

**UNITED STATES DISTRICT COURT
 FOR THE NORTHERN DISTRICT OF ALABAMA
 SOUTHERN DIVISION**

FEDERAL TRADE COMMISSION, et al.,	}	
	}	
Plaintiffs,	}	
	}	
v.	}	Case No.: 2:17-cv-00698-RDP
	}	
TROTHSOLUTIONS INC., et al.,	}	
	}	
Defendants.	}	

PERMANENT INJUNCTION

This case is before the court on the Agreed Motion for Dismissal of Defendant Escue Energy, Inc. and for Entry of Stipulated Permanent Injunction as to Defendants Madhu Sethi and Ila Sethi (Doc. # 36), filed by Plaintiffs and Defendants Madhu Sethi and Ila Sethi. Plaintiffs, the Federal Trade Commission (“Commission” or “FTC”) and the State of Alabama (collectively, “Plaintiffs”), filed their Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”), pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), the Telemarketing and Consumer Fraud and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. §§ 6101-6108, and the Alabama Deceptive Trade Practices Act (“DTPA”), Ala Code §§ 8-19-1 *et seq.* Plaintiffs and Defendants Madhu Sethi and Ila Sethi (“Stipulating Defendants”) have stipulated the entry of this Permanent Injunction (“Injunction”) to resolve all matters in dispute in this action between them.

After careful review, it is **ORDERED** and **ADJUDGED** as follows:

FINDINGS

1. This court has jurisdiction over this matter.

2. The Complaint charges that the Stipulating Defendants participated in deceptive acts or practices that violated Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the FTC's Trade Regulation Rule entitled "Telemarketing Sales Rule" ("TSR"), 16 C.F.R. Part 310, and the DTPA, in the advertising, marketing, promotion, offering for sale, or sale of Tech Support Products or Services.

3. Stipulating 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, Stipulating Defendants admit the facts necessary to establish jurisdiction.

4. Stipulating Defendants waive any claim that they may have against Plaintiffs, the Receiver, and their employees, representatives, and agents, as well as any claim that Stipulating Defendants 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 Injunction. Stipulating Defendants agree to bear their own costs and attorneys' fees.

5. Stipulating Defendants waive all rights to appeal or otherwise to challenge or to contest the validity of this Injunction.

DEFINITIONS

For the purpose of this Injunction, the following definitions shall apply:

1. **"Corporate Defendant(s)"** means Trothsolutions Inc., Trothsolutions, LLC, Quickkonto LLC, Crazy Bee Man of Palm Beach Inc., Edoorways International Corp., Escue Energy, Inc., and Airoways LLC, their successors and assigns, as well as any subsidiaries, affiliates, divisions, or sales or customer service operations, and any fictitious business entities or business names created or used by these entities, and also includes Trothav Inc., Online System Care Inc., and Trothsolutions Tech LLC, and their successors and assigns.

2. **“Defendant(s)”** means all of the Individual Defendants and the Corporate Defendants, individually, collectively, or in any combination.

3. **“Individual Defendant(s)” or “Stipulating Defendant(s)”** means Madhu Sethi and Ila Sethi, by whatever names they may be known.

4. **“Tech Support Product or Service”** includes any plan, program, or software, marketed to repair, maintain, or improve a computer’s performance or security, including registry cleaners, anti-virus programs, anti-malware programs, fire wall programs, and computer or software diagnostic services.

5. **“Telemarketing”** means any plan, program, or campaign that is conducted to induce the purchase of goods or services or a charitable contribution by use of one or more telephones.

SECTION I: BAN ON TECH SUPPORT PRODUCTS AND SERVICES

It is **ORDERED** that Stipulating Defendants are permanently restrained and enjoined from:

A. Advertising, marketing, promoting, offering for sale, selling, or providing any Tech Support Product or Service;

B. Assisting or providing consulting services for others engaged in, or receiving any proceeds from, advertising, marketing, promoting, offering for sale, selling, or providing any Tech Support Product or Service; and

C. Owning, controlling, or serving as an officer, director, or manager of any business entity advertising, marketing, promoting, offering for sale, selling, providing, or assisting or providing consulting services for others engaged in, advertising, marketing, promoting, offering for sale, selling, or providing, any Tech Support Product or Service.

SECTION II: PROHIBITION AGAINST DECEPTIVE TELEMARKETING

It is further **ORDERED** that Stipulating Defendants, their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Injunction, whether acting directly or indirectly, in connection with the Telemarketing of any product or service, are permanently restrained and enjoined from:

- A. Making a false or misleading statement to induce any person to pay for goods or services or to induce a charitable contribution; or
- B. Violating the Telemarketing Sales Rule, 16 C.F.R. Part 310.

SECTION III: PROHIBITION AGAINST MISREPRESENTATIONS

It is further **ORDERED** that Stipulating Defendants, their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Injunction, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, offering for sale, sale, or selling of any good or service, are permanently restrained and enjoined from misrepresenting, or assisting others in misrepresenting, expressly or by implication:

- A. That Stipulating Defendants are part of, certified or authorized by, affiliated with, or acting on behalf of any entity; and
- B. Any other fact material to consumers concerning any good or service, such as:
(1) the total costs of any good or service; (2) any material restrictions, limitations, or conditions; or (3) any material aspect of a good's or service's performance, efficacy, nature, or central characteristics.

SECTION IV: PROHIBITION AGAINST COLLECTING ON ACCOUNTS

It is further **ORDERED** that Stipulating Defendants, their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them who receive actual notice of this Injunction, whether acting directly or indirectly, are permanently restrained and enjoined from attempting to collect, collecting, or assigning any right to collect payment for any Tech Support Product or Service sold by any Defendant.

SECTION V: MONETARY JUDGMENT AND PARTIAL SUSPENSION

It is further **ORDERED** that:

A. Judgment in the amount of Two Million Eighty Seven Thousand Eight Hundred Forty-Four Dollars and seventy-two cents (\$2,087,844.72) is hereby **ENTERED** in favor of Plaintiffs and against Stipulating Defendants, jointly and severally, as equitable monetary relief.

B. Stipulating Defendants are **ORDERED** to pay to the Commission Ten Thousand Dollars (\$10,000) within 7 days of entry of this Injunction by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission. Upon such payment and Stipulating Defendants' satisfaction of all obligations imposed under Subsection C of this section, the remainder of the judgment shall be suspended, subject to the Subsections below.

C. Stipulating Defendants **SHALL** immediately take specific steps, as set forth below, to sell all interests in the 2014 Ford Fusion (VIN 3FA6P0HD8ER373202) (the "Vehicle") identified in the Financial Statement of Individual Defendant Madhu Sethi, signed May 4, 2017:

1. Stipulating Defendants shall immediately sell the Vehicle at fair market value (based on its Kelley Blue Book value) by advertising it for sale through an online auction service and selling the Vehicle to the highest bidder, or by placing the Vehicle for sale through an appropriate broker or automobile listing service;

2. Before placing an ad or otherwise listing the Vehicle for sale, Stipulating Defendants shall provide to Plaintiffs' counsel documentation for the proposed advertisement, if any, and sale price;
3. Stipulating Defendants shall in no way profit directly or indirectly from the sale of the Vehicle, including by sharing in any sales commission or fee, or by receiving anything of value of any kind in excess of the amount owing on the present loan for the vehicle, plus costs of sale;
4. Pending sale of the Vehicle, Stipulating Defendants shall: (a) maintain the Vehicle in good working order and in the same condition as of May 4, 2017, the date Defendant Madhu Sethi signed his sworn financial statement, reasonable wear and tear excepted; (b) take no action to encumber or diminish the Vehicle's value; (c) maintain existing insurance coverage for the Vehicle; and (d) remain current on any tax, registration, maintenance costs, and other fees and expenses related to the Vehicle; and
5. Within three (3) business days of receipt of any net proceeds from the sale of all interests in the Vehicle, Stipulating Defendants shall cause to be wired to Plaintiffs any net proceeds from such sale in accordance with instructions provided by Plaintiffs, and shall identify the name, address, and telephone number of the purchaser of the Vehicle.

D. Plaintiffs' agreement to the suspension of part of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Stipulating Defendants' sworn financial statements and related documents (collectively, "financial statements") submitted to Plaintiffs, namely:

1. The Financial Statement of Stipulating Defendant Madhu Sethi signed on May 4, 2017, including the attachments;
2. The Financial Statement of Stipulating Defendant Ila Sethi signed on May 4, 2017, including the attachments; and
3. The declaration of Madhu Sethi signed on August 2, 2017.

E. The partial suspension of the judgment will be lifted as to any Stipulating Defendant if, upon motion by any Plaintiff, the court finds that such 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.

F. If the partial 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 payment previously made pursuant to this Section, plus interest computed from the date of entry of this Injunction.

SECTION VI: ADDITIONAL MONETARY PROVISIONS

It is further **ORDERED** that:

A. Stipulating Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Injunction and may not seek the return of any such 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 Plaintiffs, including in a proceeding to enforce their rights to any payment or monetary judgment pursuant to this Injunction, 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 Plaintiffs pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Injunction will have collateral estoppel effect for such purposes.

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

E. All money paid to Plaintiffs pursuant to this Injunction may be deposited into a fund administered by the Commission or its designee on behalf of both the Commission and the

State of Alabama. This fund shall 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, relinquish its authority over any portion of the joint monies not used for equitable relief to the State of Alabama, or both. Stipulating Defendants shall have no right to challenge the Commission's choice of remedies under this Section. Stipulating Defendants have no right to challenge any actions Plaintiffs or their representatives may take pursuant to this Subsection.

F. All joint funds not used for the equitable relief described above in Paragraph E of this Section shall be divided equally between the Commission and the State of Alabama. Any money paid to the Commission not used for equitable relief (including consumer information remedies) shall be deposited to the U.S. Treasury as disgorgement.

SECTION VII: DISSOLUTION OF ASSET FREEZE

It is further **ORDERED** that the freeze on Stipulating Defendants' assets imposed pursuant to the Preliminary Injunction entered on May 10, 2017 (Doc. # 24) is modified to permit the payments and other transfers identified in Section V above. Upon completion of all payments and other obligations identified in Section V, the asset freeze is dissolved as to Stipulating Defendants. A financial institution shall be entitled to rely upon a letter from Plaintiffs stating that the freeze on a Stipulating Defendant's assets has been lifted.

SECTION VIII: CUSTOMER INFORMATION

It is further **ORDERED** that Stipulating Defendants, their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Injunction, are permanently restrained and enjoined from directly or indirectly:

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

B. Disclosing, using, or benefiting 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.

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 Plaintiffs.

Provided, however, that customer information need not be destroyed, and may be disclosed, to the extent requested by a government agency or required by law, regulation, or court order.

SECTION IX: COOPERATION

It is further **ORDERED** that Stipulating Defendants must fully cooperate with

representatives of Plaintiffs in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. Stipulating Defendants must provide truthful and complete information, evidence, and testimony. Stipulating Defendants must appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission or State of Alabama representative may reasonably request upon five (5) days written notice, or other reasonable notice, at such places and times as a Commission or State of Alabama representative may designate, without the service of a subpoena.

SECTION X: INJUNCTION ACKNOWLEDGEMENTS

It is further **ORDERED** that Stipulating Defendants obtain acknowledgments of receipt of this Injunction:

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

B. For five (5) years after entry of this Injunction, each Stipulating Defendant for any business that such Defendant, individually or collectively with any other Defendant, is the majority owner or controls directly or indirectly, must deliver a copy of this Injunction 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 Injunction; and
3. Any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting.

Delivery must occur within seven (7) days of entry of this Injunction for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Stipulating Defendant delivered a copy

of this Injunction, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Injunction.

SECTION XI: COMPLIANCE REPORTING

It is further **ORDERED** that Stipulating Defendants make timely submissions to the Commission:

A. One year after entry of this Injunction, each Stipulating Defendant must submit a compliance report sworn under penalty of perjury. Each Stipulating Defendant must:

1. Identify all of his or her telephone numbers and all physical, postal, email, and Internet addresses, including all residences;
2. Identify all of his or her business activities, including any business for which he or she performs services (whether as an employee or otherwise) and any entity in which he or she has any ownership interest;
3. Describe in detail his or her involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership;
4. 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 him or her;
5. Identify all of his or her businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
6. 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 Stipulating Defendant must describe if he or she knows or should know due to his or her own involvement);
7. Describe in detail whether and how he or she is in compliance with each Section of this Injunction; and
8. Provide a copy of each Injunction Acknowledgment obtained pursuant to this Injunction, unless previously submitted to the Commission.

B. For ten (10) years after entry of this Injunction, each Stipulating Defendant must

submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Name, including any alias or fictitious name, or residence address;
2. Title or role in any business activity, including any business for which he or she performs services (whether as an employee or otherwise) and any entity in which he or she has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity;
3. Any designated point of contact; or
4. The structure of any entity that he or she has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Injunction, 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 Injunction.

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

D. Any submission to the Commission required by this Injunction 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 Injunction 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. Trothsolutions Inc., et al.* (X170034).

SECTION XII: RECORDKEEPING

It is further **ORDERED** that Stipulating Defendants must create certain records for ten (10) years after entry of this Injunction, and retain each such record for five (5) years. Specifically, each Stipulating Defendant, for any business that such Defendant, individually or collectively with any other Defendant, is a majority owner or controls directly or indirectly, must create and 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: (1) name, addresses, and telephone numbers; (2) job title or position; (3) dates of service; and, (4) 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 Injunction, including all submissions to the Commission.
- E. A copy of each unique advertisement or other marketing material.

SECTION XIII: COMPLIANCE MONITORING

It is further **ORDERED** that, for the purpose of monitoring Stipulating Defendants' compliance with this Injunction, including the financial statements upon which part of the judgment was suspended and any failure to transfer any assets as required by this Injunction:

- A. Within fourteen (14) days of receipt of a written request from a representative of any Plaintiff, each Stipulating 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. Plaintiffs are 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 Injunction, Plaintiffs are authorized to communicate directly with Stipulating Defendants. Stipulating Defendants must permit representatives of Plaintiffs to interview any employee or other person affiliated with any Stipulating Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. Plaintiffs may use all other lawful means, including posing, through its representatives, as consumers, suppliers, or other individuals or entities, to Stipulating Defendants or any individual or entity affiliated with Stipulating 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 Plaintiffs, any consumer reporting agency must furnish consumer reports concerning Stipulating Defendants, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1).

SECTION XIV: RETENTION OF JURISDICTION

It is further **ORDERED** that this court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Injunction.

DONE and **ORDERED** this October 16, 2017.



R. DAVID PROCTOR
UNITED STATES DISTRICT JUDGE