

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 0:14-cv-62116-JIC

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

**DIVERSIFIED EDUCATIONAL RESOURCES,
LLC, et al.,**

Defendants,

and

STEINBOCK HOLDINGS LLC, et al.,

Relief Defendants.

**STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY
JUDGMENT AS TO DEFENDANT MARIA T. GARCIA**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”) filed its Complaint For Permanent Injunction And Other Equitable Relief (“Complaint”), for a permanent injunction and other equitable relief in this matter, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b). The Commission and Defendant Maria T. Garcia (a/k/a Maria Trinidad Garcia Calleja) (“Settling Defendant”) stipulate to the entry of this Stipulated Order For Permanent Injunction And Monetary Judgment As To Defendant Maria T. Garcia (“Order”) to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

FINDINGS

1. This Court has jurisdiction over this matter.
2. The Complaint charges that Settling Defendant participated in deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, in the marketing and sale of fake high school diplomas to consumers.

3. The Settling Defendant neither admits nor denies any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, the Settling Defendant admits the facts necessary to establish jurisdiction.
4. The Settling Defendant waives any claim that she may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agrees to bear her own costs and attorneys' fees.
5. The Settling Defendant waives all rights to appeal or otherwise challenge or contest the validity of this Order.
6. There is no just reason to delay the entry of this Order.

DEFINITIONS

- A. **"Academic Degree"** means any document issued or purported to be issued by any college, university, community college, trade or vocational school, high school or other secondary school, or any other educational institution or equivalency program, that confers or purports to confer a qualification, records or purports to record success in examinations or successful completion of a course of study, or evidences or purports to evidence that the holder has completed and shown proficiency in a curriculum recognized as necessary to earn the academic degree, whether denominated as a degree, diploma, certificate, or other name.
- B. **"Person"** means a natural person, an organization or other legal entity, including a corporation, partnership, sole proprietorship, limited liability company, association, cooperative, or any other group or combination acting as an entity.
- C. **"Settling Defendant"** means Maria T. Garcia (a/k/a Maria Trinidad Garcia Calleja).

ORDER

BAN ON ACADEMIC DEGREES

- I. **IT IS THEREFORE ORDERED** that the Settling Defendant is permanently restrained and enjoined from:
 - A. Advertising, marketing, promoting, offering for sale, or selling any Academic Degree; and
 - B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any Academic Degree.

PROHIBITION AGAINST MISREPRESENTATIONS RELATING TO ANY PRODUCT OR SERVICE

II. IT IS FURTHER ORDERED that the Settling Defendant, Settling Defendant's 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, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service, are permanently restrained and enjoined from misrepresenting, or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

- A. That any person will provide any good or service to any consumer;
- B. Any material aspect of the performance, efficacy, nature, or characteristics of a good or service;
- C. Any material restriction, limitation, or condition on purchasing, receiving, or using the good or service;
- D. The nature, expertise, position, or job title of any person who provides any good or service;
- E. The total costs to purchase, receive, or use, or the quantity of, the good or service;
- F. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which the full or partial refund will be granted to the consumer;
- G. That any person providing a testimonial has purchased, received, or used the product, service, plan, or program;
- H. That the experience represented in a testimonial of the product, service, plan, or program represents the person's actual experience resulting from the use of the product, service, plan, or program under the circumstances depicted in the advertisement; and
- I. That any person is affiliated with, endorsed or approved by, accredited by, or otherwise connected to any other person; government entity; public, non-profit, or other non-commercial program; or any other program.

MONETARY JUDGMENT AND SUSPENSION

III. IT IS FURTHER ORDERED that:

- A. Judgment in the amount of eleven million seven thousand three hundred and ninety-two dollars (\$11,007,392) is entered in favor of the Commission against the Settling Defendant, jointly and severally, as equitable monetary relief.
- B. The judgment is suspended as to the Settling Defendant subject to the Subsections below. Upon entry of this Order, the asset freeze is dissolved.
- C. The Commission's agreement to the suspension of the judgment against the Settling Defendant is expressly premised upon the truthfulness, accuracy, and completeness of Settling Defendant's sworn financial statement and related documents (collectively, "financial representations") submitted to the Commission, namely:
 1. The Financial Statement of Individual Defendant Maria T. Garcia signed on November 20, 2014; and
 2. The additional documentation submitted via electronic correspondence by Defendant Maria T. Garcia to Commission counsel Ioana Rusu dated October 8 and 15, 2014, including bank statements and a statement of assets signed by the Settling Defendant.
- D. The suspension of the judgment will be lifted as to the Settling Defendant if, upon motion by the Commission, the Court finds that the Settling Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the deposition testimony or financial representations identified above.
- E. If the suspension of the judgment is lifted, the judgment becomes immediately due as to the Settling Defendant in the amount specified in Subsection A above (which the parties stipulate only for purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

- F. The Settling Defendant relinquishes dominion and all legal and equitable right, title, and interest in any assets transferred pursuant to this Order and may not seek the return of any assets.
- G. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- H. The facts alleged in the Complaint establish all elements necessary to sustain an action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- I. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including but not limited to, consumer redress and any attendant expenses for the administration of any redress funds. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply the remaining money for such other equitable relief, including but not limited to consumer information remedies, as it determines to be reasonably related to the Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. The Settling Defendant has no right to challenge any actions the FTC or its representatives may take pursuant to this Subsection.
- J. The Commission may request any tax-related information, including amended tax returns and any other filings, that the Settling Defendant has the authority to release. Within 14 days of receipt of a written request from a representative of the Commission, the Settling Defendant must take all necessary steps (such as filing a completed IRS Form 4506 or 8821) to cause the Internal Revenue Service or other tax authority to provide the information directly to the Commission.
- K. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a consumer report

concerning the Settling Defendant to the Commission, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

CUSTOMER INFORMATION

IV. IT IS FURTHER ORDERED that the Settling Defendant, Settling Defendant's 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, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service, 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 that the Settling Defendant obtained prior to the entry of this Order in connection with the advertising, marketing, promotion, offering for sale or sale of any academic degree, and
- B. Failing to destroy such customer information in all forms in their possession, custody, or control within thirty (30) days after receipt of written direction to do so from a representative of the Commission.

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.

COOPERATION

V. IT IS FURTHER ORDERED that the Settling Defendant must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. The Settling Defendant must provide truthful and complete information, evidence, and testimony. The Settling Defendant must appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon 10 days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

ORDER ACKNOWLEDGEMENTS

VI. IT IS FURTHER ORDERED that the Settling Defendant obtain acknowledgements of receipt of this Order:

- A. The Settling Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgement of receipt of this Order sworn under penalty of perjury.
- B. For 5 years after entry of this Order, the Settling Defendant, for any business that such Defendant, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled "Compliance Reporting." Delivery must occur within 7 days of entry of this Order for current personnel. To all others, delivery must occur before they assume their responsibilities.
- C. From each individual or entity to which the Settling Defendant delivered a copy of this Order, the Settling Defendant must obtain, within 30 days, a signed and dated acknowledgement of receipt of this Order.

COMPLIANCE REPORTING

VII. IT IS FURTHER ORDERED that the Settling Defendant make timely submissions to the FTC:

- A. One year after entry of this Order, the Settling Defendant must submit a compliance report, sworn under penalty of perjury.
 1. The Settling Defendant must: (a) identify the primary physical, postal and email address and telephone number, as designated points as contact, which representatives of the Commission may use to communicate with the Settling Defendant; (b) identify all of that Settling Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which

- the Settling Defendant must describe if she knows or should know due to her own involvement); (d) describe in detail whether and how the Settling Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgement obtained pursuant to this Order, unless previously submitted to the FTC;
2. Additionally, the Settling Defendant must: (a) identify all telephone numbers and all email, Internet, physical, and postal addresses, including all residences; (b) identify all business activities, including any business for which such Settling Defendant performs services whether as an employee or otherwise and any entity in which such Settling Defendant has any ownership interest; and (c) describe in detail the Settling Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.
- B. For 20 years following entry of this Order, the Settling Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
1. The Settling Defendant must report any change in: (a) any designated point of contact; or (b) any entity that the Settling Defendant has ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
 2. Additionally, the Settling Defendant must report any change in: (a) name, including aliases or fictitious names, or residence address; or (b) title or role in any business activity, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify its name, physical address, and Internet address of the business or entity.
- C. The Settling Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against the Settling Defendant within 14 days of its filing.

- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the FTC pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, D.C. 20580. The subject line must begin: *FTC v. Diversified Educational Resources, et al.*, Matter Number X1323256.

RECORDKEEPING

VIII. IT IS FURTHER ORDERED that the Settling Defendant must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, the Settling Defendant, for any business in which such Defendant, individually or collectively with any other Defendants, is a majority owner or directly or indirectly controls, must maintain the following records:

- A. Accounting records showing the revenues from all goods or services sold;
- B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person’s: name, addresses, and telephone numbers; job title or position; dates of service; and, if applicable, the reason for termination;
- C. Complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response, concerning the subject matter of the Order;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and
- E. A copy of each unique advertisement or other marketing material.

COMPLIANCE MONITORING

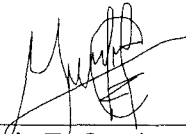
- IX. IT IS FURTHER ORDERED** that, for the purpose of monitoring the Settling Defendant's compliance with this Order, including the financial representations upon which part of the judgment was suspended and any failure to transfer any assets as required by this Order:
- A. Within 14 days of receipt of a written request from a representative of the FTC, the Settling Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents, for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.
 - B. For matters concerning this Order, the FTC is authorized to communicate directly with the Settling Defendant. The Settling Defendant must permit representatives of the Commission to interview any employee or other person affiliated with the Settling Defendant who has agreed to such an interview. The person interviewed may have counsel present.
 - C. The Commission may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Settling Defendant or any individual or entity affiliated with the Settling Defendant, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

RETENTION OF JURISDICTION

- X. IT IS FURTHER ORDERED** that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

IT IS SO STIPULATED:

Date: December 1st, 2014



Makia T. Garcia
Defendant

/s/ Ioana Rusu
IOANA RUSU (Special Bar No. A5501821)
MIYA RAHAMIM (Special Bar No. A5502005)
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Mail Drop CC-10232
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Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

SO ORDERED, this 14th day of JAN., 2015.



UNITED STATES DISTRICT JUDGE