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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Federal Trade Commission,

Plaintiff,

vs.

Advertising Strategies, LLC, et al.,

Defendants.

No. 2:16-CV-3353-PHX-DJH

**STIPULATED ORDER FOR
PERMANENT INJUNCTION AND
MONETARY JUDGMENT AS TO
DEFENDANTS**

On October 3, 2016, Plaintiff, the Federal Trade Commission (“Commission” or “FTC”) filed its Complaint for Permanent Injunction and Other Equitable Relief, pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), and the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310, against Defendants Advertising Strategies, LLC; Internet Advertising Solutions, LLC; Internet Resource Group, Inc.; Network Advertising Systems, LLC; Network Professional Systems, LLC; Network Solutions Group, Inc.; Susan Rodriguez; Matthew Rodriguez; and William Matthew Whitley (collectively, “Defendants”).

On October 4, 2016, this Court entered a TRO (Doc. 18) against Defendants. On October 18, 2016, this Court held a show cause preliminary injunction hearing. Through counsel, the Commission and Defendants agreed to stipulate to a preliminary injunction as to Defendants, which the Court entered on October 20, 2016 (Doc. 42).

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1 2. **“Corporate Defendants”** means Advertising Strategies, LLC; Internet
2 Advertising Solutions, LLC; Internet Resource Group, Inc.; Network Advertising
3 Systems, LLC; Network Professional Systems, LLC; Network Solutions Group, Inc.; and
4 their successors and assigns.

5 3. **“Defendants”** means all of the Individual Defendants and the Corporate
6 Defendants, individually, collectively, or in any combination.

7 4. **“Document”** is synonymous in meaning and equal in scope to the usage of
8 the term in Federal Rule of Civil Procedure 34(a), and includes writing, drawings, graphs,
9 charts, photographs, sound and video recordings, images, Internet sites, Web pages, Web
10 sites, electronic correspondence, including e-mail and instant messages, contracts,
11 accounting data, advertisements (including advertisements placed on the World Wide
12 Web), FTP Logs, Server Access Logs, USENET Newsgroup postings, World Wide Web
13 pages, books, written or printed records, handwritten notes, telephone logs, telephone
14 scripts, receipt books, ledgers, personal and business canceled checks and check registers,
15 bank statements, appointment books, computer records, and any other electronically
16 stored information, and other data or data compilations from which information can be
17 obtained directly or, if necessary, after translation into a reasonably usable form. A draft
18 or non-identical copy is a separate Document within the meaning of the term.

19 5. **“FTC”** or **“Commission”** means the Federal Trade Commission.

20 6. **“Individual Defendants”** means Susan Marie Rodriguez, William Matthew
21 Whitley, and Matthew Rodriguez, individually, collectively, or in any combination.

22 7. **“Investment Opportunity”** means anything tangible or intangible, that is
23 offered, offered for sale, sold, or traded based wholly or in part on representations, either
24 express or implied, about past, present, or future income, profit, or appreciation.

25 8. **“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.

28 9. **“Person”** means a natural person, organization, or other legal entity,
including a corporation, limited liability company, partnership, proprietorship,

1 association, cooperative, government or governmental subdivision or agency, or any
2 other group or combination acting as an entity.

3 10. “**Receiver**” means the receiver appointed in Section XIII of the Stipulated
4 Preliminary Injunction (Doc. 42) and any deputy receivers that shall be named by the
5 receiver.

6 11. “**Receivership Estate**” means all the Assets that are in the Receiver’s
7 control or possession pursuant to the Stipulated Preliminary Injunction (Doc. 42).

8 12. “**Telemarketing**” means any plan, program, or campaign that is conducted
9 to induce the purchase of goods or services by use of one or more telephones, and which
10 involves a telephone call, whether or not covered by the TSR.

11 **ORDER**

12 **I.**

13 **BAN ON TELEMARKETING**

14 **IT IS THEREFORE ORDERED** that Defendants are **hereby permanently**
15 **restrained and enjoined** from engaging in Telemarketing or assisting others engaged in
16 Telemarketing, whether directly or through an intermediary.

17 **II.**

18 **BAN ON MARKETING AND SALE OF INVESTMENT OPPORTUNITIES**

19 **IT IS FURTHER ORDERED** that Defendants are **hereby permanently**
20 **restrained and enjoined** from advertising, marketing, promoting, or offering for sale, or
21 assisting in the advertising, marketing, promoting, or offering for sale of any Investment
22 Opportunity, whether directly or through an intermediary.

23 **III.**

24 **PROHIBITION ON MISREPRESENTATIONS**

25 **IT IS FURTHER ORDERED** that Defendants, Defendants’ officers, agents,
26 employees, and attorneys, and all other Persons in active concert or participation with any
27 of them, who receive actual notice of this Order, whether acting directly or indirectly, in
28 connection with the advertising, marketing, promotion, offering for sale, or sale of any
product or service, are **hereby permanently restrained and enjoined** from:

1 Merchant ID No. xxx-xxx [REDACTED], held in the name of Internet Advertising Solutions, LLC,
2 including any reserve.

3 F. Defendants are ordered to fully cooperate with First Citizens Bank, Atlantic
4 Pacific Processing Systems, Inc., Priority Payout Corp., PayZang LLC, and the
5 Commission in transferring such funds to the Commission, including promptly signing
6 any Document necessary or appropriate to transfer such funds to the Commission. Upon
7 the transfers listed in Subsections B-E, above, and the transfer listed in Section VIII.B,
8 the remainder of the judgment is suspended, subject to Subsections H-J, below.

9 G. The Receiver is authorized and ordered to promptly liquidate any non-
10 liquid Assets of the Receivership Estate without further order of this Court. Defendants
11 shall take all steps necessary to assist the Commission and the Receiver in the liquidation
12 of such property, including signing any Documents necessary to transfer ownership. In
13 the event that it is necessary for Defendants to execute Documents to facilitate the
14 liquidation of such property, they shall execute and return such Documents within three
15 (3) days of a request from the Commission or the Receiver.

16 H. The Commission's agreement to the suspension of part of the judgment is
17 expressly premised upon the truthfulness, accuracy, and completeness of Defendants'
18 sworn financial statements and related Documents (collectively, "financial
19 representations"), submitted to the Commission, namely:

- 20 1) the Financial Statement of Individual Defendant Susan Rodriguez
21 signed on October 17, 2016, including the attachments and the
22 updated version of page 6 of the same provided to FTC staff via
23 email by defense counsel on October 24, 2016;
- 24 2) the Financial Statement of Individual Defendant Matthew Rodriguez
25 signed on October 17, 2016, including the attachments;
- 26 3) the Financial Statement of Individual Defendant William Whitley
27 signed on October 17, 2016, including the attachments and the
28 updated version of page 6 of the same provided to FTC staff via
email by defense counsel on October 26, 2016;

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- 4) the Financial Statement of Corporate Defendant Advertising Strategies, LLC, signed by Matthew Rodriguez on October 17, 2016, including the attachments;
- 5) the Financial Statement of Corporate Defendant Network Advertising Systems, LLC, signed by Matthew Rodriguez on October 17, 2016, including the attachments;
- 6) the Financial Statement of Corporate Defendant Internet Advertising Solutions, LLC, signed by Susan Rodriguez on October 17, 2016, including the attachments;
- 7) the Financial Statement of Corporate Defendant Network Professional Systems, LLC, signed by William Whitley on October 17, 2016, including the attachments;
- 8) the information regarding Corporate Defendants Network Solutions Group, Inc. and Internet Resource Group, Inc., provided via email by Defendants' counsel on February 10, 2017.

I. The suspension of the judgment will be lifted as to any Defendant if, upon motion by the Commission, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial representations identified above.

J. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that 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 payments previously made to the Commission pursuant to this Section or Section VIII, plus interest computed from the date of entry of this Order.

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V.

ADDITIONAL MONETARY PROVISIONS

IT IS FURTHER ORDERED that:

A. Defendants relinquish dominion and all legal and equitable right, title, and interest in the Receivership Estate and all assets transferred pursuant to this Order, and may not seek the return of any assets.

B. 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.

C. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission 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.

D. Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Individual Defendants previously submitted to the Commission and which Corporate Defendants must submit, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. §7701.

E. 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 consumer redress and any attendant expenses for the administration of any redress fund. 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 any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to 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. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

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VI.

LIFTING OF ASSET FREEZE

IT IS FURTHER ORDERED that the asset freeze set forth in the Stipulated Preliminary Injunction (Doc. 42, Section IV) is modified to permit the payments and transfers identified in Section IV of this Order. Upon completion of all payments and transfers required by Section IV of this Order, the asset freeze as to Defendants is dissolved.

VII.

CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, 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, are **permanently restrained and enjoined from:**

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

B. 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), that any Defendant obtained prior to entry of this Order; and

C. 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 law, regulation, or court order.

VIII.

RECEIVERSHIP REPORTS AND TERMINATION

IT IS FURTHER ORDERED that

A. The Receiver is directed to, within ninety (90) days of the date of the entry of this Order, unless good cause is shown to extend the receivership beyond ninety (90) days, file with the Court a final report and a final request for payment of fees and expenses. The final report shall list the steps taken to comply with this Order and dissolve the Receivership Estate and an accounting of the Receivership Estate;

B. The Receiver is directed to transfer, after payment of the Receiver's compensation and expenses, all funds of the Receivership Estate (including the funds from liquidated Assets) to the Commission by electronic fund transfer in accordance with instructions provided by a representative of the Commission;

C. Upon transferring the Receivership Estate to the Commission, the Receiver shall provide to the Commission a report regarding the consumers from whom Defendants obtained payments, including the information available to the Receiver regarding (a) the identities of the consumers, (b) the total amount each consumer paid, (c) the amount of money, if any, that each consumer received from Defendants in the form of a refund or otherwise, and (d) each consumer's address and telephone number; and

D. Upon completion of all of the tasks described in Subsections A-C above, the receivership shall terminate.

IX.

ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order as follows:

A. Each Defendant, within seven (7) days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For five (5) years after entry of this Order, each Individual Defendant, for any business that such Defendant, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and each Corporate Defendant,

1 must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC
2 managers and members; (2) all employees, agents, and representatives who participate in
3 conduct related to the subject matter of the Order; and (3) any business entity resulting
4 from any change in structure as set forth in the Section titled Compliance Reporting.
5 Delivery must occur within seven (7) days of entry of this Order for current personnel.
6 For all others, delivery must occur before they assume their responsibilities.

7 C. From each individual or entity to which a Defendant delivered a copy of
8 this Order, that Defendant must obtain, within thirty (30) days, a signed and dated
9 acknowledgment of receipt of this Order.

10 **X.**

11 **COMPLIANCE REPORTING**

12 **IT IS FURTHER ORDERED** that Defendants make timely submissions to the
13 Commission:

14 A. One year after entry of this Order, each Defendant must submit a
15 compliance report, sworn under penalty of perjury:

- 16 1) Each Defendant must: (a) identify the primary physical, postal, and
17 email address and telephone number, as designated points of contact,
18 which representatives of the Commission may use to communicate
19 with Defendant; (b) identify all of that Defendant's businesses by all
20 of their names, telephone numbers, and physical, postal, email, and
21 Internet addresses; (c) describe the activities of each business,
22 including the goods and services offered, the means of advertising,
23 marketing, and sales, and the involvement of any other Defendant
24 (which Individual Defendants must describe if they know or should
25 know due to their own involvement); (d) describe in detail whether
26 and how that Defendant is in compliance with each Section of this
27 Order; and (e) provide a copy of each Order Acknowledgment
28 obtained pursuant to this Order, unless previously submitted to the
Commission.

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2) Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify all business activities, 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 (c) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For twenty (20) years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within fourteen (14) days of any change in the following:

- 1) Each Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity that 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, each Individual Defendant 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 such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within fourteen (14) days of its filing.

1 D. Any submission to the Commission required by this Order to be sworn
2 under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,
3 such as by concluding: “I declare under penalty of perjury under the laws of the United
4 States of America that the foregoing is true and correct. Executed on: _____” and
5 supplying the date, signatory’s full name, title (if applicable), and signature.

6 E. Unless otherwise directed by a Commission representative in writing, all
7 submissions to the Commission pursuant to this Order must be emailed to
8 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:

9 Associate Director for Enforcement
10 Bureau of Consumer Protection
11 Federal Trade Commission
12 600 Pennsylvania Avenue NW
13 Washington, DC 20580

14 The subject line must begin: FTC v. Advertising Strategies, X170004.

15 XI.

16 RECORDKEEPING

17 **IT IS FURTHER ORDERED** that Defendants must create certain records for
18 twenty (20) years after entry of the Order, and retain each such record for five (5) years.
19 Specifically, Corporate Defendants and each Individual Defendant for any business that
20 such Defendant, individually or collectively with any other Defendants, is a majority
21 owner or controls directly or indirectly, must create and retain the following records:

22 A. Accounting records showing the revenues from all goods or services sold;

23 B. Personnel records showing, for each Person providing services, whether as
24 an employee or otherwise, that Person’s: name; addresses; telephone numbers; job title
25 or position; dates of service; and (if applicable) the reason for termination;

26 C. Records of all consumer complaints and refund requests, whether received
27 directly or indirectly, such as through a third party, and any response;

28 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.

XII.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring 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 Commission, each 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 Commission is authorized to communicate directly with each Defendant. Defendant must permit representatives of the Commission to interview any employee or other Person affiliated with any 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 Defendants or any individual or entity affiliated with 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.

D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning Individual Defendants, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. §1681b(a)(1).

XIII.


RETENTION OF JURISDICTION

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

1 **SO STIPULATED AND AGREED:**

2 **For Plaintiff Federal Trade Commission:** DAVID C. SHONKA
Acting General Counsel

3
4 Dated: 3/2/17




Jody Goodman
Andrew Hudson
Colleen Robbins
Federal Trade Commission
600 Pennsylvania Ave., NW
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(202) 326-3096 / jgoodman1@ftc.gov
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*Attorneys for Plaintiff
Federal Trade Commission*

12 **For Defendants Advertising Strategies,**
13 **LLC, Internet Advertising Solutions,**
14 **LLC, Internet Resource Group, Inc.,**
15 **Network Advertising Systems, LLC,**
16 **Network Professional Systems, LLC,**
17 **Network Solutions Group, Inc., Susan**
18 **Rodriguez, Matthew Rodriguez, and**
19 **William Whitley:**

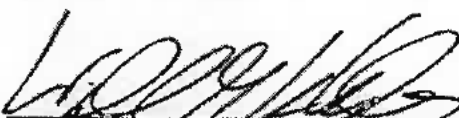
Network Professional Systems, LLC

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21 Dated: 2/9/17

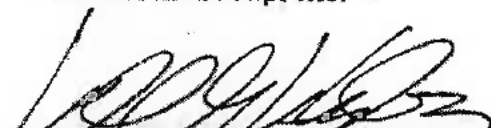
22 By: 
William Whitley, as an officer of Network
Professional Systems, LLC.

Network Solutions Group, Inc.

23
24 Dated: 2/9/17

25 By: 
William Whitley, as an officer of Network
Solutions Group, Inc.

26
27 Dated: 2/9/17

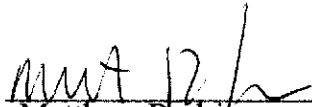
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William Whitley, individually

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Advertising Strategies, LLC

Dated:

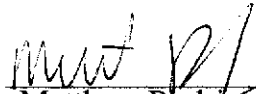
By:


Matthew Rodriguez, as an officer of
Advertising Strategies, LLC.

Network Advertising Systems, LLC

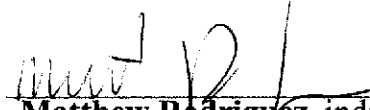
Dated:

By:


Matthew Rodriguez, as an officer of
Network Advertising Systems, LLC

Dated:

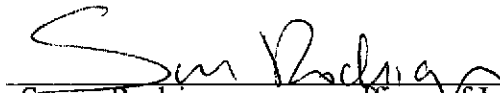
By:


Matthew Rodriguez, individually

Internet Advertising Solutions, LLC

Dated:

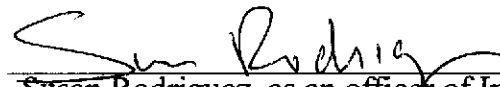
By:


Susan Rodriguez, as an officer of Internet
Advertising Solutions, LLC


Internet Resource Group, Inc.

Dated:

By:


Susan Rodriguez, as an officer of Internet
Resource Group, Inc.

Dated:


Susan Rodriguez, individually

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Dated: 2/10/2017




Andrew C. Pacheco
Ryan Rapp & Underwood PLC
3200 North Central Ave., Suite 1600
Phoenix, AZ 85012-2424
(602) 333-0124 / apacheco@rrulaw.com

Attorney for Defendants Advertising Strategies, LLC, Internet Advertising Solutions, LLC, Internet Resource Group, Inc., Network Advertising Systems, LLC, Network Professional Systems, LLC, Network Solutions Group, Inc., Matthew Rodriguez, Susan Rodriguez, and William Whitley

IT IS SO ORDERED.

Dated this 7th day of March, 2017.



Diane J. Humetewa
United States District Judge