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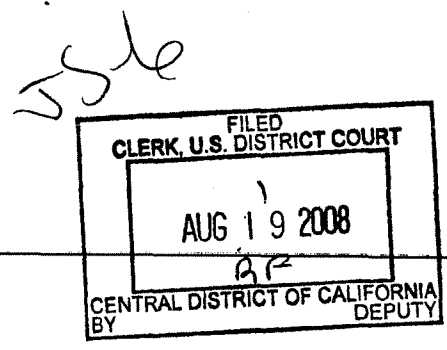
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15 **UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

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17 FEDERAL TRADE COMMISSION,  
18 Plaintiff,  
19 v.  
20 ERIC G. LOUIE, *et al.*,  
21 Defendants.

CV- 06-07619GAF

**STIPULATED  
PERMANENT  
INJUNCTION AND  
FINAL ORDER**  
(~~CONFIDENTIAL~~)

22 Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), has  
23 filed its Complaint pursuant to Section 13(b) of the Federal Trade Commission Act  
24 ("FTC Act"), 15 U.S.C. § 53(b), charging defendants Eric G. Louie and Calvin G.  
25 Louie ("defendants") with violating Section 5 of the FTC Act. Defendants and the  
26 Commission have now agreed to entry of this Stipulated Permanent Injunction and  
27 Final Order ("Order") by this Court in order to resolve all matters in dispute  
28



1 service, the purchase of which is represented to enable the purchaser thereof to  
2 earn money exclusively or primarily by working at home.

3 **I. BAN ON SALE OF WORK-AT-HOME OPPORTUNITIES**

4 **IT IS THEREFORE ORDERED** that defendants are hereby permanently  
5 restrained and enjoined from engaging, participating, or assisting others in any  
6 manner or in any capacity whatsoever, whether directly or indirectly, in concert  
7 with others, or through an intermediary, third party, business entity, or device, in  
8 the marketing, advertising, promotion, offering for sale, or sale of any work-at-  
9 home opportunity.

10 **II. PROHIBITED REPRESENTATIONS**

11 **IT IS FURTHER ORDERED** that defendants, their agents, employees, and  
12 all other persons or entities directly or indirectly under their control, and those  
13 persons in active concert or participation with defendants who receive actual notice  
14 of this Order by personal service or otherwise, whether acting directly or through  
15 any entity, corporation, subsidiary, division, affiliate, or other device, in  
16 connection with the advertising, promotion, offering for sale, or sale of goods or  
17 services in or affecting commerce, are hereby restrained and enjoined from  
18 making, or assisting others in making, any express or implied, oral or written,  
19 statement or representation or omission of material fact that is false or misleading,  
20 or made without possessing and relying upon a reasonable basis, including, but not  
21 limited to, any false, misleading, or unsubstantiated representation:

- 22 A. That consumers are likely to earn a substantial amount of money or  
23 other valuable compensation;
- 24 B. Concerning the amount of earnings, income, sales volume, or profits  
25 that a consumer is likely to achieve;
- 26 C. Concerning the amount of earnings, income, sales volume, or profits  
27 that consumers have achieved in the past;
- 28 D. Concerning the length of time that it may or will take to recoup the

1 purchase price or investment;

2 E. Concerning the nature of any business venture offered or sold; and

3 F. Concerning any material term, condition, or limitation of the

4 transaction or concerning the use of any offered good or service.

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5 **III. MONETARY JUDGMENT**

6 **IT IS FURTHER ORDERED that:**

7 A. Judgment is entered against defendants jointly and severally in the  
8 amount of \$4,900,000.00 (four million nine hundred thousand dollars) as equitable  
9 monetary relief, in favor of the Commission. Judgment shall be suspended upon  
10 payment to the Commission of 1) the funds in the accounts frozen by the  
11 Preliminary Injunction entered by the Court on April 6, 2007; 2) proceeds from the  
12 sale of the 2004 Coupe 2-door Lamborghini Gallardo VIN #  
13 ZHWGU11M94LA01429 ("Lamborghini"); 3) proceeds from the sale of the 2005  
14 Ferrari F430 VIN # ZFREW58A450129 ("Ferrari"); and 4) any refunds that  
15 defendants are owed or receive from taxes paid in 2005 or 2006.

16 B. Upon entry of this Order the funds remaining in the accounts frozen  
17 by the Preliminary Injunction entered by the Court on April 6, 2007, shall be wired  
18 directly to an escrow account maintained by the Commission in accordance with  
19 directions provided by the Commission.

20 C. Defendant Eric G. Louie shall immediately take specific steps, as set  
21 forth below, to sell all interests in the Lamborghini:

22 1. Defendant shall immediately place the Lamborghini for sale  
23 through an appropriate broker or automobile listing service and  
24 continue to list the Lamborghini until September 30, 2008, or until the  
25 Lamborghini is sold pursuant to the steps set forth in this Paragraph;

26 2. Defendant shall notify counsel for the Commission of the  
27 amount of any offer to purchase the Lamborghini immediately upon  
28 receiving each such offer and the name(s) and address(es) of any

1 person(s) or entity(ies) making such offer;

2 3. Defendant shall sell the Lamborghini "as is";

3 4. If, by September 30, 2008, all interests in the Lamborghini have

4 not been sold, defendant shall immediately retain an auction company

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5 and direct it to sell all interests in the Lamborghini at a public auction.

6 If both defendant and the Commission so stipulate, a public auction of

7 the Lamborghini may be set for a time prior to September 30, 2008.

8 With regard to any public auction required pursuant to this Paragraph,

9 the parties shall agree upon: (a) the company that shall auction the

10 Lamborghini, (b) the terms under which the Lamborghini is

11 auctioned, and (c) the best possible date to hold the auction;

12 5. Within seven (7) business days of receipt of the net proceeds

13 from the sale or auction of all interests in the Lamborghini, defendant

14 shall cause to be wired to the Commission the net proceeds from the

15 sale or auction in accordance with instructions provided by the

16 Commission, and defendant shall identify the name(s) and address(es)

17 of the purchaser(s) of the Lamborghini; and

18 6. To secure performance of this Paragraph, defendant Eric G.

19 Louie hereby grants to the Commission a lien on and security interest

20 in the Lamborghini, which terminates upon sale or auction of the

21 Lamborghini.

22 D. Defendant Calvin G. Louie shall immediately take specific steps, as

23 set forth below, to sell all interests in the Ferrari:

24 1. Defendant shall immediately place the Ferrari for sale through

25 an appropriate broker or automobile listing service and continue to list

26 the Ferrari until September 30, 2008, or until the Ferrari is sold

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27 pursuant to the steps set forth in this Paragraph;

28 2. Defendant shall notify counsel for the Commission of the

1 amount of any offer to purchase the Ferrari immediately upon  
2 receiving each such offer and the name(s) and address(es) of any  
3 person(s) or entity(ies) making such offer;

4 3. Defendant shall sell the Ferrari "as is";

5 4. If, by September 30, 2008, all interests in the Ferrari have not  
6 been sold, defendant shall immediately retain an auction company and  
7 direct it to sell all interests in the Ferrari at a public auction. If both  
8 defendant and the Commission so stipulate, a public auction of the  
9 Ferrari may be set for a time prior to September 30, 2008. With  
10 regard to any public auction required pursuant to this Paragraph, the  
11 parties shall agree upon: (a) the company that shall auction the Ferrari,  
12 (b) the terms under which the Ferrari is auctioned, and (c) the best  
13 possible date to hold the auction;

14 5. Within seven (7) business days of receipt of the net proceeds  
15 from the sale or auction of all interests in the Ferrari, defendant shall  
16 cause to be wired to the Commission the net proceeds from the sale or  
17 auction in accordance with instructions provided by the Commission,  
18 and defendant shall identify the name(s) and address(es) of the  
19 purchaser(s) of the Ferrari; and

20 6. To secure performance of this Paragraph, defendant Calvin G.  
21 Louie hereby grants to the Commission a lien on and security interest  
22 in the Ferrari, which terminates upon sale or auction of the Ferrari.

23 E. Defendants shall cooperate fully with the Commission and be  
24 responsible for preparing, executing, and recording the necessary documents and  
25 doing whatever else the Commission deems reasonably necessary to perfect,  
26 evidence, and effectuate its liens and security interests granted herein. No later  
27 than five (5) business days after the date on which the Commission authorizes staff  
28 to sign this Order, defendants shall cause to be prepared, executed, and delivered

1 (at their expense) to the Commission title liens in form and substance satisfactory  
2 to the Commission (the "Security Documents") and take such other steps as the  
3 Commission may reasonably require to perfect, evidence, and effectuate its liens,  
4 security interests, and assignments and to carry out the purposes of this Order. The  
5 Commission shall refrain from recording the Security Documents until after the  
6 Court's entry of this Order. In the event that the Court does not enter this Order,  
7 within five (5) days after receipt of the Court's denial of this Order, the FTC shall  
8 return the Security Documents to defendants.

9 F. To the extent either defendant is owed or receives any refund of  
10 amounts paid for taxes for tax years 2005 and 2006, such refund is hereby assigned  
11 to the Commission without encumbrances, as is the right to pursue any action to  
12 recover any such interests, rights, or claims. Within ten (10) days of receipt of any  
13 such refund by either defendant, that defendant shall: (1) provide a written  
14 statement notifying the Commission of the receipt of the refund and its amount;  
15 and (2) pay or transfer the refund to the Commission in accordance with  
16 instructions provided by the Commission.

17 G. All funds paid pursuant to this Order shall be deposited into a fund  
18 administered by the Commission or its designated agent to be used for equitable  
19 relief, including, but not limited to, consumer restitution and any attendant  
20 expenses for the administration of any restitution fund. Defendants shall cooperate  
21 in identifying and locating consumers entitled to restitution under this Order. In  
22 the event that direct restitution to consumers is wholly or partially impracticable or  
23 funds remain after restitution is completed, the Commission may apply any  
24 remaining funds for such other equitable relief (including consumer information  
25 remedies) as it determines to be reasonably related to the defendants' practices  
26 alleged in the Complaint. Any funds not used for such equitable relief shall be  
27 deposited to the Treasury as disgorgement. Defendants shall be notified as to how  
28 the funds are disbursed but shall have no right to challenge the Commission's

1 | choice of remedies under Section III of this Order.

2 | H. In the event of any default in any payment or transfer to the  
3 | Commission set forth in Section III of this Order that has not been cured within  
4 | thirty (30) days of written notice of the default, the amount of \$4,900,000.00, less  
5 | the sum of any payments made to the Commission pursuant to this Section, shall  
6 | become immediately due and payable by defendants, and interest computed  
7 | pursuant to 28 U.S.C. § 1961, as amended, shall immediately begin to accrue on  
8 | the unpaid balance.

9 | I. The Commission and defendants acknowledge and agree that no  
10 | portion of this judgment for equitable monetary relief shall be deemed a fine,  
11 | penalty, punitive assessment, or forfeiture.

12 | J. Defendants agree that the facts as alleged in the Complaint filed in  
13 | this action shall be taken as true for purposes of any subsequent proceedings to  
14 | enforce the Commission's rights pursuant to this Order, including, but not limited  
15 | to, proceedings on a nondischargeability complaint filed in a bankruptcy  
16 | proceeding.

17 | K. Defendants acknowledge and agree that all money paid pursuant to  
18 | this Order is irrevocably paid to the Commission for purposes of settlement  
19 | between the Commission and defendants.

20 | **IV. RIGHT TO REOPEN**

21 | **IT IS FURTHER ORDERED** that, by agreeing to this Order, defendants  
22 | reaffirm and attest to the truthfulness, accuracy, and completeness of the financial  
23 | statements that defendants prepared and transmitted to the Commission on January  
24 | 11, 2007, which were supplemented by bank statements provided in April 2007  
25 | (hereafter the "Financial Statements"). The Commission's agreement to this Order  
26 | is expressly premised upon the truthfulness, accuracy, and completeness of  
27 | defendants' financial condition as represented in the Financial Statements  
28 | referenced above, which contain material information upon which the Commission

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1 | relied in negotiating and agreeing to the terms of this Order. If, upon motion by  
2 | the Commission, this Court finds that either defendant failed to disclose any  
3 | material asset, or materially misrepresented the value of any asset, or made any  
4 | other material misrepresentation in or omission from the Financial Statements, the  
5 | Court shall enter a judgment against the offending defendant in favor of the  
6 | Commission in the amount of \$4,900,000.00, less any payments already made,  
7 | which amount shall become immediately due, and interest computed pursuant to 28  
8 | U.S.C. § 1961, as amended, shall immediately begin to accrue on the unpaid  
9 | balance. *Provided, however*, that in all other respects, this Order shall remain in  
10 | full force and effect unless otherwise ordered by this Court; and *provided further*  
11 | that proceedings instituted under this Section are in addition to, and not in lieu of,  
12 | any other civil or criminal remedies as may be provided by law, including any  
13 | other proceedings plaintiff may initiate to enforce this Order.

14 | **V. DISSOLUTION OF ASSET FREEZE**

15 | **IT IS FURTHER ORDERED** that, upon entry of this Order, and the wiring  
16 | of the funds as required by Paragraph III. B, and the filing of the liens required by  
17 | Paragraphs III. C. 6, III. D. 6, and III. E. of this Order, the freeze against  
18 | defendants' assets pursuant to the Stipulated Preliminary Injunction entered by the  
19 | Court on April 6, 2007, shall be fully dissolved.

20 | **VI. CUSTOMER LISTS**

21 | **IT IS FURTHER ORDERED** that defendants, their agents, employees, and  
22 | all other persons or entities directly or indirectly under their control, and those  
23 | persons in active concert or participation with defendants who receive actual notice  
24 | of this Order by personal service or otherwise, whether acting directly or through  
25 | any entity, corporation, subsidiary, division, affiliate, or other device, are  
26 | permanently restrained and enjoined from selling, renting, leasing, transferring, or  
27 | otherwise disclosing the name, address, telephone number, credit card number,  
28 | bank account number, e-mail address, social security number, or other identifying



1 information of any person who paid any money to any defendant, at any time prior  
2 to entry of this order, in connection with Fastcashathome.com,  
3 Fastcashathome.homestead.com, Hometypers.com, Dataentrypro.com,  
4 Moneymakingsecret.homestead.com, and Realcashprograms.com. *Provided,*  
5 ~~however,~~ that defendants may disclose such identifying information to a law  
6 enforcement agency, the Internal Revenue Service, or as required by any law,  
7 regulation, or court order.

8 **VII. RECORD KEEPING**

9 **IT IS FURTHER ORDERED** that, for a period of six (6) years from the  
10 date of entry of this Order, each defendant, and any business where either  
11 defendant is the majority owner of the business or directly or indirectly controls the  
12 business, and their agents, employees, officers, corporations, successors, and  
13 assigns, and those persons in active concert or participation with them who receive  
14 actual notice of this Order by personal service or otherwise are hereby restrained  
15 and enjoined from failing to create and retain the following records:

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

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

23 C. Customer files containing the names, addresses, phone numbers,  
24 dollar amounts paid, quantity of items or services purchased, and description of  
25 items or services purchased, to the extent such information is obtained in the  
26 ordinary course of business.

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

1 E. Copies of all sales scripts, training materials, advertisements, or other  
2 marketing materials, including Web pages.

3 F. All records and documents necessary to demonstrate full compliance  
4 with each provision of this Order, including but not limited to, copies of  
5 acknowledgments of receipt of this Order, required by Paragraph X, and all reports  
6 submitted to the Commission pursuant to Paragraph VIII.

7 **VIII. COMPLIANCE REPORTING BY DEFENDANTS**

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

10 A. For a period of three (3) years from the date of entry of this Order  
11 each defendant shall notify the Commission of the following:

- 12 1. Any change in residence address, mailing addresses, or  
13 telephone numbers of the defendant, within ten (10) days of the  
14 date of such change;
- 15 2. Any change in employment status (including self-employment),  
16 and any change in his ownership in any business entity, within  
17 ten (10) days of the date of such change. Such notice shall  
18 include the name and address of each business that he is  
19 affiliated with, employed by, creates or forms, or performs  
20 services for; a statement of the nature of the business; and a  
21 statement of his duties and responsibilities in connection with  
22 the business or employment; and
- 23 3. Any changes in his name or use of any aliases or fictitious  
24 names.
- 25 4. Any changes in the structure of any business entity or  
26 corporation either defendant directly or indirectly controls, or  
27 has an ownership interest in, that may affect compliance  
28 obligations arising under this Order, including but not limited to

1 a dissolution, assignment, sale, merger, or other action that  
2 would result in the emergence of a successor entity; the creation  
3 or dissolution of a subsidiary, parent, or affiliate that engages in  
4 acts or practices subject to this Order; the filing of a bankruptcy  
5 petition; or a change in the business entities' name or address,  
6 at least thirty (30) days prior to such change, *provided that*,  
7 with respect to any proposed change in the business entity  
8 about which defendants learn less than thirty (30) days prior to  
9 the date such action is to take place, defendants shall notify the  
10 Commission as soon as is practicable after obtaining such  
11 knowledge;

12 B. One hundred eighty (180) days after the date of entry of this Order,  
13 each defendant shall provide a written report to the Commission, sworn to under  
14 penalty of perjury, setting forth in detail the manner and form in which he has  
15 complied and is complying with this Order. This report shall include, but not be  
16 limited to:

- 17 1. His then-current residence address, mailing addresses, and  
18 telephone numbers;
- 19 2. His then-current employment and business addresses and  
20 telephone numbers, a description of the business activities of each  
21 such employer or business, and his title and responsibilities for each  
22 such employer or business;
- 23 3. Any other changes required to be reported under Paragraph A  
24 of this Section; and
- 25 4. A copy of each acknowledgment of receipt of this Order,  
26 obtained pursuant to Section X.

27 C. For the purposes of this Order, defendants shall, unless otherwise  
28 directed by the Commission's authorized representatives, mail all written

1 | notifications to the Commission to:

2 | Associate Director, Division of Enforcement  
3 | Federal Trade Commission, Room NJ-2122  
4 | Washington, D.C. 20580  
5 | Re: FTC v. Eric G. Louie, et al., Civ. No. 06-07619GAF

6 | ~~D. For purposes of the compliance reporting required by this Section, the~~  
7 | Commission is authorized to communicate directly with defendants.

8 | **IX. COMPLIANCE MONITORING**

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

11 | A. Within ten (10) days of receipt of written notice from a representative  
12 | of the Commission, each defendant shall submit additional written reports, sworn  
13 | to under penalty of perjury; produce documents for inspection and copying; appear  
14 | for deposition; and/or provide entry during normal business hours to any business  
15 | location in such defendant's possession or direct or indirect control to inspect the  
16 | business operation, *provided* that defendants, after attempting to resolve a dispute  
17 | without court action and for good cause shown, may file a motion with this Court  
18 | seeking an order including one or more of the protections set forth in Fed. R. Civ.  
19 | P. 26(c).

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

- 22 | 1. Obtaining discovery from any person, without further leave of  
23 | court, using the procedures prescribed by Fed. R. Civ. P. 30, 31,  
24 | 33, 34, 36, and 45; and  
25 | 2. Posing as customers and suppliers to defendants, defendants'  
26 | employees, or any other entity managed or controlled in whole  
27 | or in part by defendants without the necessity of identification  
28 | or prior notice.

C. Defendants shall permit representatives of the Commission to

1 interview any employer, consultant, independent contractor, representative, agent,  
2 or employee who has agreed to such an interview, relating in any way to any  
3 conduct subject to this Order. The person interviewed may have counsel present.

4 *Provided* that nothing in this Order shall limit the Commission's lawful use  
5 of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C.  
6 §§ 49 and 57b-1, to obtain any documentary material, tangible things, testimony,  
7 or information relevant to unfair or deceptive acts or practices in or affecting  
8 commerce within the meaning of 15 U.S.C. § 45(a)(1).

9 **X. DISTRIBUTION OF ORDER BY DEFENDANTS**

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

13 A. Eric G. Louie or Calvin G. Louie, as control persons: For any business  
14 that either defendant controls, directly or indirectly, or in which he has a majority  
15 ownership interest, that defendant must deliver a copy of this Order to all  
16 principals, officers, directors, and managers of that business. The defendant must  
17 also deliver copies of this Order to all employees, agents, and representatives of  
18 that business who engage in conduct related to the subject matter of this Order.  
19 For current personnel, delivery shall be within five (5) days of service of this Order  
20 upon defendant. For new personnel, delivery shall occur prior to them assuming  
21 their responsibilities.

22 B. Eric G. Louie or Calvin G. Louie, as employees or non-control  
23 persons: For any business in which either defendant is not a controlling person but  
24 otherwise engages in conduct related to the subject matter of this Order, that  
25 defendant must deliver a copy of this Order to all principals and managers of such  
26 business before engaging in such conduct.

27 C. Defendants must secure a signed and dated statement acknowledging  
28 receipt of the Order, within thirty days of delivery, from all persons receiving a

1 | copy of the Order pursuant to this Section.

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**XI. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

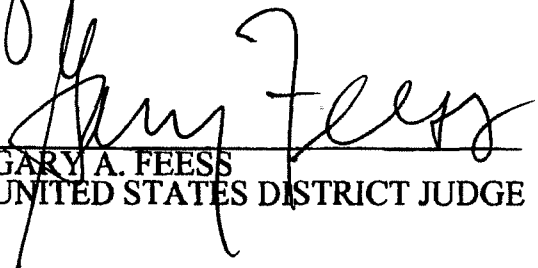
**IT IS FURTHER ORDERED** that each defendant, within five (5) business days of receipt of this Order as entered by the Court, must submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

**XII. 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 ORDERED.**

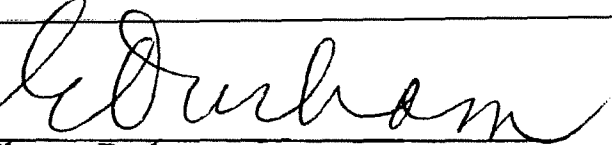
DATED this 19<sup>th</sup> day of August, 2008.

  
GARY A. FEESS  
UNITED STATES DISTRICT JUDGE

1 FOR PLAINTIFF:

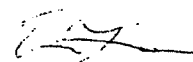
2 WILLIAM BLUMENTHAL  
General Counsel

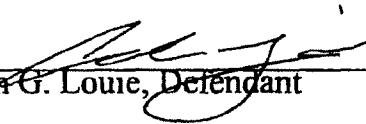
3 CHARLES A. HARWOOD  
4 Regional Director

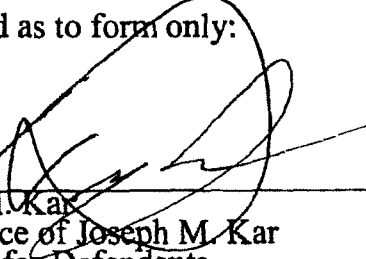
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13 FOR DEFENDANTS:

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15   
16 Eric G. Louie, Defendant

17  
18   
19 Calvin G. Louie, Defendant

20 Approved as to form only:  
21  
22   
23 By: \_\_\_\_\_  
24 Joseph M. Kar  
Law Office of Joseph M. Kar  
Attorney for Defendants  
25 15250 Ventura Blvd., Suite 1220  
Sherman Oaks, CA 91403  
26

27  
28