

**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 DEFENDANTS IDM SERVICES LLC AND ALEXANDER
WOLFRAM, AND RELIEF DEFENDANTS STEINBOCK HOLDINGS LLC,
ZWILLINGE, LLC, SYLVIA GADS, AND TIFFANY CHAMBERS**

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 Defendants IDM Services LLC and Alexander Wolfram (“Settling Defendants”), and all Relief Defendants, Steinbock Holdings LLC, Zwillinge, LLC, Sylvia Gads, and Tiffany Chambers, stipulate to the entry of this Stipulated Order For Permanent Injunction And Monetary Judgment As To Defendants IDM Services LLC And Alexander Wolfram, And Relief Defendants Steinbock Holdings LLC, Zwillinge, LLC, Sylvia Gads, And Tiffany Chambers (“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 the Settling Defendants 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 Defendants and Relief Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, the Settling Defendants and Relief Defendants admit the facts necessary to establish jurisdiction.
4. The Settling Defendants and Relief Defendants waive any claim that they 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 agree to bear their own costs and attorneys' fees.
5. The Settling Defendants and Relief Defendants waive 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. **"Corporate Settling Defendant"** means IDM Services LLC and its successors and assigns.
- C. **"Corporate Relief Defendants"** means Steinbock Holdings LLC (a/k/a Steinboch Investments LLC) and Zwillinge, LLC, and their successors and assigns.
- D. **"Defendants"** means all of the Individual Defendants and the Corporate Defendants, individually, collectively, or in any combination.
- E. **"Individual Settling Defendant"** means Alexander Wolfram (a/k/a Alex Wolfram).
- F. **"Individual Relief Defendants"** means Tiffany Chambers and Sylvia Gads.

- G. **“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.
- H. **“Relief Defendants”** means all of the Individual Relief Defendants and Corporate Relief Defendants, individually, collectively, or in any combination.
- I. **“Settling Defendants”** means the Corporate Settling Defendant and its successors and assigns, and the Individual Settling Defendant.

ORDER

BAN ON ACADEMIC DEGREES

- I. **IT IS THEREFORE ORDERED** that Settling Defendants are 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 Settling Defendants, Settling Defendants’ officers, agents, servants, and employees, 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 PARTIAL SUSPENSION

III. IT IS FURTHER ORDERED that:

- A. Judgment in the amount of eleven million and seven thousand three hundred and ninety-two dollars (\$11,007,392) is entered in favor of the Commission against the Settling Defendants, jointly and severally, as equitable monetary relief. Of that \$11,007,392, Relief Defendant Sylvia Gads is liable for no more than one hundred and eighty-four thousand four hundred and seventy-four dollars (\$184,474), jointly and severally with the Settling Defendants, as equitable monetary relief. In addition, of that \$11,007,392, Relief Defendant Tiffany Chambers is liable for no more than thirteen thousand four hundred and twenty-four dollars (\$13,424), jointly and severally with the Settling Defendants, as equitable monetary relief.
- B. In partial satisfaction of the judgment against Settling Defendants and Relief Defendants Wells Fargo shall, within ten (10) business days from receipt of a copy of this Order, transfer to the FTC or its designated agent all funds in the following accounts:
 - 1. Account number xxxx2818 in the name of Steinbock Holdings;

2. Account number xxxx7533 in the name of Zwillinge LLC;
 3. Account number xxxx9192 in the name of Sylvia Gads and Alex Wolfram;
 4. Account number xxxx2009 in the name of Educational Assistance Resources Network Inc.;
 5. Account number xxxx4404 in the name of IDM Services LLC;
 6. Account number xxxx2961 in the name of IDM Services LLC;
 7. Account number xxxx8429 in the name of Steinbock Holdings;
 8. Account number xxxx8346 in the name of Educational Assistance Resources Network Inc.;
 9. Account number xxxx8957 in the name of Zwillinge LLC;
 10. Account number xxxx2271 in the name of ESP Learning Systems LLC;
 11. Account number xxxx7852 in the name of Alex Wolfram; and
 12. Account number xxxx3282 in the name of Preventative Beauty LLC.
- C. Settling Defendants and Relief Defendants shall cooperate fully with the Commission and take such steps as the Commission may require to transfer to the Commission possession of the assets listed in this Subsection and to assist in final liquidation of the assets, including executing any documents, procuring the signatures of any person or entity under his control, providing access to the assets, providing any necessary information, and turning over the assets.
- D. Upon such payment and asset transfers, the remainder of the judgment is suspended as to the Settling Defendants and Relief Defendants, subject to the Subsections below.
- E. The asset freeze is modified to permit the transfers identified in this Section. Upon completion of those transfers, the asset freeze is dissolved.
- F. The Commission's agreement to the suspension of part of the judgment against the Settling Defendants and Relief Defendants is expressly premised upon the truthfulness, accuracy, and completeness of Settling Defendants' and Relief Defendants' testimony under oath during asset depositions conducted by the Commission on September 25, 2014. The Commission's agreement to the suspension of part of the judgment against the Settling Defendants and Relief

Defendants is also expressly premised upon the truthfulness, accuracy, and completeness of Settling Defendants' and Relief Defendants' sworn financial statements and related documents (collectively, "financial representations") submitted to the Commission, namely:

1. The Financial Statement of Individual Defendant Alexander Wolfram signed on September 18, 2014, including any attachments;
 2. The Financial Statement of Corporate Defendant IDM Services LLC signed by Defendant Alexander Wolfram on September 26, 2014, including any attachments;
 3. The Financial Statement of Corporate Relief Defendant Steinbock Holdings LLC signed by Defendant Alexander Wolfram on September 18, 2014, including any attachments;
 4. The Financial Statement of Corporate Relief Defendant Zwillinge, LLC signed by Relief Defendant Sylvia Gads on September 26, 2014, including any attachments;
 5. The Financial Statement of Individual Relief Defendant Sylvia Gads signed on September 26, 2014, including any attachments;
 6. The Financial Statement of Individual Relief Defendant Tiffany Chambers signed on September 26, 2014, including any attachments;
 7. The additional documentation submitted via electronic correspondence by Defendant Alexander Wolfram and Relief Defendant Tiffany Chambers to Commission counsel Ioana Rusu dated September 19, 21, 26 and 27, 2014, attaching bank statements and tax documents, including tax returns; and
 8. The additional documentation submitted via electronic correspondence by Settling Defendants' and Relief Defendants' counsel, Patricia Wallace, to Commission counsel Ioana Rusu dated November 6, 2014, attaching bank statements, records of payments, and other financial documents.
- G. The suspension of the judgment will be lifted as to any Settling Defendant or Relief Defendant if, upon motion by the Commission, the Court finds that the 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.

- H. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Settling Defendant or Relief 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.
- I. Settling Defendants and Relief Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- J. 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.
- K. 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.
- L. Settling Defendants and Relief Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Settling Defendants and Relief Defendants previously submitted to the Commission, may be used for collecting and reporting any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.
- M. 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. Settling Defendants and Relief Defendants have no right to challenge any actions the FTC or its representatives may take pursuant to this Subsection.

- N. The Commission may request any tax-related information, including amended tax returns and any other filings, that Settling Defendants and Relief Defendants have the authority to release. Within 14 days of receipt of a written request from a representative of the Commission, Settling Defendants or Relief Defendants 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.
- O. 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 Settling Defendants or Relief Defendants 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 Settling Defendants, Settling Defendants' officers, agents, servants, and employees, 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 any 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 Settling Defendants and Relief Defendants 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. Such Settling Defendants and Relief Defendants must provide truthful and complete information, evidence, and testimony. The Individual Settling Defendant and all Individual Relief Defendants must appear and the Corporate Settling Defendant and all Corporate Relief Defendants must cause Settling Defendants' and Relief Defendants' officers, employees, representatives, or agents to 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 Defendants and Relief Defendants obtain acknowledgements of receipt of this Order:
- A. Each Settling Defendant and Relief 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 Individual Settling Defendant, for any business that he, individually or collectively with any other Defendant, is the majority owner or directly or indirectly controls, and the Corporate Settling Defendant and the Corporate Relief Defendants, 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 a Settling Defendant or Corporate Relief Defendant delivered a copy of this Order, that Settling Defendant or Corporate Relief Defendant must obtain, within 30 days, a signed and dated acknowledgement of receipt of this Order.

COMPLIANCE REPORTING

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

- A. One year after entry of this Order, each Settling Defendant must submit a compliance report, sworn under penalty of perjury.
 - 1. Each Settling Defendant must: (a) identify the primary physical, postal and email address and telephone number, as designated points of 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 Individual Settling Defendant must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that 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 Individual 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 Individual Settling Defendant performs services whether as an employee or otherwise and any entity in which such

Individual Settling Defendant has any ownership interest; and (c) describe in detail such Individual 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, each Settling Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
1. Each Settling Defendant must report any change in: (a) any designated point of contact; or (b) the structure of the Corporate Settling Defendant or 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 Individual 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 Individual Settling Defendant performs services whether as an employee or otherwise and any entity in which such Individual Settling Defendant has any ownership interest, and identify its name, physical address, and Internet address of the business or entity.
- C. Each Settling Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against such 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 Settling Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, Settling Defendants, 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 Settling Defendants' 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, each Settling Defendant and Relief 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.

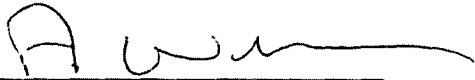
- B. For matters concerning this Order, the FTC is authorized to communicate directly with each Settling Defendant or Relief Defendant. Settling Defendants and Relief Defendants must permit representatives of the Commission to interview any employee or other person affiliated with any Settling Defendant or Relief 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 Defendants or Relief Defendants or any individual or entity affiliated with such Defendants, 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

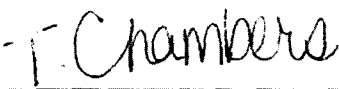
X. IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

IT IS SO STIPULATED:

Date: November 14, 2014



Alexander Wolfram
Defendant



Tiffany Chambers
Relief Defendant

/s/ Ioana Rusu
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D. Patricia Wallace
Attorneys for IDM Services LLC, Alexander Wolfram,
Steinbock Holdings LLC, Zwillinge, LLC,
Tiffany Chambers, and Sylvia Gads

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

James J. Cohn

UNITED STATES DISTRICT JUDGE