATIONS OF THE TELEMARKETING SALES RULE**  
19 **PROHIBITED**

20 **IT IS FURTHER ORDERED** that Defendants, their officers, agents, servants, and employees,  
21 and those persons in active concert or participation with any of them who receive actual notice of this  
22 Order by personal service or otherwise, whether acting directly or through any corporation, subsidiary,  
23 division, or other device, in connection with telemarketing, are hereby permanently restrained and  
24 enjoined from violating or assisting others to violate any provision of the Telemarketing Sales Rule, 16  
25 C.F.R. Part 310, as currently promulgated or as it may hereafter be amended, including, but not limited  
26 to:

27 A. Misrepresenting, directly or by implication, any material aspect of the performance,  
28 efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer, in



1 violation of Section 310.3(a)(2)(iii) of the Rule, 16 C.F.R. § 310.3(a)(2)(iii), including, but not limited  
2 to, the misrepresentations set forth in Section II.A - E;

3 B. Misrepresenting, directly or by implication, a seller's or telemarketer's affiliation with,  
4 or endorsement or sponsorship by, any person or government entity, in violation of Section  
5 310.3(a)(2)(vii) of the Rule, 16 C.F.R. § 310.3(a)(2)(vii);

6 C. Failing to disclose truthfully, and in a clear and conspicuous manner, before a customer  
7 pays for goods and services offered, all the material terms and conditions of a refund, cancellation,  
8 exchange, or repurchase policy, if the seller or telemarketer has such a policy and informs the customer  
9 about such policy, in violation of Section 310.3(a)(1)(iii) of the Rule, 16 C.F.R. § 310.3(a)(1)(iii);

10 D. In connection with telemarketing, initiating or causing others to initiate an outbound  
11 telephone call to a person's telephone number on the National Do Not Call Registry, in violation of  
12 Section 310.4(b)(1)(iii)(B) of the Rule, 16 C.F.R. § 310.4(b)(1)(iii)(B);

13 E. In connection with telemarketing, initiating or causing others to initiate an outbound  
14 telephone call to a telephone number within a given area code without first paying, either directly or  
15 through another person, the required annual fee for access to the telephone numbers within that area  
16 code that are included in the National Do Not Call Registry, in violation of Section 310.8 of the Rule,  
17 16 C.F.R. § 310.8; and

18 F. In connection with telemarketing, initiating or causing others to initiate an outbound  
19 telephone call to any person when that person previously has stated that he or she does not wish to  
20 receive an outbound telephone call made by or on behalf of the seller whose goods or services are  
21 being offered, in violation of Section 310.4(b)(1)(iii)(A), 16 C.F.R. § 310.4(b)(1)(iii)(A);

22 *Provided, however,* that if the Commission promulgates rules that modify or supercede the  
23 Telemarketing Sales Rule, in whole or in part, Defendants shall comply fully and completely with all  
24 applicable requirements thereof, after the effective date of any such rules.

25  
26 **V. PROHIBITIONS OF VIOLATIONS OF STATE LAW**

27 IT IS FURTHER ORDERED that Defendants, in connection with telemarketing, are hereby  
28 permanently restrained and enjoined from violating or assisting others to violate any provision of the

1 Washington CPA and the Washington CTSA, including, but not limited to:

2 A. Misrepresenting, directly or by implication, any material aspect of the performance,  
3 efficacy, nature, or central characteristics of goods or services that are the subject of the sales offer, in  
4 violation of Wash. Rev. Code §§ 19.86.020 and 158.040 (1), including, but not limited to, the  
5 representations set forth in Section I.A - E of this Order;

6 B. Misrepresenting, directly or by implication, a seller's or telemarketer's affiliation with,  
7 or endorsement or sponsorship by, any person or government entity, in violation of Wash. Rev. Code  
8 §§ 19.86.020 and 158.040 (1);

9 C. Failing to disclose truthfully, and in a clear and conspicuous manner, before a customer  
10 pays for goods and services offered, all the material terms and conditions of a refund, cancellation,  
11 exchange, or repurchase policy, if the seller or telemarketer has such a policy and informs the  
12 consumers about such policy, in violation of Wash. Rev. Code §§ 19.86.020, 158.040 (1), and 158.110  
13 (4) and (6);

14 *Provided, however,* that if the Washington CPA or the Washington CTSA is amended, in whole  
15 or in part, Defendants shall comply fully and completely with all applicable requirements thereof, after  
16 the effective date of any such amendment.

## 17 18 VI. DISCLOSURE OF CONSUMER DATA

19 **IT IS FURTHER ORDERED** that Defendants and their officers, agents, servants, and  
20 employees, and all other persons in active concert or participation with them who receive actual notice  
21 of this Order by personal service or otherwise, are permanently restrained and enjoined from selling,  
22 renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card  
23 number, bank account number, e-mail address, or other identifying information of any person who paid  
24 any money to any Defendant to this action, at any time prior to entry of this Order, in connection with  
25 the advertising, marketing, promoting, offering for sale, or sale of any debt negotiation or debt  
26 elimination product, service, or program, directly or indirectly. *Provided, however,* that Defendants  
27 may disclose such identifying information to a law enforcement agency or as required by any law,  
28 regulation, or court order.

**VII. MONETARY JUDGMENT**

**IT IS FURTHER ORDERED** that:

A. Judgment is entered against Defendants jointly and severally in the amount of \$23,255,420.00. Payment of this amount shall be suspended, subject to the conditions set forth in Section VIII of this Order.

B. In the event that a monetary payment under this Section of this Order becomes due, all funds paid to the Commission shall be deposited into a fund administered by the Commission or its agent to be used for equitable relief, including, but not limited to, consumer restitution and any attendant expenses for the administration of such equitable relief. 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 Defendants' practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited in the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section. No portion of any payments or assets assigned under the judgment herein shall be deemed a payment of any fine, penalty, or punitive assessment.

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

D. For the purposes of any subsequent proceedings to enforce payments required by this Section of this Order, including, but not limited to, a non-dischargeability action filed in a bankruptcy proceeding, Defendants waive any right to contest the allegations in the Commission's Complaint.

### VIII. RIGHT TO REOPEN

1  
2 **IT IS FURTHER ORDERED** that, by agreeing to this Order, Defendants reaffirm and attest  
3 to the truthfulness, accuracy, and completeness of all of the financial information they provided to the  
4 Plaintiffs prior to entry of this Order. Plaintiffs' agreement to this Order is expressly premised upon  
5 the truthfulness, accuracy, and completeness of Defendants' financial condition as represented in the  
6 financial information that they provided to the Commission, which contains material information upon  
7 which Plaintiffs relied in negotiating and agreeing to the terms of this Order. If, upon motion by the  
8 Commission, this Court finds that one or more Defendants failed to disclose any material asset, or  
9 materially misrepresented the value of any asset, or made any other material misrepresentation in or  
10 omission from the financial information they provided to Plaintiffs, the Court shall terminate the  
11 suspension of the monetary judgment as to the offending Defendants, and the entire judgment amount  
12 of \$23,255,420.00, less any amount already paid to the Commission, shall be immediately due and  
13 payable by those Defendants jointly and severally; *provided, however*, that in all other respects this  
14 Order shall remain in full force and effect unless otherwise ordered by the Court; and *provided further*,  
15 that proceedings instituted under this Section are in addition to and not in lieu of any other civil or  
16 criminal remedies as may be provided by law, including any other proceedings Plaintiffs may initiate to  
17 enforce this Order. Solely for purposes of this Section, Defendants waive any right to contest any of  
18 the allegations in the Plaintiffs' Complaint.

### IX. MONITORING COMPLIANCE OF SALES PERSONNEL

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20 **IT IS FURTHER ORDERED** that Defendants, in connection with any business where (1) a  
21 Defendant is the majority owner of the business or directly or indirectly manages or controls the  
22 business, and (2) the business is engaged in telemarketing or marketing or assisting others engaged in  
23 the advertising, marketing, promoting, offering for sale, or sale of any debt negotiation or debt  
24 elimination product, service, or program, are hereby permanently restrained and enjoined from:  
25

26 A. Failing to take reasonable steps sufficient to monitor and ensure that all employees and  
27 independent contractors engaged in sales or other customer service functions comply with Sections I  
28 through VI of this Order. Such steps shall include adequate monitoring of sales presentations or other

1 calls with consumers and shall also include, at a minimum, the following: (1) listening to the oral  
2 representations made by persons engaged in sales or other customer service functions; (2) establishing  
3 a procedure for receiving and responding to consumer complaints; and (3) ascertaining the number and  
4 nature of consumer complaints regarding transactions in which each employee or independent  
5 contractor is involved; *provided*, that this Section does not authorize or require Defendants to take any  
6 steps that violate any federal, state, or local laws;

7 B. Failing promptly to investigate fully any consumer complaint received by any business  
8 to which this Section applies; and

9 C. Failing to take corrective action with respect to any sales person who Defendants  
10 determine is not complying with this Order, which may include training, disciplining, and/or  
11 terminating such sales person.

12  
13 **X. DISTRIBUTION OF ORDER BY DEFENDANTS**

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

16 A. **Corporate Defendants:** Defendants Debt Solutions, Inc, DSI Financial, Inc., DSI  
17 Direct, Inc., and Pacific Consolidation Services, Inc., shall deliver a copy of this Order to all of their  
18 principals, officers, directors, and managers. Defendants Debt Solutions, Inc, DSI Financial, Inc., DSI  
19 Direct, Inc., and Pacific Consolidation Services, Inc., also shall deliver a copy of this Order to all of  
20 their employees, agents, and representatives who engage in conduct related to the subject matter of this  
21 Order. For current personnel, delivery shall be within five (5) days of service of this Order upon  
22 Defendants Debt Solutions, Inc, DSI Financial, Inc., DSI Direct, Inc., and Pacific Consolidation  
23 Services, Inc. For new personnel, delivery shall occur prior to them assuming their responsibilities.

24 B. **Individual Defendants Kenneth Schwartz, Jennifer Whalen, David Schwartz, and**  
25 **Greg Moses as Control Persons:** For any business that Kenneth Schwartz, Jennifer Whalen, David  
26 Schwartz, or Greg Moses controls, directly or indirectly, or in which they have a majority ownership  
27 interest, such Defendant shall deliver a copy of this Order to all principals, officers, directors, and  
28 managers of that business. Such Defendant shall also deliver a copy of this Order to all employees,

1 agents, and representatives of that business who engage in conduct related to the subject matter of this  
2 Order. For current personnel, delivery shall be within five (5) days of service of this Order upon  
3 defendant Kenneth Schwartz, Jennifer Whalen, David Schwartz, and Greg Moses. For new personnel,  
4 delivery shall occur prior to them assuming their responsibilities.

5 **C. Kenneth Schwartz, Jennifer Whalen, David Schwartz, or Greg Moses as Employees**  
6 **or Non-Control Persons:** For any business where Kenneth Schwartz, Jennifer Whalen, David  
7 Schwartz, or Greg Moses is not a controlling person of said business but otherwise engages in conduct  
8 related to the subject matter of this Order, such Defendant shall deliver a copy of this Order to all  
9 principals and managers of such business before engaging in such conduct.

10 **D.** Defendants shall secure a signed and dated statement acknowledging receipt of the  
11 Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to  
12 this Section.

#### 13 14 **XI. COMPLIANCE REPORTING BY DEFENDANTS**

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

17 **A.** For a period of three (3) years from the date of entry of this Order,

18 1. Defendants Kenneth Schwartz, Jennifer Whalen, David Schwartz, and Greg  
19 Moses shall notify Plaintiffs of the following:

20 a. Any changes in residence, mailing address, and telephone number of  
21 Kenneth Schwartz, Jennifer Whalen, David Schwartz, or Greg Moses,  
22 within ten (10) days of the date of such change;

23 b. Any changes in employment status (including self-employment) of  
24 Kenneth Schwartz, Jennifer Whalen, David Schwartz, or Greg Moses,  
25 and any change in the ownership of Debt Solutions, Inc, DSI Financial,  
26 Inc., DSI Direct, Inc., or Pacific Consolidation Services, Inc., within ten  
27 (10) days of such change. Such notice shall include the name and address  
28 of each business that Kenneth Schwartz, Jennifer Whalen, David

