

1 WILLARD K. TOM
General Counsel
2 ROBERT J. SCHROEDER,
Regional Director
3 JENNIFER LARABEE (CA Bar #163989)
NADINE S. SAMTER (WA Bar # 23881)
4 Federal Trade Commission
915 Second Ave., Suite 2896
5 Seattle, WA 98174
(206) 220-6350 (206) 220-6366 (fax)
6 jlarabee@ftc.gov, nsamter@ftc.gov

JS - 6

7 JOHN D. JACOBS (CA Bar #134154)
Federal Trade Commission
8 10877 Wilshire Boulevard, Suite 700
Los Angeles, CA 90024
9 (310) 824-4360 (voice)
(310) 824-4380 (fax)
10 jjacobs@ftc.gov

11 ATTORNEYS FOR PLAINTIFF

12
13 **UNITED STATES DISTRICT COURT**
14 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
15 **WESTERN DIVISION**

16 FEDERAL TRADE COMMISSION,
17 Plaintiff,
18 v.
19 SUCCESSFUL CREDIT SERVICE
CORPORATION, a California corporation dba
20 SUCCESS CREDIT SERVICES and TRACY
BALLARD aka TRACY BALLARD-
21 STRAUGHN, individually and as an officer
and/or director of Successful Credit Service,
22 Defendants.
23

CV08-6829 ODW (SHx)

**FINAL JUDGMENT AND
FINAL ORDER FOR
PERMANENT
INJUNCTION AGAINST
ALL DEFENDANTS**

No Hearing Date Requested

24 **BACKGROUND**

25 On October 16, 2008, Plaintiff Federal Trade Commission (“FTC” or
26 “Commission”), filed a Complaint for Injunctive and Other Equitable Relief
27 pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC
28

1 Act”), 15 U.S.C. §§ 53(b) and 57b, and Section 410(b) of the Credit Repair
2 Organizations Act, 15 U.S.C. § 1679h(b), to obtain temporary, preliminary, and
3 permanent injunctive relief, rescission of contracts and restitution, disgorgement
4 of ill-gotten gains, and other equitable relief against Defendants Tracy Ballard aka
5 Tracy Ballard-Straughn (“Ballard”) and Successful Credit Services dba Success
6 Credit Services (“Success”)(collectively referred to as “Defendants”) for engaging
7 in deceptive acts or practices in connection with the advertising, marketing,
8 promotion, offering for sale, or sale of credit repair services in violation of Section
9 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of multiple sections of the
10 Credit Repair Organizations Act, 15 U.S.C. §§ 1679-1679j. On October 17, 2008,
11 the Court issued the *ex parte* temporary restraining order and issued an order to
12 show cause why a preliminary injunction ought not be granted. Subsequently the
13 parties entered into a Stipulated Preliminary Injunction, which was entered by this
14 Court on October 31, 2008. That Preliminary Injunction remains in full force and
15 effect.

16 Now Plaintiff Commission and Defendants, by and through their attorneys,
17 have agreed to entry of this Stipulated Final Judgment and Final Order for
18 Permanent Injunction Against all Defendants ("Order") without adjudication of
19 any issue of fact or law in order to resolve all claims against Defendants in this
20 action. The parties further agree that entry of this Order in the docket by the
21 Court will constitute notice to the Defendants of the terms and conditions of the
22 Order.

23 Plaintiff and Defendants having requested the Court to enter this Order, the
24 Court hereby finds and orders as follows:

25 **FINDINGS OF FACT**

26
27 1. This Court has jurisdiction over the subject matter of this case and
28 personal jurisdiction over Defendants.

1 2. Defendants were properly served with the Complaint and Summons
2 in this matter.

3 3. The Complaint states a claim upon which relief may be granted
4 against Defendants under Sections 5, 13(b), and 19 of the FTC Act, 15 U.S.C.
5 §§ 45, 53(b), and 57b, and Section 410(b) of the Credit Repair Organizations Act,
6 15 U.S.C. § 1679h(b).

7 4. Defendants are a “credit repair organization,” as that term is defined
8 in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C. § 1679a(3).

9 5. Venue in this district is proper under 28 U.S.C. § 1391(b) and 15
10 U.S.C. § 53(b).

11 6. The activities of Defendants are “in or affecting commerce” as
12 “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

13 7. Defendant BALLARD consented to the entry of the PI against her
14 and against Defendant SUCCESS and was properly served with the PI in this
15 matter.

16 8. In their Answer to the Complaint, Defendants admit that they charged
17 or received money or other valuable consideration for the performance of credit
18 repair services that they had agreed to perform before the services were fully
19 performed, in violation of Section 404(b) of the Credit Repair Organizations Act,
20 15 U.S.C. § 1679b(b).

21 9. Defendants have read and fully understand the Complaint against
22 them and the provisions of this Order, and they enter into this Order freely and
23 without coercion, and acknowledge that they understand the provisions of this
24 Order and are prepared to abide by its terms.

25 10. Defendants waive all rights to seek judicial review or otherwise
26 challenge or contest the validity of this Order.

27 11. Defendants waive any claim that they may hold against the
28 Commission, its employees, representatives or agents.

1 12. Defendants waive any claim that they may hold under the Equal
2 Access to Justice Act, 28 U.S.C. § 2412, *as amended by* Pub. L. 104-121, 110
3 Stat. 847, 863-64 (1996) concerning the prosecution of this action to the date of
4 this Order, and any rights to attorneys' fees that may arise under said provision of
5 law.

6 13. All parties shall bear their own costs and attorneys' fees.

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

9 15. This Order is in addition to, and not in lieu of, any other civil or
10 criminal remedies that may be provided by law.

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

12

13

DEFINITIONS

14

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

15

16

17

18

19

20

21

A. **“Assets”** means any legal or equitable interest in, right to, or claim to, any real and personal property, including, but not limited, to “goods,” “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” “notes” (as these terms are defined in the Uniform Commercial Code), and all chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and cash, wherever located.

22

23

24

25

26

27

B. **“Assisting others”** includes, but is not limited to: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any marketing material; (3) providing names of, or assisting in the generation of, potential customers; or (4) performing marketing or billing services of any kind.

28

C. **“Consumer information”** means any record about an individual,

1 whether in paper, electronic, or other form, that is a consumer report or is derived
2 from a consumer report. Consumer information also means a compilation of such
3 records.

4 D. **“Credit repair organization”** shall have the meaning ascribed to
5 that term in Section 403(3) of the Credit Repair Organizations Act, 15 U.S.C.
6 § 1679a(3). A complete copy of the Credit Repair Organizations Act, 15 U.S.C.
7 § 1679-1679j, is attached as Attachment A.

8 E. **“Credit repair service”** means any service, in return for payment of
9 money or other valuable consideration, for the express or implied purpose of: (1)
10 improving any consumer’s credit record, credit history, or credit rating; or (2)
11 providing advice or assistance to any consumer with regard to any activity or
12 service the purpose of which is to improve a consumer’s credit record, credit
13 history, or credit rating.

14 F. **“Customer”** means any person who has paid, or may be required to
15 pay, for goods or services offered for sale or sold by the Defendants.

16 G. **“Individual Defendant”** means TRACY BALLARD aka TRACY
17 BALLARD-STRAUGHN.

18 H. **“Corporate Defendant”** means SUCCESSFUL CREDIT
19 SERVICES, INC., dba SUCCESS CREDIT SERVICES and its successors and
20 assigns.

21 I. **“Defendants”** means the Individual Defendant and the Corporate
22 Defendant, individually, collectively, or in any combination.

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

1 the term.

2 K. **“Person”** means a natural person, an organization or other legal
3 entity, including a corporation, partnership, sole proprietorship, limited liability
4 company, association, cooperative, or any other group or combination acting as an
5 entity.

6 L. **“Plaintiff”** means the Federal Trade Commission.

7

8

ORDER

9

I.

10

PROHIBITED BUSINESS ACTIVITIES

11

PURSUANT TO THE FEDERAL TRADE COMMISSION ACT

12

IT IS HEREBY ORDERED that, in connection with the advertising,
13 marketing, promotion, offering for sale, or sale of any good or service, including,
14 but not limited to, any credit repair service, Defendants, and their officers, agents,
15 servants, employees, attorneys, and those persons in active concert or participation
16 with any of them who receive actual notice of this Order by personal service or
17 otherwise, whether acting directly or through any entity, corporation, subsidiary,
18 division, affiliate or other device, are hereby permanently restrained and enjoined
19 from misrepresenting, or assisting others in misrepresenting, either orally or in
20 writing, expressly or by implication, any material fact, including, but not limited
21 to:

22

A. That Defendants can improve substantially consumers’ credit reports
23 or profiles by permanently removing negative information from
24 consumers’ credit reports, even where such information is accurate
25 and not obsolete;

26

B. Their ability to otherwise improve or otherwise affect a consumer’s
27 credit report or profile or ability to obtain credit;

28

C. The total cost to purchase, receive, or use the goods or services;

- 1 D. Any material restrictions, limitations, or conditions to purchase,
2 receive, or use the goods or services;
- 3 E. Any material aspect of the nature or terms of a refund, cancellation,
4 exchange, or repurchase policy for the goods or services; or
- 5 F. Any other material aspect of the performance, efficacy, nature, or
6 central characteristics of the goods or services.

7
8 **II.**

9 **PROHIBITED BUSINESS ACTIVITIES**

10 **PURSUANT TO THE CREDIT REPAIR ORGANIZATIONS ACT**

11 **IT IS FURTHER ORDERED** that, in connection with the advertising,
12 marketing, promotion, offering for sale, or sale of any credit repair service to
13 consumers, Defendants, and their officers, agents, servants, employees, attorneys,
14 and those persons in active concert or participation with any of them who receive
15 actual notice of this Order by personal service or otherwise, whether acting
16 directly or through any entity, corporation, subsidiary, division, affiliate or other
17 device, are hereby permanently restrained and enjoined from violating, or
18 assisting others in violating, the Credit Repair Organizations Act, 15 U.S.C. §§
19 1679-1679j, including, but not limited to:

- 20 A. By making or using untrue or misleading representations to induce
21 consumers to purchase their services, including, but not limited to,
22 misrepresenting that a credit repair organization can improve
23 substantially consumers' credit reports or profiles by permanently
24 removing negative information from consumers' credit reports, even
25 where such information is accurate and not obsolete, in violation of
26 Section 404(a)(3), 15 U.S.C. § 1679b(a)(3); or
- 27 B. By charging or receiving money or other valuable consideration for
28 the performance of any credit repair services, before such service was

1 fully performed, in violation of Section 404(b), 15 U.S.C. §1679b(b).

2
3 **III.**

4 **PROHIBITION ON COLLECTING ACCOUNTS**

5 **AND NOTICE TO CONSUMERS**

6 **IT IS FURTHER ORDERED** that:

7 A. Defendants, and their officers, agents, servants, employees, attorneys,
8 and those persons in active concert or participation with any of them
9 who receive actual notice of this Order by personal service or
10 otherwise, whether acting directly or through any entity, corporation,
11 subsidiary, division, affiliate or other device, are hereby permanently
12 restrained and enjoined from attempting to collect, collecting, selling,
13 or assigning, or otherwise transferring any right to collect payment
14 for any credit repair service from any consumer who purchased or
15 agreed to purchase such credit repair service from any Defendant
16 prior to the entry of the October 16, 2008, Temporary Restraining
17 Order with Asset Freeze, Order Permitting Expedited Discovery, and
18 Order to Show Cause Why a Preliminary Injunction Should Not
19 Issue;

20 B. Within twenty (20) days of entry of this Order, Defendants shall mail
21 via first-class, postage pre-paid, notices in the form of Attachment B
22 to all consumers actively enrolled in Defendants' credit repair
23 business as of October 16, 2008. No information other than that
24 contained in Attachment B shall be included in, added to or omitted
25 from the notice required by this Section III, nor shall any other
26 materials be transmitted therewith. Defendants shall notify the
27 Commission of their compliance with this section within five (5)
28 days of completion of the mailing by sending a sworn statement to

1 counsel of record affirming that they have completed the mailing and
2 including a list, including addresses, of all persons to whom notice
3 was sent.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IV.

DIRECTION REGARDING CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendants, and their officers, agents, servants, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Order by personal service or otherwise, are permanently restrained and enjoined from:

- A. disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer’s account (including a credit card, bank account, or other financial account), of any person which any Defendant obtained prior to entry of this Order in connection with the operation of Defendants’ credit repair service; and
- B. failing to dispose of such customer information in all forms in their possession, custody, or control within thirty (30) days after entry of this Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed.

Provided, however, that customer information need not be disposed of, and may be disclosed, to the extent requested by a government agency or required by a law, regulation, or court order.

V.

SUSPENDED MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

- A. Judgment, in the form of equitable monetary relief, is hereby entered against Defendants, jointly and severally, in the amount of \$8,325,493.00 (EIGHT MILLION THREE HUNDRED TWENTY-FIVE THOUSAND FOUR HUNDRED AND NINETY THREE DOLLARS); *provided, however*, that this judgment shall be suspended subject to the conditions set forth in Section VI of this Order.
- B. All funds paid pursuant to this Order 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 redress, and any attendant expenses for the administration of such equitable relief fund. Defendants shall cooperate fully to assist the Commission in identifying consumers who may be entitled to redress pursuant to this Order. If the Commission determines, in its sole discretion, that 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 education 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 to the United States Treasury as disgorgement. Defendants shall have no right to challenge the Commission's choice of remedies under this Section, and shall have no right to contest the manner of distribution chosen by the Commission. This judgment for equitable monetary relief is solely remedial in nature and is not a fine, penalty, punitive

- 1 assessment, or forfeiture;
- 2 C. In the event of any default on Defendants' obligation to make
- 3 payment under this Section, interest, computed pursuant to 28 U.S.C.
- 4 § 1961, as amended, shall accrue from the date of default to the date
- 5 of payment, and shall immediately become due and payable;
- 6 D. Defendants relinquish all dominion, control, and title to the funds
- 7 paid to the fullest extent permitted by law. Defendants shall make no
- 8 claim to or demand return of the funds, directly or indirectly, through
- 9 counsel or otherwise;
- 10 E. Defendants agree that the facts as alleged in the Complaint filed in
- 11 this action shall be taken as true without further proof in any
- 12 bankruptcy case or subsequent civil litigation pursued by the
- 13 Commission to enforce its rights to any payment or money judgment
- 14 pursuant to this Order, including, but not limited to, a
- 15 nondischargeability complaint in any bankruptcy case. Defendants
- 16 further stipulate and agree that the facts alleged in the Complaint
- 17 establish all elements necessary to sustain an action pursuant to, and
- 18 that this Order shall have collateral estoppel effect for purposes of,
- 19 Section 523(a)(2)(A) of the Bankruptcy Code,
- 20 11 U.S.C. § 523(a)(2)(A);
- 21 F. In accordance with 31 U.S.C. § 7701, Defendants are hereby
- 22 required, unless they already have done so, to furnish to the
- 23 Commission with taxpayer identifying numbers (social security
- 24 numbers or employer identification numbers), which shall be used for
- 25 purposes of collecting and reporting on any delinquent amount
- 26 arising out of their relationship with the government. Defendant
- 27 BALLARD is further required, unless she already has done so, to
- 28 provide the Commission with clear, legible and full-size photocopies

1 of all valid driver's licenses that she possesses, which will be used for
2 reporting and compliance purposes; and

3 G. Proceedings instituted under this Section are in addition to, and not in
4 lieu of, any other civil or criminal remedies that may be provided by
5 law, including any other proceedings the Commission may initiate to
6 enforce this Order.

7
8 **VI.**

9 **RIGHT TO REOPEN**

10 **IT IS FURTHER ORDERED** that:

11 A. Within five (5) business days after the date of entry of this Order by
12 the Court, each Defendant shall submit to the Commission a truthful
13 sworn statement (in the form shown on **Attachment C** of this Order),
14 that shall reaffirm and attest to the truthfulness, accuracy, and
15 completeness of the financial statements signed by Defendant
16 BALLARD, both for herself and on behalf of Corporate Defendant
17 SUCCESS (collectively "Financial Statements"), as well as the
18 supporting documentation and the documents produced to the
19 Commission in response to the Commission's Request for
20 Production. The Commission's agreement to, and the Court's
21 approval of, this Order, including but not limited to the suspension of
22 the monetary judgment against Defendants, is expressly premised
23 upon the truthfulness, accuracy, and completeness of Defendants'
24 financial condition, as represented in the financial statements dated
25 October 21, 2008, including all attachments and supplemental
26 materials, copies of tax returns for both Defendants, Defendant
27 BALLARD's testimony during her asset deposition and in the
28 documents and financial records produced to the Commission in

1 response to the Commission's Request for Production of Documents,
2 all of which the Commission relied upon in negotiating and agreeing
3 to the terms of this Order.

4 B. If, upon motion by the Commission to the Court, the Court finds that
5 any Defendant, in any of the above-referenced materials, failed to
6 disclose any asset, materially misrepresented the value of any asset,
7 or made any other material misrepresentation or omission, monetary
8 judgment will be entered against such Defendant in favor of the FTC,
9 in the amount of \$8,325,493.00 (EIGHT MILLION THREE
10 HUNDRED TWENTY-FIVE THOUSAND FOUR HUNDRED
11 AND NINETY THREE DOLLARS), all of which will become
12 immediately due and payable, less any payments already made.

13 *Provided, however,* that in all other respects, this Order shall remain in full
14 force and effect, unless otherwise ordered by the Court;

15 C. Notwithstanding any other provision of this Order, Defendants agree
16 that in any subsequent proceedings to enforce payment, including but
17 not limited to a non-dischargeability complaint filed in a bankruptcy
18 proceeding, each Defendant waives any right to contest any of the
19 allegations set forth in the Complaint filed in this matter or the
20 \$8,325,493.00 (EIGHT MILLION THREE HUNDRED TWENTY-
21 FIVE THOUSAND FOUR HUNDRED AND NINETY THREE
22 DOLLARS) judgment referenced above; and

23 D. Proceedings instituted under this Section are in addition to, and not in
24 lieu of, any other civil or criminal remedies that may be provided by
25 law, including any other proceedings the Commission may initiate to
26 enforce this Order.

27 //
28 //

VII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of (i) monitoring and investigating compliance with any provision of this Order, and (ii) investigating the accuracy of any Defendants' financial statements upon which the Commission's agreement to this Order is expressly premised:

- A. Within five (5) business days of receipt of written notice from a representative of the Commission, Defendants each shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in each Defendant's possession or direct or indirect control to inspect the business operation;
- B. The Commission is authorized to use all other lawful means, including but not limited to:
 - 1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45, and 69;
 - 2. posing as consumers and suppliers to Defendants, their employees, or any other entity managed or controlled in whole or in part by any Defendant, without the necessity of identification or prior notice; and
- C. Defendants each shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

2. Defendants shall notify the Commission of any changes in structure of any Corporate Defendant or any business entity that any Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change, ***provided that***, with respect to any proposed change in the business entity about which a Defendant learns less than thirty (30) days prior to the date such action is to take place, such Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order, and annually thereafter for a period of four (4) years, Defendants each shall provide a written report to the Commission, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

1. For the Individual Defendant:
 - a. Defendant's then-current residence address, mailing addresses, and telephone numbers;
 - b. Defendant's then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that Defendant is

1 affiliated with, employed by, or performs services for; a
2 detailed description of the nature of the business; and a
3 detailed description of Defendant's duties and
4 responsibilities in connection with the business or
5 employment; and

6 c. any other changes required to be reported under
7 Subsection A of this Section.

8 2. For all Defendants:

9 a. a copy of each acknowledgment of receipt of this Order,
10 obtained pursuant to Section X titled "Distribution of
11 Order;"

12 b. any other changes required to be reported under
13 Subsection A of this Section;

14 C. Each Defendant shall notify the Commission of the filing of a
15 bankruptcy petition by such Defendant within fifteen (15) days of
16 filing.

17 D. For the purposes of this Order, Defendants shall, unless otherwise
18 directed by the Commission's authorized representatives, send by
19 overnight courier all reports and notifications required by this Order
20 to the Commission to the following address:

21 Associate Director for Enforcement
22 Federal Trade Commission
23 600 Pennsylvania Avenue, N.W., Room NJ-2122
24 Washington, D.C. 20580
RE: *FTC v. Successful Credit Services et al*
CV08-6829 ODW

25 **Provided** that, in lieu of overnight courier, Defendants may send such
26 reports or notifications by first-class mail, but only if Defendants
27 contemporaneously send an electronic version of such report or notification to the
28 Commission at: DEBrief@ftc.gov .

1 E. For purposes of the compliance reporting and monitoring required by
2 this Order, the Commission is authorized to communicate directly
3 with each Defendant.

4
5 **IX.**

6 **RECORD KEEPING PROVISIONS**

7 **IT IS FURTHER ORDERED** that, for a period of seven (7) years from
8 the date of entry of this Order, Defendants, and any business in which an
9 Individual Defendant is the majority owner of the business or directly or indirectly
10 manages or controls the business, and their agents, employees, officers,
11 corporations, and those persons in active concert or participation with them who
12 receive actual notice of this Order by personal service or otherwise, are hereby
13 restrained and enjoined from failing to create and retain the following records:

- 14 A. Accounting records that reflect the cost of goods or services sold,
15 revenues generated, and the disbursement of such revenues;
- 16 B. Personnel records accurately reflecting: the name, address, and
17 telephone number of each person employed in any capacity by such
18 business, including as an independent contractor; that person's job
19 title or position; the date upon which the person commenced work;
20 and the date and reason for the person's termination, if applicable;
- 21 C. Customer files containing the names, addresses, phone numbers,
22 dollar amounts paid, quantity of items or services purchased, and
23 description of items or services purchased, to the extent such
24 information is obtained in the ordinary course of business;
- 25 D. Complaints and refund requests (whether received directly,
26 indirectly, or through any third party) and any responses to those
27 complaints or requests;
- 28 E. Copies of all sales scripts, training materials, advertisements, direct

1 mail solicitations, contracts sent to consumers, or other marketing
2 materials; and

3 F. All records and documents necessary to demonstrate full compliance
4 with each provision of this Order, including but not limited to, copies
5 of acknowledgments of receipt of this Order required by the Sections
6 titled "Distribution of Order" and "Acknowledgment of Receipt of
7 Order" and all reports submitted to the FTC pursuant to the Section
8 titled "Compliance Reporting."
9

10 **X.**

11 **DISTRIBUTION OF ORDER**

12 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the
13 date of entry of this Order, Defendants must deliver copies of this Order,
14 including Attachments A and B, as directed below:

15 A. Corporate Defendant: Each Corporate Defendant must deliver a copy
16 of this Order to (1) all of its principals, officers, directors, and
17 managers; (2) all of its employees, agents, and representatives who
18 engage in conduct related to the subject matter of the Order; and (3)
19 any business entity resulting from any change in structure set forth in
20 Subsection A.2 of the Section titled "Compliance Reporting." For
21 current personnel, delivery shall be within five (5) days of service of
22 this Order upon such Defendant. For new personnel, delivery shall
23 occur prior to them assuming their responsibilities. For any business
24 entity resulting from any change in structure set forth in Subsection
25 A.2 of the Section titled "Compliance Reporting" delivery shall be at
26 least ten (10) days prior to the change in structure.

27 B. Individual Defendant as control person: For any business that an
28 Individual Defendant controls, directly or indirectly, or in which such

1 Defendant has a majority ownership interest, such Defendant must
2 deliver a copy of this Order to (1) all principals, officers, directors,
3 and managers of that business; (2) all employees, agents, and
4 representatives of that business who engage in conduct related to the
5 subject matter of the Order; and (3) any business entity resulting from
6 any change in structure set forth in Subsection A.2 of the Section
7 titled "Compliance Reporting." For current personnel, delivery shall
8 be within five (5) days of service of this Order upon such Defendant.
9 For new personnel, delivery shall occur prior to them assuming their
10 responsibilities. For any business entity resulting from any change in
11 structure set forth in Subsection A.2 of the Section titled
12 "Compliance Reporting," delivery shall be at least ten (10) days prior
13 to the change in structure.

14 C. Individual Defendant as employee or non-control person: For any
15 business where an Individual Defendant is not a controlling person of
16 a business but otherwise engages in conduct related to the subject
17 matter of this Order, such Defendant must deliver a copy of this
18 Order to all principals and managers of such business before
19 engaging in such conduct.

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

23
24 **XI.**

25 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

XII.

DISSOLUTION OF ASSET FREEZE

IT IS FURTHER ORDERED that the freeze on the Assets of Defendants, imposed by the Stipulated Preliminary Injunction, shall immediately be lifted. A financial institution shall be entitled to rely upon a letter from Plaintiff stating that the freeze on the Assets of Defendants has been lifted.

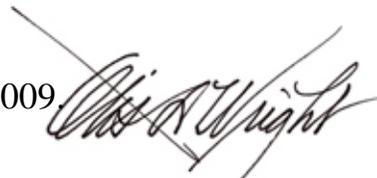
XIII.

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.

IT IS SO ORDERED.

DATED this 17th day of September, 2009.



**THE HONORABLE OTIS D. WRIGHT
UNITED STATES DISTRICT JUDGE**