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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

ADVANCED MANAGEMENT
SERVICES NW LLC, also d.b.a. AMS
Financial, Rapid Reduction Systems, and
Client Services Group, a Washington
limited liability company;

PDM INTERNATIONAL, INC., also d.b.a.
Priority Direct Marketing International,
Inc., a Delaware corporation;

RAPID REDUCTION SYSTEM’S, LLC, a
Delaware limited liability company;

Ryan David Bishop;

Michael L. Rohlf; and

William D. Fithian,

Defendants.

Civil No. CV-10-0148-LRS

STIPULATED FINAL
JUDGMENT AND ORDER
FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF AS TO
ADVANCED MANAGEMENT
SERVICES NW LLC; RAPID
REDUCTION SYSTEM’S,
LLC; RYAN DAVID BISHOP;
AND MICHAEL L. ROHLF

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1 On May 10, 2010, Plaintiff, the Federal Trade Commission (“FTC” or
 2 “Commission”), filed its Complaint to secure temporary, preliminary, and
 3 permanent injunctive and other equitable relief pursuant to Sections 13(b) and 19
 4 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b,
 5 and the Telemarketing and Consumer Fraud and Abuse Prevention Act
 6 (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, for Defendants’ acts or practices
 7 in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and the FTC’s
 8 Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, in connection with the
 9 marketing and sale of credit card interest rate reduction products and services. The
 10 same day, the Court entered a Temporary Restraining Order (“TRO”), which
 11 appointed Receivers for the Corporate Defendants and enjoined Defendants from,
 12 among other things, misrepresenting their products and services, violating the TSR,
 13 and disposing of their assets. The TRO was extended until June 25, 2010, by
 14 stipulation of all parties, and on June 11, 2010, a Stipulated Preliminary Injunction
 15 was entered as to all parties.

16 Plaintiff FTC and Defendants Advanced Management Services NW LLC;
 17 Rapid Reduction System’s, LLC; Ryan David Bishop; and Michael L. Rohlf
 18 (“Stipulating Defendants”) have agreed to entry of this Stipulated Final Judgment
 19 and Order for Permanent Injunction (“Order”).

20 **NOW, THEREFORE**, Plaintiff Federal Trade Commission and Stipulating
 21 Defendants having requested the Court to enter this Order,

22 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

23 **FINDINGS**

- 24 1. This Court has jurisdiction over the subject matter and the parties.
 25 2. Venue is proper in the Eastern District of Washington.
 26 3. The activities of Defendants are or were in or affecting commerce, as
 27 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

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1 4. Defendants are telemarketers or sellers for purposes of the TSR.

2 5. The Complaint states a claim upon which relief may be granted
3 against all Defendants under Sections 5(a), 13(b), and 19 of the FTC Act, 15
4 U.S.C. §§ 45(a), 53(b), and 57b; and under the TSR, 16 C.F.R. Part 310.

5 6. Stipulating Defendants waive: (a) any right to seek judicial review or
6 otherwise challenge or contest the validity of this Order; (b) any claim that they
7 may have against the Commission, its employees, representatives, or agents; (c)
8 any claim under the Equal Access to Justice Act, 28 U.S.C. § 2412, *as amended by*
9 Pub. L. 104-121, 110 Stat. 847, 863-64 (1996); and (d) any right to attorney's fees
10 that may arise under said provision of law. The Commission and Stipulating
11 Defendants shall each bear their own costs and attorney's fees incurred in this
12 action.

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

15 8. Entry of this Order is in the public interest.

16 9. This Order is for settlement purposes only, and does not constitute an
17 admission by Stipulating Defendants or a finding that the law has been violated as
18 alleged in the Complaint, or that the facts alleged in the Complaint, other than the
19 jurisdictional facts, are true.

20 10. This Order resolves all issues between the Commission and the
21 Stipulating Defendants raised in the Commission's Complaint.

22 11. Stipulating Defendants have entered into this Order freely and without
23 coercion. Stipulating Defendants acknowledge that they have read the provisions
24 of this Order, understand them, and are prepared to abide by them.

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ORDER

Definitions

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

10 2. **“Assisting others”** includes but is not limited to: (1) performing
11 customer service functions including, but not limited to, receiving or responding to
12 consumer complaints; (2) formulating or providing, or arranging for the
13 formulation or provision of, any sales script or other marketing material;
14 (3) providing names of, or assisting in the generation of, potential customers;
15 (4) performing or providing marketing or billing services of any kind; (5) acting as
16 an officer or director of a business entity; (6) providing telemarketing services; or
17 (7) providing a merchant account for processing charges.

18 3. **“Charitable contribution”** means any donation or gift of money or
19 any other thing of value.

20 4. **“Debt Relief Service”** means any product or service represented,
21 directly or by implication, to renegotiate, settle, or in any way alter the terms of
22 payment or other terms of the debt between a consumer and one or more unsecured
23 creditors or debt collectors including, but not limited to, a reduction in the balance,
24 interest rate, or fees owed by a consumer to an unsecured creditor or debt collector.

25 5. **“Defendants”** means Advanced Management Services NW LLC, also
26 d.b.a. AMS Financial, Rapid Reduction Systems, and Client Services Group
27 (“AMS”); PDM International, Inc., also d.b.a. Priority Direct Marketing

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1 International, Inc. (“PDMI”); Rapid Reduction System’s, LLC (“Rapid
2 Reduction”); Ryan David Bishop; Michael L. Rohlf, and William D. Fithian,
3 individually, collectively, or in any combination.

4 6. **“Document” or “Documents”** means any materials listed in Federal
5 Rule of Civil Procedure 34(a) and includes writings, drawings, graphs, charts,
6 photographs, audio and video recordings, computer records, digital records, and
7 other data compilations from which information can be obtained and translated, if
8 necessary, into reasonably usable form through detection devices. A draft or
9 nonidentical copy is a separate Document within the meaning of the term.

10 7. **“Do-Not-Call request”** means a statement by a person that he or she
11 does not wish to receive outbound telephone calls by or on behalf of an entity.

12 8. **“Entity-specific Do-Not-Call list”** means a list of telephone numbers
13 created to comply with Do-Not-Call requests.

14 9. **“Established business relationship”** means a relationship between
15 the seller and a person based on: (a) the person’s purchase, rental, or lease of the
16 seller’s goods or services or a financial transaction between the person and seller,
17 within the eighteen (18) months immediately preceding the date of the
18 telemarketing call; or (b) the person’s inquiry or application regarding a product or
19 service offered by the seller, within the three (3) months immediately preceding the
20 date of a telemarketing call.

21 10. **“Financial institution”** means any bank, savings and loan institution,
22 credit union, or financial depository of any kind including, but not limited to, any
23 brokerage house, trustee, broker-dealer, escrow agent, title company, commodity
24 trading company, or precious metal dealer.

25 11. **“Financial related product or service”** means any product or service
26 represented, directly or by implication, to:

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- 1. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving credit, debit, or stored value cards;
- 2. improve, or arrange to improve, any consumer’s credit record, credit history, or credit rating;
- 3. provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer’s credit record, credit history, or credit rating;
- 4. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving a loan or other extension of credit; or
- 5. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a consumer and one or more secured creditors, servicers, or debt collectors.

12. **“Material”** means likely to affect a person’s choice of, or conduct regarding, goods or services.

13. **“Mail”** includes, but is not limited, to all envelopes, papers or other items delivered, whether by United States Mail, United Postal Service, Federal Express, or other delivery service.

14. **“Mortgage loan modification or foreclosure relief service”** means any good, service, plan, or program that is represented, expressly or by implication, to assist a consumer in any manner to (a) stop, prevent, or postpone any home mortgage or deed of trust foreclosure sale; (b) obtain or arrange a modification of any term of a home loan, deed of trust, or mortgage; (c) obtain any forbearance

1 from any mortgage loan holder or servicer; (d) exercise any right of reinstatement
2 of any mortgage loan; (e) obtain, arrange, or attempt to obtain or arrange any
3 extension of the period within which the owner of property sold at foreclosure may
4 cure his or her default or reinstate his or her obligation; (f) obtain any waiver of an
5 acceleration clause contained in any promissory note or contract secured by a deed
6 of trust or mortgage on a residence in foreclosure or contained in that deed of trust;
7 (g) obtain a loan or advance of funds that is connected to the consumer's home
8 ownership; (h) avoid or ameliorate the impairment of the consumer's credit record,
9 credit history, or credit rating that is connected to the consumer's home ownership;
10 (i) save the consumer's residence from foreclosure; (j) assist the consumer in
11 obtaining proceeds from the foreclosure sale of the consumer's residence; (k) obtain
12 or arrange a pre-foreclosure sale, short sale, or deed-in-lieu of foreclosure; (l) obtain
13 or arrange a refinancing, recapitalization, or reinstatement of a home loan, deed of
14 trust, or mortgage; (m) audit or examine a consumer's mortgage or home loan
15 application; or (n) obtain, arrange, or attempt to obtain or arrange any extension of
16 the period within which the renter of property sold at foreclosure may continue to
17 occupy the property. The foregoing shall include any manner of claimed assistance
18 including, but not limited to, debt, credit, budget, or financial counseling; receiving
19 money for the purpose of distributing it to creditors; contacting creditors or
20 servicers on behalf of the consumer; and giving advice of any kind with respect to
21 filing for bankruptcy.

22 15. **“National Do Not Call Registry”** means the National Do Not Call
23 Registry, which is the “do-not-call” registry maintained by the Commission
24 pursuant to 16 C.F.R. § 310.4(b)(1)(iii)(B).

25 16. **“Outbound telephone call”** means a telephone call initiated by a
26 telemarketer to induce the purchase of goods or services or to solicit a charitable
27 contribution.

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

4 18. **“Receiver”** means the receiver, Ford Elsaesser, who was appointed
5 receiver over Stipulating Defendants AMS and Rapid Reduction by prior Order.
6 The term “receiver” also includes any deputy receivers that were named by the
7 receiver.

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

12 20. **“Stipulating Defendants”** means Advanced Management Services
13 NW LLC (“AMS”); Rapid Reduction System’s, LLC (“Rapid Reductions”); Ryan
14 David Bishop; and Michael L. Rohlf.

15 21. **“Telemarketer”** means any person who, in connection with
16 telemarketing, initiates or receives telephone calls to or from a customer or donor.

17 22. **“Telemarketing”** means a plan, program, or campaign, whether or not
18 covered by the TSR, 16 C.F.R. Part 310, which is conducted to induce the purchase
19 of goods or services or a charitable contribution by use of one or more telephones
20 and which involves more than one interstate telephone call.

21 23. **“Telemarketing Sales Rule”** or **“TSR”** means the FTC Rule entitled
22 “Telemarketing Sales Rule,” 16 C.F.R. Part 310, attached hereto as Appendix A or
23 as may be hereafter amended.

ORDER

I. PERMANENT BAN ON MARKETING DEBT RELIEF SERVICES

IT IS FURTHER ORDERED that Stipulating Defendants, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, are hereby permanently restrained and enjoined from engaging in, participating in, or assisting others in the marketing, advertising, promoting, offering for sale, or sale of Debt Relief Services.

II. PROHIBITED PRACTICES RELATING TO FINANCIAL RELATED PRODUCTS OR SERVICES

IT IS FURTHER ORDERED that Stipulating Defendants and their officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any person, business entity, trust, corporation, partnership, limited liability company, subsidiary, division, or other device, or any of them, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial related good or service, are hereby permanently restrained and enjoined from:

A. Misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

1. The terms or rates that are available for any loan or other extension of credit, including but not limited to:

- a. Closing costs or other fees;
- b. The payment schedule, the monthly payment amount(s), or other payment terms, or whether there is a balloon payment; interest rate(s), annual percentage rate(s), or

1 finance charge; the loan amount, the amount of credit, the
2 draw amount, or outstanding balance; the loan term, the
3 draw period, or maturity; or any other term of credit;

4 c. The savings associated with the credit;

5 d. The amount of cash to be disbursed to the borrower out of
6 the proceeds, or the amount of cash to be disbursed on
7 behalf of the borrower to any third parties;

8 e. Whether the payment of the minimum amount specified
9 each month covers both interest and principal, and
10 whether the credit has or can result in negative
11 amortization;

12 f. That the credit does not have a prepayment penalty or that
13 no prepayment penalty and/or other fees or costs will be
14 incurred if the consumer subsequently refinances; and

15 g. That the interest rate(s) or annual percentage rate(s) are
16 fixed rather than adjustable or adjustable rather than fixed;

17 2. That any person can improve any consumer's credit record,
18 credit history, or credit rating by permanently removing negative
19 information from the consumer's credit record, credit history, or credit
20 rating, even where such information is accurate and not obsolete;

21 3. Any person's ability to improve or otherwise affect a
22 consumer's credit record, credit history, or credit rating or ability to
23 obtain credit;

24 4. Any aspect of any mortgage loan modification service or
25 foreclosure relief service, including, but not limited to, the amount of
26 savings or reduction in interest rate, loan principal, or monthly
27 payment that a consumer will receive from purchasing, using, or

1 enrolling in such mortgage loan modification service or foreclosure
2 relief service; the amount of time before a consumer will receive a
3 mortgage loan modification or relief from foreclosure; the likelihood
4 that a consumer will obtain a modified mortgage loan or relief from
5 foreclosure; or the reduction or cessation of collection calls; and
6 5. That a consumer will receive legal representation;

7 B. Advertising or assisting others in advertising credit terms other than
8 those terms that actually are or will be arranged or offered by a creditor or lender.

9 **III. PROHIBITED PRACTICES RELATING TO ANY**
10 **GOODS OR SERVICES**

11 **IT IS FURTHER ORDERED** that Stipulating Defendants, and their
12 officers, agents, servants, employees, and attorneys, and those persons or entities in
13 active concert or participation with any of them who receive actual notice of this
14 Order by personal service, facsimile transmission, email, or otherwise, whether
15 acting directly or through any person, business entity, trust, corporation,
16 partnership, limited liability company, subsidiary, division, or other device, or any
17 of them, in connection with the advertising, marketing, promotion, offering for sale
18 or sale of any good, service, plan, or program, are hereby permanently restrained
19 and enjoined from:

20 A. Misrepresenting, or assisting others in misrepresenting, expressly or by
21 implication, any material fact, including but not limited to:

22 1. Any material aspect of the nature or terms of any refund,
23 cancellation, exchange, or repurchase policy including, but not limited
24 to, the likelihood of a consumer obtaining a full or partial refund, or
25 the circumstances in which a full or partial refund will be granted to
26 the consumer;

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1 2. That any person is affiliated with, endorsed or approved by, or
2 otherwise connected to any other person, government entity, or public,
3 non-profit, non-commercial, or other program;

4 3. The total costs to purchase, receive, or use, or the quantity of,
5 the good or service;

6 4. Any material restriction, limitation, or condition on purchasing,
7 receiving, or using the good or service; and

8 5. Any material aspect of the performance, efficacy, nature, or
9 characteristics of the good or service;

10 B. Failing to disclose truthfully, and in a clear and conspicuous manner,
11 before a customer pays for goods or services offered, all the material terms and
12 conditions of a refund, cancellation, exchange, or repurchase policy.

13 C. Engaging in, causing other persons to engage in, or assisting other
14 persons to engage in, violations of the TSR, including, but not limited to:

15 1. Misrepresenting, expressly or by implication, any material fact,
16 including, but not limited to:

17 a. Any material aspect of the performance, efficacy, nature,
18 or central characteristics of the good or service;

19 b. Any material aspect of the nature or terms of any refund,
20 cancellation, exchange, or repurchase policy for the good
21 or service;

22 c. That any person is affiliated with, endorsed or approved
23 by, or otherwise connected to any other person;
24 government entity; or public, non-profit, non-commercial,
25 or other program;

26 d. The total costs to purchase, receive, or use, or the quantity
27 of, the good or service; or

1 e. Any material restriction, limitation, or condition on
2 purchasing, receiving, or using the good or service;

3 2. Failing to disclose truthfully, and in a clear and conspicuous
4 manner, before a customer pays for goods or services offered, all the
5 material terms and conditions of a refund, cancellation, exchange, or
6 repurchase policy if the seller has such a policy and informs the
7 consumers about such policy;

8 3. Failing to disclose truthfully, promptly and in a clear and
9 conspicuous manner the identity of the seller, that the purpose of the
10 call is to sell goods or services, and the nature of the goods or services;

11 4. Initiating any outbound telephone call to any person at a
12 telephone number on the National Do Not Call Registry unless the
13 seller proves that:

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

21 b. The seller has an established business relationship with
22 such person and that person has not previously stated that
23 he or she does not wish to receive outbound telephone
24 calls made by or on behalf of the seller;

25 5. Initiating any outbound telephone call to a person when that
26 person has previously stated that he or she does not wish to receive
27 outbound telephone calls made by or on behalf of either a seller whose

1 goods or services are being offered, or a charitable organization for
2 which a charitable contribution is being solicited;

3 D. Initiating any outbound telephone call that delivers a prerecorded
4 message, other than a prerecorded message permitted for compliance with the call
5 abandonment safe harbor in 16 C.F.R. § 310.4(b)(4)(iii), unless:

6 1. Prior to making any such call to induce the purchase of any good
7 or service, the seller has obtained from the recipient of the call an
8 express agreement, in writing, that:

9 a. The seller obtained only after a clear and conspicuous
10 disclosure that the purpose of the agreement is to
11 authorize the seller to place prerecorded calls to such
12 person;

13 b. The seller obtained without requiring, directly or
14 indirectly, that the agreement be executed as a condition
15 of purchasing any good or service;

16 c. Evidences the willingness of the recipient of the call to
17 receive calls that deliver prerecorded messages by or on
18 behalf of a specific seller; and

19 d. Includes such person's telephone number and signature;
20 and

21 2. In any such call to induce the purchase of any good or service,
22 or to induce a charitable contribution from a member of, or previous
23 donor to, a non-profit charitable organization on whose behalf the call
24 is made, the seller or telemarketer:

25 a. Allows the telephone to ring for at least fifteen (15)
26 seconds or four (4) rings before disconnecting an
27 unanswered call; and

1 b. Within two (2) seconds after the completed greeting of the
2 person called, plays a prerecorded message that promptly
3 provides the disclosures required by 16 C.F.R. § 310.4(d)
4 or (e), followed immediately by a disclosure of one or
5 both of the following:

6 i. In the case of a call that could be answered in
7 person by a customer, that the person called can use
8 an automated interactive voice and/or
9 keypress-activated opt-out mechanism to assert a
10 Do Not Call request pursuant to 16 C.F.R. §
11 310.4(b)(1)(iii)(A) at any time during the message.

12 The mechanism must:

- 13 (a) automatically add the number called to the
14 seller's entity-specific Do Not Call list;
15 (b) once invoked, immediately disconnect the
16 call; and
17 (c) be available for use at any time during the
18 message; and

19 ii. In the case of a call that could be answered by an
20 answering machine or voicemail service, that the
21 person called can use a toll free-number to assert a
22 Do Not Call request pursuant to 16 C.F.R.

23 § 310.4(b)(1)(iii)(A). The number provided must
24 connect directly to an automated interactive voice
25 or keypress-activated opt-out mechanism that:

- 26 (a) automatically adds the number called to the
27 seller's entity-specific Do Not Call list;

- 1 (b) immediately thereafter disconnects the call;
2 and is accessible at any time throughout the
3 duration of the telemarketing campaign; and
4 (c) complies with all other requirements of the
5 TSR and other applicable federal and state
6 laws.

7 Provided, *however*, that if the Commission promulgates any rule that
8 modifies or supersedes the TSR, in whole or part, Stipulating Defendants shall
9 comply fully and completely with all applicable requirements thereof, on and after
10 the effective date of any such rule.

11 IV. MONETARY JUDGMENT

12 **IT IS FURTHER ORDERED** that:

13 Judgment is hereby entered in favor of the Commission and against
14 Stipulating Defendants for equitable monetary relief, including, but not limited to,
15 consumer redress, in the amount of eight million, one hundred sixty-four thousand,
16 one hundred fifty-seven U.S. Dollars (\$8,164,157.00), the total amount of consumer
17 injury attributable to the activities of the Stipulating Defendants alleged in the
18 Commission's Complaint. Of that amount, the Stipulating Defendants are jointly
19 and severally liable with Defendants PDM International, Inc., and William D.
20 Fithian for eight million, one hundred twenty-nine thousand, nine hundred eighty
21 U.S. Dollars (\$8,129,980.00). *Provided, however*, that the Judgment against the
22 Stipulating Defendants for equitable monetary relief shall be suspended upon the
23 satisfaction of the obligations imposed by Subsections A through G of this Section,
24 and subject to the conditions set forth in Section V of this Order;

25 A. The Stipulating Defendants shall relinquish and turn over to the
26 Receiver within five (5) days of entry of this Order all dominion, control, and title

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1 to any and all assets of Defendants AMS and Rapid Reduction, to all vehicles listed
2 on Attachment A of this Order, and to any assets currently in the possession of the
3 AMS Receivership estate. Within five (5) days of completion of the transfers set
4 forth in this Subsection IV.A, the Receiver shall issue from the AMS receivership
5 account a check in the amount of \$5,000 payable to each Stipulating Defendant
6 Ryan Bishop and Michael Rohlf so that each may purchase a motor vehicle.

7 B. Time is of the essence for the payments specified above. In the event
8 of any default by the Stipulating Defendants on any obligation imposed under this
9 Section IV, including, but not limited to, the failure to timely and completely fulfill
10 their payment obligations:

11 1. The judgment imposed herein as to the Stipulating Defendants
12 will not be suspended, and the full amount of that Judgment
13 (\$8,164,157.00) shall immediately become due and payable, plus
14 interest from the date of entry of this Order pursuant to 28 U.S.C. §
15 1961, as amended, less any amounts already paid; and

16 2. The Commission shall be entitled to immediately exercise any
17 and all rights and remedies against Stipulating Defendants and
18 Stipulating Defendants' assets to collect the full amount of the
19 judgments and interest thereon, less any amounts already paid;

20 C. All funds paid, collected, and/or recovered pursuant to this Order shall
21 be deposited into a fund administered by the Commission or its agent to be used for
22 equitable relief, including, but not limited to, consumer redress, and any attendant
23 expenses for the administration of such equitable relief. Defendants shall cooperate
24 fully to assist the Commission in identifying consumers who may be entitled to
25 redress pursuant to this Order. If the Commission determines, in its sole discretion,
26 that direct redress to consumers is wholly or partially impracticable or funds remain
27 after redress is completed, the Commission may apply any remaining funds for such

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1 other equitable relief (including consumer information remedies) as it determines to
2 be reasonably related to Defendants' practices alleged in the Complaint. Any funds
3 not used for such equitable relief shall be deposited to the United States Treasury as
4 disgorgement. Stipulating Defendants shall have no right to challenge the
5 Commission's choice of remedies under this Part C. Stipulating Defendants shall
6 have no right to contest the manner of distribution chosen by the Commission. This
7 judgment for equitable monetary relief is solely remedial in nature and is not a fine,
8 penalty, punitive assessment, or forfeiture;

9 D. In accordance with 31 U.S.C. § 7701, as amended, Stipulating
10 Defendants are hereby required, unless they already have done so, to furnish to the
11 Commission their taxpayer identifying numbers (social security numbers or
12 employer identification numbers), which shall be used for purposes of collecting
13 and reporting on any delinquent amount arising out of Stipulating Defendants'
14 relationship with the government. Defendants Ryan David Bishop and Michael L.
15 Rohlf are each further required, unless they have already done so, to provide the
16 Commission with a clear, legible and full-size photocopy of a valid driver's license,
17 which will be used for reporting and compliance purposes;

18 E. Stipulating Defendants relinquish all dominion, control, and title to the
19 funds paid to the fullest extent permitted by law. Stipulating Defendants shall make
20 no claim to or demand for return of the funds, directly or indirectly, through counsel
21 or otherwise.

22 F. Stipulating Defendants agree that the facts as alleged in the Complaint
23 filed in this action shall be taken as true without further proof in any bankruptcy
24 case or subsequent civil litigation pursued by the Commission to enforce its rights
25 to any payment or money judgment pursuant to this Order, including but not limited
26 to a nondischargeability complaint in any bankruptcy case. Stipulating Defendants
27 further stipulate and agree that the facts alleged in the Complaint establish all

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1 elements necessary to sustain an action pursuant to Section 523(a)(2)(A) of the
2 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have
3 collateral estoppel effect for such purposes;

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

7 **V. RIGHT TO REOPEN**

8 **IT IS FURTHER ORDERED** that:

9 A. Plaintiff's agreement to this Order is expressly premised upon the
10 truthfulness, accuracy, and completeness of Stipulating Defendants' financial
11 condition, as represented in the Financial Disclosure Statements and attachments of
12 Defendants Ryan David Bishop, dated June 4, 2010; Michael Rohlf, dated June 4,
13 2010; Advanced Management Services NW LLC, dated June 9, 2010, and July 12,
14 2010; and Rapid Reduction System's, LLC, dated June 9, 2010, which contain
15 material information upon which Plaintiff relied in negotiating and agreeing to the
16 terms of this Order;

17 B. If, upon motion by the FTC, the Court finds that any Stipulating
18 Defendant failed to disclose any material asset, materially misrepresented the value
19 of any asset, or made any other material misrepresentation in or omission from the
20 Stipulating Defendant's financial statement or supporting documents, then this
21 Order shall be reopened and suspension of the judgment set forth in Section IV
22 shall be lifted as to that Stipulating Defendant for the purpose of requiring payment
23 of monetary relief in the amount of eight million, one hundred sixty-four thousand,
24 one hundred fifty-seven U.S. Dollars (\$8,164,157.00), less the sum of any amounts
25 paid to the Commission pursuant to Section IV and any other payments made by
26 other Defendants. *Provided, however,* that, in all other respects, this Order shall
27 remain in full force and effect, unless otherwise ordered by the Court;

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1 C. Any proceedings instituted under this Section shall be in addition to,
2 and not in lieu of, any other civil or criminal remedies that may be provided by law
3 including, but not limited to, contempt proceedings, or any other proceedings that
4 the Commission or the United States might initiate to enforce this Order. For
5 purposes of this Section, the Stipulating Defendants waive any right to contest any
6 of the allegations in the Commission’s Complaint.

7 **VI. CUSTOMER INFORMATION**

8 **IT IS FURTHER ORDERED** that Stipulating Defendants and their officers,
9 agents, servants, employees, and attorneys, and those persons or entities in active
10 concert or participation with any of them who receive actual notice of this Order by
11 personal service, facsimile transmission, email, or otherwise, whether acting
12 directly or through any person, business entity, trust, corporation, partnership,
13 limited liability company, subsidiary, division, or other device, or any of them, are
14 permanently restrained and enjoined from:

15 A. Disclosing, using, or benefitting from customer information, including
16 the name, address, telephone number, email address, social security number, other
17 identifying information, or any data that enables access to an account (including a
18 credit card, bank account, or other financial account), of any person which any
19 Defendant obtained prior to entry of this Order in connection with the marketing of
20 any debt relief service or telemarketing calls delivering prerecorded messages; and

21 B. Failing to dispose of such customer information in all forms in their
22 possession, custody, or control within thirty (30) days after entry of this Order.
23 Disposal shall be by means that protect against unauthorized access to the customer
24 information, such as by burning, pulverizing, or shredding any papers, and by
25 erasing or destroying any electronic media, to ensure that the customer information
26 cannot practicably be read or reconstructed.

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

4 **VII. PROHIBITION ON COLLECTING ON ACCOUNTS**

5 **IT IS FURTHER ORDERED** that Stipulating Defendants, whether acting
6 directly, or through any person, business entity, trust, corporation, partnership,
7 limited liability company, subsidiary, division, or other device, or any of them, are
8 hereby permanently restrained and enjoined from attempting to collect, collecting,
9 or assigning any right to collect payment from any consumer who purchased or
10 agreed to purchase any Defendant's Debt Relief Service.

11 **VIII. DISSOLUTION OF ASSET FREEZE**

12 **IT IS FURTHER ORDERED** that the freeze on the assets of Stipulating
13 Defendants shall remain in effect until they have taken all of the actions required by
14 Section IV above; *provided, however,* that Stipulating Defendants, with the express
15 written consent of counsel for the Commission, may transfer funds to the extent
16 necessary to make all payments required by Section IV. Once Defendants have
17 fully complied with the requirements of Section IV, the freeze against the assets of
18 Stipulating Defendants shall be lifted permanently. A financial institution shall be
19 entitled to rely upon a letter from Plaintiff stating that the freeze on the assets of
20 Stipulating Defendants has been lifted.

21 **IX. RECEIVERSHIP**

22 **IT IS FURTHER ORDERED** that the appointment of Receiver Ford
23 Elsaesser, as to Corporate Defendants AMS and Rapid Reduction, pursuant to the
24 Temporary Restraining Order entered on May 10, 2010, and extended on May 14,
25 2010, and the Stipulated Preliminary Injunction entered on June 11, 2010, is hereby
26 continued in full force and effect except as modified by this Section. The Receiver
27 shall complete liquidation of all assets of AMS and Rapid Reduction. Upon

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1 liquidation of the assets of AMS and Rapid Reduction, the Receiver shall submit his
2 final report and application for fees and expenses, and upon approval of the same by
3 the Court, shall pay any remaining funds to the FTC. Upon the Court's approval of
4 the Receiver's final report, and the payment of any remaining funds to the FTC
5 under this Section, the Receivership over AMS and Rapid Reduction shall be
6 terminated.

7 **X. MONITORING COMPLIANCE OF SALES PERSONNEL**

8 **IT IS FURTHER ORDERED** that, in connection with any business:

9 (1) where a Stipulating Defendant is the majority owner of the business or directly
10 or indirectly controls the business; and (2) where the business is engaged in, or is
11 assisting others engaged in, the advertising, marketing, promotion, offering for sale,
12 sale, or provision of any product or service, such Stipulating Defendant, and the
13 Stipulating Defendant's officers, agents, servants, employees, and attorneys,
14 whether acting directly or through any person, business entity, trust, corporation,
15 partnership, limited liability company, subsidiary, division, or other device, or any
16 of them, is hereby permanently restrained and enjoined from:

17 A. Failing to take reasonable steps sufficient to monitor and ensure that all
18 employees and independent contractors engaged in sales or other customer service
19 functions comply with Sections I-III of this Order. These steps shall include
20 adequate monitoring of sales presentations and other communications with
21 consumers, and shall also include, at a minimum, the following: (1) listening to the
22 oral representations made by persons engaged in customer service functions;
23 (2) establishing a procedure for receiving and responding to consumer complaints;
24 and (3) ascertaining the number and nature of consumer complaints regarding
25 transactions in which each employee or independent contractor is involved;

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

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1 C. Failing to take adequate corrective action with respect to any employee
2 or independent contractor whom such Defendant determines is not complying with
3 this Order. This corrective action may include training, disciplining, and/or
4 terminating such employee or independent contractor.

5 **XI. COMPLIANCE MONITORING**

6 **IT IS FURTHER ORDERED** that, for the purpose of (i) monitoring and
7 investigating compliance with any provision of this Order and (ii) investigating the
8 accuracy of any Stipulating Defendant's financial statement upon which the
9 Commission's agreement to this Order is expressly premised:

10 A. Within ten (10) days of receipt of written notice from a representative
11 of the Commission, Stipulating Defendants each shall submit additional written
12 reports, which are true and accurate and sworn to under penalty of perjury; produce
13 documents for inspection and copying; appear for deposition; and provide entry
14 during normal business hours to any business location in each Stipulating
15 Defendant's possession or direct or indirect control to inspect the business
16 operation;

17 B. In addition, the Commission is authorized to use all other lawful
18 means, including but not limited to:

- 19 1. obtaining discovery from any person, without further leave of
20 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33,
21 34, 36, 45 and 69; and
22 2. having its representatives pose as consumers and suppliers to
23 Stipulating Defendants, their employees, or any other entity managed
24 or controlled in whole or in part by any Stipulating Defendant, without
25 the necessity of identification or prior notice; and

26 C. Stipulating Defendants each shall permit representatives of the
27 Commission to interview any employer, consultant, independent contractor,

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

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

9 **XII. COMPLIANCE REPORTING**

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

- 12 A. For a period of three (3) years from the date of entry of this Order,
- 13 1. Defendants Bishop and Rohlf shall notify the Commission of the
14 following:
- 15 a. Any changes in such Defendant's residence, mailing
16 addresses, and telephone numbers, within ten (10) days of
17 the date of such change;
- 18 b. Any changes in such Defendant's employment status
19 (including self-employment), and any change in such
20 Defendant's ownership in any business entity within ten
21 (10) days of the date of such change. Such notice shall
22 include the name and address of each business that such
23 Defendant is affiliated with, employed by, creates or
24 forms, or performs services for; a detailed description of
25 the nature of the business; and a detailed description of
26 such Defendant's duties and responsibilities in connection
27 with the business or employment; and

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1 c. Any changes in such Defendant's name or use of any
2 aliases or fictitious names within ten (10) days of the date
3 of such change;

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

18 B. One hundred eighty (180) days after the date of entry of this Order and
19 annually thereafter for a period of three (3) years, Stipulating Defendants each shall
20 provide a written report to the FTC, which is true and accurate and sworn to under
21 penalty of perjury, setting forth in detail the manner and form in which they have
22 complied and are complying with this Order. This report shall include, but not be
23 limited to:

- 24 1. For Defendants Bishop and Rohlf:
- 25 a. such Defendant's then-current residence address, mailing
26 addresses, and telephone numbers;

- 1 b. such Defendant’s then-current employment status
2 (including self-employment), including the name,
3 addresses, and telephone numbers of each business that
4 such Defendant is affiliated with, employed by, or
5 performs services for; a detailed description of the nature
6 of the business; and a detailed description of such
7 Defendant’s duties and responsibilities in connection with
8 the business or employment; and
9 c. Any other changes required to be reported under
10 Subsection A of this Section.

11 2. For all Stipulating Defendants:

- 12 a. A copy of each acknowledgment of receipt of this Order,
13 obtained pursuant to the Section titled “Distribution of
14 Order;” and
15 b. Any other changes required to be reported under
16 Subsection A of this Section.

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

19 D. For the purposes of this Order, Stipulating Defendants shall, unless
20 otherwise directed by the Commission’s authorized representatives, send by
21 overnight courier (not the U.S. Postal Service) all reports and notifications to the
22 Commission that are required by this Order to:

23 Associate Director for Enforcement
24 Bureau of Consumer Protection
25 Federal Trade Commission
26 600 Pennsylvania Avenue, N.W.
27 Washington, D.C. 20580
28 Re: FTC v. Advanced Management Services NW LLC, et al.,
 Matter No. X100033

STIP. PERMANENT INJUNCTION
AS TO AMS, RAPID REDUCTION,
BISHOP, AND ROHLF

1 E. Copies of all sales scripts, training materials, advertisements, or other
2 marketing 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 of
5 acknowledgments of receipt of this Order required by the Sections titled
6 “Distribution of Order” and “Acknowledgment of Receipt of Order” and all reports
7 submitted to the FTC pursuant to the Section titled “Compliance Reporting.”

8 **XIV. DISTRIBUTION OF ORDER**

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

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

22 B. Individual Defendants as control persons: For any business that
23 Defendant Bishop or Rohlf controls, directly or indirectly, or in which such
24 Defendant has a majority ownership interest, such Defendant must deliver a copy of
25 this Order to (1) all principals, officers, directors, and managers of that business; (2)
26 all employees, agents, and representatives of that business who engage in conduct
27 related to the subject matter of the Order; and (3) any business entity resulting from

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AS TO AMS, RAPID REDUCTION,
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1 any change in structure set forth in Subsection A.2 of the Section titled
2 “Compliance Reporting.” For current personnel, delivery shall be within five (5)
3 days of service of this Order upon such Defendant. For new personnel, delivery
4 shall occur prior to them assuming their responsibilities. For any business entity
5 resulting from any change in structure set forth in Subsection A.2 of the Section
6 titled “Compliance Reporting,” delivery shall be at least ten (10) days prior to the
7 change in structure.

8 C. Individual Defendant as employee or non-control person: For any
9 business where Defendant Bishop or Rohlf is not a controlling person of a business
10 but otherwise engages in conduct related to the subject matter of this Order, such
11 Defendant must deliver a copy of this Order to all principals and managers of such
12 business before engaging in such conduct.

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

16 **XV. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

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

20 **XVI. SEVERABILITY**

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

24 **XVII. RETENTION OF JURISDICTION**

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

27
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1 **SO STIPULATED AND AGREED:**

2 PLAINTIFF:

3 WILLARD K. TOM
4 General Counsel
5 ROBERT J. SCHROEDER
6 Regional Director

7 _____
8 MARY T. BENFIELD
9 MIRY KIM
10 Attorneys for Plaintiff
11 Federal Trade Commission

12 DEFENDANTS:

13 _____
14 RYAN D. BISHOP
15 Individually and as an owner
16 and member of Advanced Management
17 Services NW LLC and
18 Rapid Reduction System's, LLC

19 _____
20 MICHAEL L. ROHLF
21 Individually and as an owner
22 and member of Advanced Management
23 Services NW LLC and
24 Rapid Reduction System's, LLC

25 _____
26 EOWEN ROSENTRATER
27 Law Office of Eowen S. Rosentrater, PLLC
28 108 N Washington St, Ste 402
Spokane, WA 99201-5001
Tel: (509) 868-5389
Fax: (509) 271-3432
Attorney for Defendants
Advanced Management Services NW LLC;
Rapid Reduction System's, LLC;
Ryan David Bishop; and Michael L. Rohlf

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1 RECEIVER:

2

3 FORD ELSAESSER
4 Elsaesser Jarzabek Anderson Elliott & Macdonald, Chtd.
5 102 South Euclid Avenue, Suite 307
6 P. O. Box 1049
7 Sandpoint, Idaho 83864
8 Phone: (208) 263-8517
9 Fax: (208) 263-0759
10 Mobile: (208) 661-5773
11 Receiver for Advanced Management Services NW LLC
12 and Rapid Reduction System's, LLC
13

9

10 DOUGLAS J. SIDDOWAY
11 Randall Danskin
12 601 West Riverside Ave., Ste. 1500
13 Spokane, WA 99201
14 Phone: (509) 747-2052
15 Fax: (509) 624-2528
16 Attorney for Ford Elsaesser, Receiver
17

15

16 SO ORDERED this 3rd day of May, 2011.

17

s/Lonny R. Suko

18

LONNY R. SUKO
United States District Judge

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ATTACHMENT A

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Vehicles to be Relinquished by Michael Rohlf:

- 1996 Maxum
- 2007 A-4 Audi
- 1999 Jeep Grand Cherokee
- 1997 Polaris jet ski
- 1996 Polaris jet ski
- 1997 Maxum boat trailer
- 1996 jet ski trailer
- 1990 Polaris ATV
- 1988 Polaris ATV

Vehicles to be Relinquished by Ryan Bishop:

- 2007 Lexus
- 2007 Cadillac Escalade
- 2008 Bombardier jet skis (2)
- 2008 Carnaj jet ski trailer

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