

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
Civil No. 1:20-cv-24721-Cooke/Reid**

FEDERAL TRADE COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
 DIGITAL INCOME SYSTEM, INC.,)
 a Florida corporation,)
)
 DEREK JONES FOLEY, aka Derek)
 Jones, individually and as an owner,)
 officer, and/or manager of)
 Digital Income System, Inc.,)
)
 WILLIAM FOLEY, individually and)
 as an owner, officer, and/or)
 manager of Digital Income)
 System, Inc.,)
)
 CHRISTOPHER BRANDON FRYE,)
 Individually,)
)
 JENNIFER HEDRICK,)
 Individually, and)
)
 KAITLYN SCOTT,)
 Individually,)
)
 Defendants.)

**STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION AND
MONETARY JUDGMENT AS TO DEFENDANT
JENNIFER HEDRICK**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed on November 16, 2020, its complaint seeking a permanent injunction and other equitable relief (“Complaint”), pursuant to Sections 5(a), 13(b), and 19 of the Federal Trade Commission Act (“FTC Act”), 15

U.S.C. §§ 45(a), 53(b), and 57b(b), and the FTC’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Business Opportunities” (the “Business Opportunity Rule”), 16 C.F.R. Part 437, as amended, and an *ex parte* motion for temporary restraining order pursuant to FED. R. CIV. P. 65(b). On November 17, 2020, this Court granted the FTC’s motion and entered a temporary restraining order (“TRO”). The Commission and Defendants filed a stipulated preliminary injunction, which this Court entered and ordered on December 21, 2020. The Commission and Defendant Hedrick now stipulate to the entry of this Stipulated Final Order for Permanent Injunction and Monetary Judgment as to Defendant Jennifer Hedrick (“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 the subject matter of this case and personal jurisdiction over the parties hereto.
2. The Complaint charges that Defendant Hedrick participated as a promoter in deceptive acts or practices in violation of Sections 5(a) and 19 the FTC Act, 15 U.S.C. § 45(a) and 57b(b), and the FTC’s Trade Regulation Rule entitled Business Opportunity Rule, 16 C.F.R. Part 437.
3. Defendant waives any claim that she may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear her own costs and attorney fees.
4. Defendant and the Commission waive all rights to appeal or otherwise challenge or contest the validity of this Order.

DEFINITIONS

For the purpose of this Order, the following definitions apply:

A. “Business Opportunity” means a commercial arrangement in which: (1.) A seller solicits a prospective purchaser to enter into a new business; (2.) The prospective purchaser makes a required payment; and (3.) The seller, expressly or by implication, orally or in writing, represents that the seller or one or more designated persons will: (i) Provide locations for the use or operation of equipment, displays, vending machines, or similar devices, owned, leased, controlled, or paid for by the purchaser; or (ii) Provide outlets, accounts, or customers, including, but not limited to, Internet outlets, accounts, or customers, for the purchaser’s goods or services; or (iii) Buy back any or all of the goods or services that the purchaser makes, produces, fabricates, grows, breeds, modifies, or provides, including but not limited to providing payment for such services as, for example, stuffing envelopes from the purchaser's home.

B. “Defendant” means Jennifer Hedrick, also known by her married name of Jennifer Maurer.

C. “Document” is synonymous in meaning and equal in scope to the usage of “document” and “electronically stored information” in Federal Rule of Civil Procedure 34(a), Fed. R. Civ. P. 34(a), and includes writings, drawings, graphs, charts, photographs, sound and video recordings, images, internet sites, web pages, websites, electronic correspondence, including e-mail and instant messages, contracts, accounting data, advertisements (including advertisements placed on the World Wide Web), FTP Logs, Server Access Logs, USENET Newsgroup postings, books, written or printed records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, computer records, customer or sales databases, and any other electronically stored information, including Documents located on remote servers or cloud computing systems, and other data or data compilations from which information can be obtained directly or, if necessary, after translation into a reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

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

E. “Receiver” means the receiver appointed in this action, Curt Miner, Esq., and any deputy receivers that he names.

ORDER

I. BAN ON SALE OR MARKETING OF BUSINESS OPPORTUNITIES AND INVESTMENT OPPORTUNITIES

IT IS ORDERED that Defendant Hedrick is permanently restrained and enjoined from:

A. Creating, advertising, marketing, promoting, offering for sale, or selling, or assisting others in creating, advertising, marketing, promoting, offering for sale, or selling any Business Opportunity or any Investment Opportunity; and

B. Holding, directly or through a third-person, any ownership or other financial interest in any business entity that is creating, advertising, marketing, promoting, offering for sale, or selling, or that assists others in creating, advertising, marketing, promoting, offering for sale, or selling any Business Opportunity, any Investment Opportunity, or any product or service to assist in the creation or development of a Business Opportunity or an Investment Opportunity.

II. PROHIBITION AGAINST MISREPRESENTATIONS

IT IS FURTHER ORDERED that Defendant Hedrick and all other persons in active concert or participation with her, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering for sale, or sale of any goods or services, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication:

A. That consumers who purchase any goods or services advertised, marketed, promoted, offered for sale, or sold by Defendant Hedrick will earn or are likely to earn substantial income;

B. That Defendant Hedrick will find locations, outlets, accounts, or customers for the purchaser; and

C. Any other fact material to consumers concerning any good 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.

III. MONETARY JUDGMENT

A. Judgment in the amount of two hundred seventeen thousand four hundred twenty-

six dollars (\$217,426) is entered in favor of the Commission and against Defendant Hedrick as monetary relief.

B. In partial satisfaction of the monetary judgment, any assets held by third parties in the name of, or for the benefit of, Defendant Hedrick must be transferred to the Commission or its designated agent, including, but not limited to, the following assets:

1. Within ten (10) business days of receiving notice of this Order, Wells Fargo Bank, its parent corporation, subsidiaries, principals, and agents must transfer to the Commission by electronic fund transfer or certified bank or cashier's check, in accordance with instructions to be provided by the Commission, all funds in the name of, or for the benefit of, Defendant Jennifer Hedrick, including but not limited to:
 - a. Account No.1348;
 - b. Account No.2190; and
 - c. Account No.3201.

D. Upon completion of all asset transfers, as specified in this Section III, the remainder of the judgment is suspended, subject to the Subsections below.

E. The Commission's agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Defendant's sworn financial statements and related documents (collectively, "financial representations") submitted to the Commission, namely:

1. the Financial Statement of Individual Defendant Jennifer Hedrick, signed on November 26, 2020, including the attachments.

F. The suspension of the judgment will be lifted as to Defendant Hedrick 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.

G. 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 and allegedly caused by Defendant Hedrick), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

IV. ADDITIONAL MONETARY PROVISIONS

A. Defendant relinquishes 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.

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. Defendant acknowledges that her Taxpayer Identification Number (Social Security Number), which Defendant previously submitted to the Commission, 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 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 relief (including consumer information remedies) as it determines to be reasonably related to Defendant's practices alleged in the Complaint. Any money not used for such relief is to be deposited to the U.S. Treasury as disgorgement. Defendant has no right to challenge any actions the Commission or its representatives may take pursuant to this subsection.

F. The asset freeze is modified to permit the payments and transfers identified in Section

III. Upon completion of those payments and transfers, the asset freeze is dissolved.

V. CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendant Hedrick, her 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 are permanently restrained and enjoined from directly or indirectly:

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, Defendant Hedrick must provide it, in the form prescribed by the Commission, within 14 days; and

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 in connection with any activity that pertains to the sale of any Business Opportunity or Investment Opportunity; and

C. Failing to destroy such customer information in all forms in her possession, custody, or control within 30 days after entry of this Order. 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.

VI. COOPERATION

IT IS FURTHER ORDERED that Defendant Hedrick 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. Defendant Hedrick must provide truthful and complete information, evidence, and testimony. Defendant Hedrick must appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon 5 days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena.

VII. ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendant Hedrick obtain acknowledgments of receipt of this Order:

A. Defendant Hedrick, within 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 10 years after entry of this Order, Defendant Hedrick, for any business that she, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order and all 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. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which Defendant Hedrick delivered a copy of this Order, Defendant Hedrick must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

VIII. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendant Hedrick make timely submissions to the Commission:

A. One year after entry of this Order, Defendant Hedrick must submit a compliance report, sworn under penalty of perjury, in which:

1. Defendant Hedrick 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 Defendant; (b) identify all of 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 Defendant must describe if she knows or should know due to her own involvement); (d) describe in detail whether and how that 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 Commission.

2. Additionally, Defendant Hedrick 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 Defendant performs services whether as an employee or otherwise and any entity in which Defendant has any ownership interest; and (c) describe in detail her involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For 10 years after entry of this Order, Defendant Hedrick must submit a compliance notice, sworn under penalty of perjury, within 30 days of any change in the following:

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

C. Defendant Hedrick must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against Defendant within 30 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 Commission 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. Digital Income System, Inc. (Jennifer Hedrick), Matter No. X210004.

IX. RECORDKEEPING

IT IS FURTHER ORDERED that Defendant Hedrick must create certain records for 10 years after entry of the Order, and retain each such record for 5 years. Specifically, Defendant, for any business that she, individually or collectively with any other Defendants, is a majority owner or controls directly or indirectly, must create and retain 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; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. Records of all consumer 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 Commission; and
- E. A copy of each unique advertisement or other marketing material.

X. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendant Hedrick’s compliance with this Order, including the financial representations upon which part of the judgment was suspended:

A. Within 14 days of receipt of a written request from a representative of the Commission, 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 Defendant Hedrick. 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.

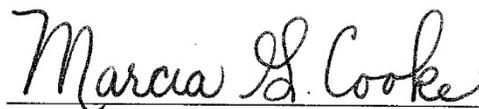
C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendant Hedrick or any individual or entity affiliated with Defendant, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

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

XII. RETENTION OF JURISDICTION

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

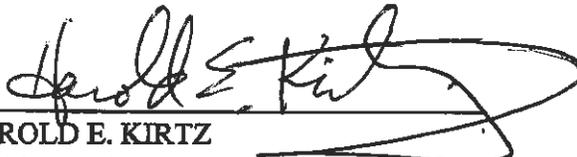
SO ORDERED, this 1st day of July 2021.



MARCIA G. COOKE
United States District Judge

SO STIPULATED AND AGREED:

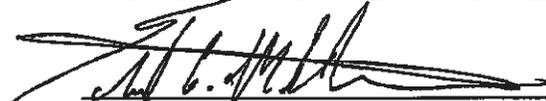
FOR PLAINTIFF FEDERAL TRADE COMMISSION:



HAROLD E. KIRTZ
Florida Special Bar Number A5500743

LARA TUMEH
Florida Special Bar Number A5502699
Federal Trade Commission
225 Peachtree Street, N.E., Suite 1500
Atlanta, GA 30303
Telephone: (770) 789-9378 (Kirtz)
(202) 730-6470 (Tumeh)
Facsimile: (404) 656-1379
E-mail: hkirtz@ftc.gov
ltumeh@ftc.gov
Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

FOR DEFENDANT JENNIFER HEDRICK:



EDWARD MALDONADO, ESQ.
Law Offices of Edward A. Maldonado PA

Maldonado Law Group
2850 Douglas Road Suite 303
Coral Gables, Florida 33134
305-477-7580
eam@maldonado-group.com
Attorney for Defendant Jennifer Hedrick

DEFENDANT:



JENNIFER HEDRICK,