

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

WILLIAMS, SCOTT & ASSOCIATES,  
LLC, a Georgia  
limited liability company,

WSA, LLC, also d/b/a Warrant Services  
Association, a Nevada limited liability  
company,

JOHN WILLIAMS, individually and as  
officer of Williams, Scott & Associates,  
LLC, and as managing member of  
WSA, LLC, and

CHRIS LENYSZYN, individually and  
as managing member of WSA, LLC,

Defendants.

Case No. 1:14-cv-1599-HLM

**DEFAULT JUDGMENT AND FINAL ORDER FOR PERMANENT  
INJUNCTION AND OTHER EQUITABLE RELIEF  
AGAINST DEFENDANTS JOHN WILLIAMS, WILLIAMS, SCOTT &  
ASSOCIATES, LLC, AND WSA, LLC**

Plaintiff Federal Trade Commission (Commission” or “FTC”) commenced this action on May 27, 2014, against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, filing its Complaint pursuant to Section 13(b) of the FTC Act, 15 U.S.C. §53(b), and Section 814 of the Fair Debt Collection Practices Act (“FDCPA”), 15 U.S.C. §1692f, seeking temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the

refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. §45(a), and in violation of the FDCPA, 15 U.S.C. §§1692-1692p, in connection with the collection of purported debt. [Dkt. No. 1]. The FTC filed its First Amended Complaint for Permanent Injunction and Other Equitable Relief ("Amended Complaint"), adding Defendant Chris Lenyszyn on September 24, 2014. [Dkt. No. 32]. On October 29, 2014, Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, were served with a Summons and First Amended Complaint in this action. [Dkt. Nos. 32 and 59-61]. Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, have neither answered nor otherwise defended the Amended Complaint, and more than 21 days have elapsed since the date they were served.

Pursuant to the Court's direction, the Clerk entered the default against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, pursuant to Federal Rule of Civil Procedure 55(a), on December 12, 2014. [Dkt. No. 75]. The FTC now has moved this Court for entry of a judgment by default and permanent injunction, pursuant to Federal Rules of Civil Procedure 55(b)(2), against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC. The Court, having considered the memoranda and exhibits filed in support

of said motion and now being fully advised in the premises, **GRANTS** the FTC's Motion and **HEREBY ORDERS, ADJUDGES, AND DECREES** as follows:

### **FINDINGS**

1. The FTC brings this action pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 814 of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692*l*. The FTC seeks both permanent injunctive relief and disgorgement of unjust enrichment for alleged deceptive and unfair acts or practices by Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, in connection with the collection of purported consumer debt.
2. The FTC has the authority under Section 13(b) of the FTC Act and Section 814 of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692*l*, to seek the relief it has requested.
3. This Court has jurisdiction over the subject matter of this action and has jurisdiction over Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC. Venue in the Northern District of Georgia is proper, and the Amended Complaint states claims upon which relief may be granted against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, under Section 13(b) of the FTC Act and Section 814 of the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. § 1692*l*.

4. Defendants are “debt collectors” collecting “debts,” as those terms are defined in Sections 803(6) and 803(5) of the FDCPA, 15 U.S.C. §§ 1692a(6) and (5).

5. Process and service of process as to Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, was proper.

6. Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC failed to answer or otherwise file any response to the Amended Complaint. Accordingly, Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, are in default for their failure to plead or otherwise defend in this action.

7. The activities of Defendants, as alleged in the Complaint and part of this Court’s Findings 8-16 below, were in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

8. Since at least 2010, Defendants have engaged in a nationwide debt collection scheme to deceive consumers into paying debts that consumers do not actually owe or that Defendants do not have the authority to collect. See Dkt. No. 32, ¶11.

9. In numerous instances, in connection with the collection of alleged debts, Defendants used false and misleading representations to collect debts, including claiming that: (a) the consumer is delinquent on a payday loan or other debt that

Defendants have the authority to collect; (b) the consumer has a legal obligation to pay Defendants; (c) Defendants are affiliated with government entities, including law enforcement agencies; (d) Defendants are attorneys or are associated with a law firm; (e) the consumer has committed check fraud, theft by deception or another criminal act; (f) the consumer will be arrested or imprisoned for failing to pay Defendants; and (g) the consumer will lose his or her driver's license for failing to pay Defendants. See Dkt. No. 32, ¶¶11-19, 31-33.

10. These false and misleading representations, as alleged in the Complaint and part of this Court's Finding 9 were likely to mislead consumers acting reasonably under the circumstances and were material. Therefore, Defaulting Defendants' practices constitute a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

11. These false and misleading representations, as alleged in the Complaint and part of this Court's Finding 9 also constitute violations of Section 807 of the FDCPA, 15 U.S.C. § 1692e. Therefore, Defaulting Defendants have violated Section 807 of the FDCPA, 15 U.S.C. § 1692e, including, but not limited to: (a) Falsely representing the character, amount, or legal status of any debt, in violation of Section 807(2)(A) of the FDCPA, 15 U.S.C. § 1692e(2)(A); (b) Falsely representing or implying that Defendants are affiliated with the United States or any State, in violation of Section 807(1) of the FDCPA, 15 U.S.C. § 1692e(1); (c)

Falsely representing or implying that Defendants are attorneys or associated with law firms, in violation of Section 807(3) of the FDCPA, 15 U.S.C. § 1692e(3); (d) Falsely representing or implying that nonpayment of any debt will result in the arrest or imprisonment of any person when Defendants do not intend to take such action, in violation of Section 807(4) of the FDCPA, 15 U.S.C. § 1692e(4); (e) Threatening to take an action that is not lawful or that Defendants do not intend to take, such as the suspension or revocation of a consumer's driver's license for failure to pay a private debt, in violation of Section 807(5) of the FDCPA, 15 U.S.C. § 1692e(5); (f) Falsely representing or implying the consumer has committed a crime or other conduct in order to disgrace the consumer, in violation of Section 807(7) of the FDCPA, 15 U.S.C. § 1692e(7); and (g) Using false representations or deceptive means to collect or attempt to collect a debt or to obtain information concerning a consumer, in violation of Section 807(10) of the FDCPA, 15 U.S.C. § 1692e(10). See Dkt. No. 32, ¶¶11-19, 41.

12. In numerous instances, in connection with the collection of alleged debts, as alleged in the Complaint, Defendants called consumers at places they knew, or should have known, were inconvenient, or at work when they knew, or should have known, that consumers were not allowed to receive such calls. Therefore, Defaulting Defendants have violated Section 805(a) of the FDCPA, 15 U.S.C. §1692c(a). See Dkt. No. 32, ¶¶23, 38.

13. In numerous instances, in connection with the collection of alleged debts, as alleged in the Complaint, Defendants have communicated with third parties for purposes other than acquiring location information about a consumer, without having obtained directly the prior consent of the consumer or the express permission of a court of competent jurisdiction, and when not reasonably necessary to effectuate a post-judgment judicial remedy. See Dkt. No. 32, ¶¶20, 39.

Therefore, Defaulting Defendants have violated Section 805(b) of the FDCPA, 15 U.S.C. § 1692c(b).

14. In numerous instances, in connection with the collection of alleged debts, as alleged in the Complaint, Defendants engaged in conduct the natural consequence of which is to harass, oppress, or abuse the consumer, including, but not limited to, using profane language and causing a telephone to ring or engaging a person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass a person at the called number. See Dkt. No. 32, ¶¶23, 40. Therefore, Defaulting Defendants have violated Sections 806, 806(2) and (5) of the FDCPA, 15 U.S.C., §§ 1692d, 1692d(2), and 1692d(5).

15. In numerous instances, in connection with the collection of alleged debts, as alleged in the Complaint, Defendants failed to disclose in their initial communications with consumers that the debt collector is attempting to collect a debt and that any information obtained would be used for that purpose, and failed

to disclose in subsequent communications that the communication was from a debt collector. See Dkt. No. 32, ¶¶22, 41(h). Therefore, Defaulting Defendants have violated Section 807(11) of the FDCPA, 15 U.S.C. § 1692e(11).

16. In numerous instances, in connection with the collection of alleged debts, as alleged in the Complaint, Defendants failed to provide consumers within five days after the initial communication with consumers, a written notice containing: (1) the amount of the debt; (2) the name of the creditor to whom the debt is owed; (3) a statement that unless the consumer disputes the debt, the debt will be assumed valid; and (4) a statement that if the consumer disputes the debt in writing, Defendants will obtain verification of the debt. See Dkt. No. 32, ¶¶24, 42.

Therefore, Defaulting Defendants have violated Section 809(a) of the FDCPA, 15 U.S.C. § 1692g(a).

17. Corporate Defendant Williams, Scott & Associates is liable for the violations of the FTC Act and the FDCPA, as alleged in the Complaint and part of this Court's Findings 8 through 16 above.

18. Corporate Defendant WSA, LLC, is liable for the violations of the FTC Act and the FDCPA, as alleged in the Complaint and part of this Court's Findings 8 through 16 above.

19. Defendant John Williams is the president and CEO of Williams Scott. He organized Williams Scott in November 2000 and served as a managing member

and partner of Williams Scott from November 2000 through April 2013. He organized WSA in April 2013 and is a managing member of WSA. Defendant John Williams is a signatory on financial accounts belonging to the corporate defendants. Acting alone or in concert with others, Defendant John Williams has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of Defendants Williams, Scott & Associates, LLC and WSA, LLC, including the acts and practices, as alleged in the Complaint and part of this Court's Findings 8 through 16 above. See Dkt. No. 32, ¶8. Therefore, Defendant John Williams had the authority to control and participated in the violations of the FTC Act and the FDCPA committed by Corporate Defendants, as alleged in the Complaint and part of this Court's Findings 8 through 16 above, and he had knowledge of the deception. Defendant John Williams is individually liable for injunctive and monetary equitable relief for law violations committed by Corporate Defendants.

20. Defendants have caused consumer injury in the amount of over \$3.5 million dollars. See Dkt. No. 32, ¶28.

21. Defendants had net revenue of \$3,935,246.51 from the practices, as alleged in the Complaint and part of this Court's Findings 8-16, and have been unjustly enriched in that amount. See Supplemental Declaration of Michael Liggins (PX30), which was filed in support of Plaintiff FTC's Motion for Default

Judgment and Final Order against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC.

22. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and Section 814(a) of the FDCPA, 15 U.S.C. § 1692l(a), empower this Court to issue injunctive and other relief against violations of the FTC Act and the FDCPA, and in the exercise of its equitable jurisdiction, to order restitution and the disgorgement of profits resulting from Defendants' unlawful acts or practices, and issue other ancillary equitable relief.

23. Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, are likely to continue to engage in the activities alleged in the Amended Complaint or otherwise violate Section 5 of the FTC Act and the FDCPA, unless they are prohibited from doing so by order of the Court. See Dkt. No. 32, ¶43.

24. Accordingly, it is proper in this case to issue a permanent injunction that: (a) bans Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, from (i) engaging in debt collection activities, (ii) assisting others in engaging in debt collection activities, and (iii) advertising, marketing, promoting, offering for sale, or selling, or assisting others engaged in the advertising, marketing, promoting, offering for sale, or selling, of any portfolio of consumer or commercial debt or any program that gathers, organizes, or stores consumer information relating to a debt or debt collection activities;

25. In numerous instances, in connection with the collection of alleged debt, Defendants have used blatant misrepresentations, including threats of arrest and impersonation of law enforcement officials, to pressure consumers into paying purported debts that Defendants claimed to have authority from the consumers' lenders to collect. See Dkt. No. 32, ¶¶11-19.

26. In numerous instances, Defendants contacted consumers had previously inquired about, applied for or received a payday loan or other type of loan. See Dkt. No. 32, ¶12.

27. Defendants' practice of using such blatant misrepresentations against financially distressed consumers could be easily transferred to target financially distressed consumers who purchase other financial-related products and services, such as debt relief services, credit repair services and extensions of credit.

Therefore, it is reasonable and appropriate to include injunctive relief to prohibit Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, from making misrepresentations concerning any financial-related product or service, including misrepresenting any material fact in connection with the advertising, marketing, promotion, or sale of a financial-related product or service, such as the terms or rates available for a loan, or the savings a consumer will receive from purchasing a debt relief service. The relief should also prohibit Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC,

from disclosing, using, or benefitting from previously obtained consumer information, such as consumers' names, addresses, telephone numbers, email addresses, social security numbers, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account); and provide for monitoring by the FTC of the compliance of Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, with such a permanent injunction.

28. It is proper in this case to enter an equitable monetary judgment against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, for their violations of Section 5 of the FTC Act and the FDCPA because they have been unjustly enriched. Defendants who have violated Section 5 of the FTC Act can be held jointly and severally liable for the total amount of the consumer injury. The FTC is entitled to judgment against Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, jointly and severally in the amount of \$3,935,246.51.

29. The entry of this Order is in the public interest.

#### **DEFINITIONS**

1. **"Corporate Defendants"** means Williams, Scott & Associates, LLC, and WSA, LLC.

2. “**Credit repair services**” means using any instrumentality of interstate commerce or the mails to sell, provide, or perform any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of (i) improving any consumer’s credit record, credit history, or credit rating, or (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i).

3. “**Debt**” means any obligation or alleged obligation to pay money arising out of a transaction, whether or not such obligation has been reduced to judgment.

4. “**Debt collection activities**” means any activities of a debt collector to collect or attempt to collect, directly or indirectly, a debt owed or due, or asserted to be owed or due another.

5. “**Debt collector**” means any person who uses any instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another. The term also includes any creditor who, in the process of collecting its own debts, uses any name other than its own which would indicate that a third person is collecting or attempting to collect such debts. The term also include any person to the extent such person receives an assignment or transfer of a debt in default solely for the purpose of facilitating collection of such debt.

6. **“Defaulting Defendants”** means Defendants John Williams, Williams, Scott & Associates, LLC, and WSA, LLC.

7. **“Defendant John Williams”** means John Williams and by whatever names he might be known.

8. **“Defendants”** means John Williams, Williams, Scott & Associates, LLC, and WSA, LLC, and Chris Lenyszyn.

9. **“Financial-related product or service”** means any product, service, plan, or program represented, expressly or by implication, to:

- A. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, an extension of consumer credit;
- B. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit repair services;
- C. provide to any consumer, arrange for any consumer to receive, or assist any consumer in receiving, any secured or unsecured debt relief product or service;

8. **“Person”** means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, or any other group or combination acting as an entity.

9. **“Receiver”** means the court-appointed receiver in this case, Michael Fuqua, who was appointed by the Court as receiver over the Corporate Defendants pursuant to the Preliminary Injunction entered on June 19, 2014 [Dkt. No. 13].

10. **“Receivership Defendants”** means the Corporate Defendants.

10. **“Secured or unsecured debt relief product or service”** means, with respect to any mortgage, loan, debt, or obligation between a person and one or more secured or unsecured creditors or debt collectors, any product, service, plan, or program represented, expressly or by implication, to (A) negotiate, settle, or in any way alter the terms of payment or other terms of the mortgage, loan, debt, or obligation, including but not limited to, a reduction in the amount of interest, principal balance, monthly payments, or fees owed by a person to a secured or unsecured creditor or debt collector; (B) stop, prevent, or postpone any mortgage or deed of foreclosure sale for a person’s dwelling, any other sale of collateral, any repossession of a person’s dwelling or other collateral, or otherwise save a person’s dwelling or other collateral from foreclosure or repossession; (C) obtain any forbearance or modification in the timing of payments from any secured or unsecured holder of any mortgage, loan, debt, or obligation; (D) negotiate, obtain, or arrange any extension of the period of time within which the person may (i) cure his or her default on the mortgage, loan, debt, or obligation, (ii) reinstate his or her mortgage, loan, debt, or obligation, (iii) redeem a dwelling or other collateral, or

(iv) exercise any right to reinstate the mortgage, loan, debt, or obligation or redeem a dwelling or other collateral; (E) obtain any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling or other collateral; or (F) negotiate, obtain, or arrange (i) a short sale of a dwelling or other collateral, (ii) a deed-in-lieu of foreclosure, or (iii) any other disposition of a mortgage, loan, debt, or obligation other than a sale to a third party that is not the secured or unsecured loan holder. The foregoing shall include any manner of claimed assistance, including, but not limited to, auditing or examining a person's application for the mortgage, loan, debt, or obligation.

## **ORDER**

### **BAN ON DEBT COLLECTION ACTIVITIES**

- I. IT IS THEREFORE ORDERED** that Defaulting Defendants, whether acting directly or through any other person, are permanently restrained and enjoined from:
- A. Engaging in debt collection activities;
  - B. Assisting others engaged in debt collection activities; and
  - C. Advertising, marketing, promoting, offering for sale, or selling, or assisting others engaged in the advertising, marketing, promoting, offering for sale, or selling, of any portfolio of consumer or

commercial debt or any program that gathers, organizes, or stores consumer information relating to a debt or debt collection activities.

**PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL RELATED PRODUCTS OR SERVICES**

**II. IT IS FURTHER ORDERED** that Defaulting Defendants and their officers, agents, 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 corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial-related product 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;
  - 2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;
  - 3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing

negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;

4. Any aspect of any secured or unsecured debt relief product or service, including but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such secured or unsecured debt relief product or service; the amount of time before which a consumer will receive settlement of that consumer's debts; or the reduction or cessation of collection calls;
5. That a consumer will receive legal representation;
6. That any particular outcome or result from a financial-related product or service is guaranteed, assured, highly likely or probable, or very likely or probable;
7. 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 a full or partial refund will be provided to the consumer; and

8. Any other fact material to consumers concerning any financial-related product or service, such as: the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics; and
- B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

### **CONSUMER INFORMATION**

**III. IT IS FURTHER ORDERED** that Defaulting Defendants, their officers, agents, 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 corporation, subsidiary, division, or other device, are permanently restrained and enjoined from directly or indirectly:

- A. Failing to provide sufficient consumer information to enable the FTC to administer efficiently consumer redress. If a representative of the FTC requests in writing any information related to redress, Defaulting Defendants must provide it, in the form prescribed by the FTC, within 14 days.

- B. Disclosing, using, or benefitting from consumer 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 Defendant obtained prior to entry of this Order in connection with the collection or attempted collection of any debt.
- C. Failing to destroy such consumer 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 FTC.
- D. **Provided, however,** that consumer 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.

#### **MONETARY JUDGMENT**

**IV. IT IS FURTHER ORDERED** that:

- A. Judgment in the amount of \$3, 935, 246.51(Three Million Nine Hundred Thirty-Five Thousand Two Hundred Forty-Six and 51/dollar) is entered in favor of the FTC against Defaulting Defendants, jointly and severally, with post-judgment interest at the legal rate, for equitable monetary relief, including but not limited to

consumer redress and disgorgement, and for paying any attendant expenses of administering any redress fund. In partial satisfaction of the judgment against Defaulting Defendants, any financial or brokerage institution, escrow agent, title company, commodity trading company, business entity, or person that holds, controls or maintains accounts or assets of, on behalf of, or for the benefit of, Defaulting Defendants, whether real or personal, shall turn over such account or asset to the FTC or its designated agent within ten (10) business days of receiving notice of this Order by any means, including but not limited to via facsimile.

- B. In partial satisfaction of the judgment, Defendant John Williams shall surrender to the Receiver, or his designated agent, possession of the following real properties located 3275 Wyntree Drive, Norcross, Georgia 30071. Upon the Receiver's request, Defendant John Williams shall promptly transfer title to the property to the Receiver or his designated agent. The Receiver or his designated agent shall sell the property and any transfer fees, taxes, or other payments mandated from a transferor by law shall be paid from the proceeds of the sale at the time the properties are sold.

- C. All money paid to the FTC pursuant to this Order may be deposited into a fund administered by the FTC 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 FTC decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the FTC may apply any remaining money for such other equitable relief, including but not limited to consumer information remedies, as the FTC determines to be reasonably related to the practices alleged in the Amended Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as equitable disgorgement.
- D. 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 Defendant John Williams to the FTC, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

## RECEIVERSHIP

### V. IT IS FURTHER ORDERED that:

- A. Except as modified by this Section of the Final Order, the receivership imposed by this Court shall continue in the manner set forth in the Preliminary Injunction Order entered in this matter on June 19, 2014.
- B. The Receiver shall take all necessary steps to wind down the affairs of the Receivership Defendants.
- C. The Receivership shall forthwith take all steps necessary to liquidate the receivership assets and those assets that are surrendered pursuant to Section IV of this Default Judgment and Final Order and, after such liquidation, shall promptly remit the net proceeds of any asset of Defendant John Williams to the FTC as payment toward the monetary judgment entered against Defaulting Defendants. The Receiver is authorized to withhold a reasonable sum, not to exceed ten (10) percent of the net proceeds of the sale of any non-liquid assets surrendered pursuant to Section IV as cost, fees, and expenses.
- D. The Receiver shall continue to be entitled to compensation for the performance of his duties pursuant to the Final Order from assets of the Corporate Defendants, at the billing rate previously agreed to by the Receiver. Within sixty (60) days after entry of this Final Order, and

every sixty (60) days thereafter, the Receiver shall file with the Court a report detailing the action he has taken to wind down the affairs, marshal and liquidate receivership assets and those assets that are surrendered pursuant to Section IV of this Final Order, shall account for all assets marshaled, and shall submit any request for payment of reasonable compensation.

- E. The Receiver shall file his Final Report within one hundred and eighty (180) days after entry of this Final Order, unless this time is extended by the Court for good cause. Upon approval of the Receiver's final report and request for payment, the receivership shall be terminated and all funds remaining after payment of the Receiver's final approved payment shall be remitted immediately to the FTC or its designated representative in partial satisfaction of the judgment pursuant to Section IV of this Final Order.
- F. Any and all uncollected judgments obtained for the benefit of the Defaulting Defendants shall be assigned to the Commission for further collection efforts.

#### **ORDER ACKNOWLEDGEMENTS**

**VI. IT IS FURTHER ORDERED** that Defaulting Defendants obtain acknowledgments of receipt of this Order:

- A. Each Defaulting Defendant, within 7 days of entry of this Order, must submit to the FTC an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 20 years after entry of this Order, Defendant John Williams, for any business that he, individually or collectively with any other Defendants, is the majority owner or controls, directly or indirectly, and each Corporate Defendant, 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 this Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. In any other business, such as one in which Defendant John Williams is an employee without any ownership or control, he must deliver a copy of this Order to all principals and managers of the business before participating in conduct related to the subject matter of this Order. 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 Defaulting Defendants delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

### **COMPLIANCE REPORTING**

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

- A. One year after entry of this Order, each Defaulting Defendant must submit a compliance report, sworn under penalty of perjury.
1. Each Defaulting Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the FTC may use to communicate with each Defaulting Defendant; (b) identify all of that Defaulting 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 products and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant (which Defendant John Williams must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that

Defaulting Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the FTC;

2. Additionally, Defendant John Williams must: (a) identify all telephone numbers and physical, postal, email, and Internet addresses, including all residences; (b) identify all business activities, including any business for which he performs services whether as an employee or otherwise and any entity in which he has any ownership interest; and (c) describe in detail his 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 Defaulting Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defaulting Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity that Defaulting Defendant has any 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, Defendants John Williams, must report any change in: (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which he performs services whether as an employee or otherwise and any entity in which he have any ownership interest, and identify the name, physical address, and any Internet address of the business and entity.
- C. Each Defaulting Defendant must submit to the FTC notice of the filing of any bankruptcy petition, insolvency proceeding, or any similar proceeding by or against them within 14 days of its filing.
  - D. Any submission to the FTC 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 FTC 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, DC 20580. The subject line must begin: *FTC v. Williams, Scott & Associates, LLC, et al.*, Matter Number X140026.

### **RECORDKEEPING**

**VIII. IT IS FURTHER ORDERED** that Defaulting Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, Corporate Defendants Williams, Scott & Associates, LLC, and WSA, LLC, and Defendant John Williams, for any business in which he, 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, all costs incurred in generating those revenues, and the resulting net profit or loss;

- 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. Records of all complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the FTC; 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 compliance of Defaulting Defendants with this Order 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 Defaulting 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 FTC 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 Defaulting Defendant. Defaulting Defendants must permit representatives of the FTC to interview any employee or other person affiliated with any Defaulting Defendant who has agreed to such an interview. The person interviewed may have counsel present.
- C. The FTC may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Defaulting Defendants or any individual or entity affiliated with Defaulting Defendants without the necessity of identification or prior notice. Nothing in this Order limits the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.
- D. Upon written request from a representative of the FTC, any consumer reporting agency must furnish consumer reports concerning Defendant John Williams, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1).

**ENTRY OF JUDGMENT**

**X. IT IS FURTHER ORDERED** that there is no just reason for delay of entry of this judgment, and that, pursuant to Federal Rule of Civil Procedure 54(b), the Clerk immediately shall enter this Order as a final judgment as to Defaulting Defendants.

**RETENTION OF JURISDICTION**

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

SO ORDERED, this 2<sup>nd</sup> day of April 2015.

  
HAROLD L. MURNHY  
United States District Judge