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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Federal Trade Commission
Plaintiff,
v.
American Business Builders, LLC, et al.,
Defendants.

No. CV-12-02368-PHX-GMS
STIPULATED FINAL ORDER FOR
PERMANENT INJUNCTION AND
MONETARY JUDGMENT AGAINST
DEFENDANTS ENF, LLC (ALSO
DOING BUSINESS AS NETWORK
MARKET SOLUTIONS); UNIVERSAL
MARKETING AND TRAINING, LLC;
AND STEPHEN SPRATT

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its Complaint for Permanent Injunction and Other Equitable Relief on November 6, 2012, subsequently amended on December 14, 2012 (“Complaint”), pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b. The Complaint alleges that Defendants American Business Builders, LLC; ENF, LLC (also doing business as Network Market Solutions); UMS Group, LLC; United Merchant Services, LLC; Universal Marketing and Training, LLC; Unlimited Training Services, LLC; Shane Michael Hanna (also known as Shane Michael Romeo); and Stephen Spratt violated Section 5 of the FTC Act, 15 U.S.C. § 45(a) and the Commission’s Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning Business Opportunities,” 16 C.F.R. Part 437, as amended. That same day, the Court entered a Temporary Restraining Order with Asset Freeze, Appointment of a Temporary Receiver and Other Equitable Relief, and Order to Show Cause why a Preliminary Injunction Should Not Issue and a Permanent Receiver Should Not be Appointed

1 (“TRO”). The Court subsequently extended the TRO by stipulation of the parties. On
2 August 29, 2013, the Court entered an Order re Preliminary Injunction with Asset Freeze,
3 Appointment of Receiver and Other Equitable Relief with Respect to All Defendants
4 (“Preliminary Injunction”).

5 The Commission and Defendants ENF, LLC (also doing business as Network
6 Market Solutions); Universal Marketing and Training, LLC; and Stephen Spratt have
7 stipulated to the entry of this Stipulated Final Order for Permanent Injunction and
8 Monetary Judgment (“Order”) to resolve all matters in dispute in this action between
9 them.

10 **THEREFORE, IT IS ORDERED** as follows:

11 **FINDINGS**

- 12 1. This Court has jurisdiction over this matter.
- 13 2. The Complaint charges that Defendants participated in deceptive acts or
14 practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, and violated the FTC’s
15 Trade Regulation Rule entitled “Disclosure Requirements and Prohibitions Concerning
16 Business Opportunities,” 16 C.F.R. Part 437, as amended, in connection with the
17 advertising, marketing and sale of a business opportunity.
- 18 3. Defendants neither admit nor deny any of the allegations in the Complaint,
19 except as specifically stated in this Order. Only for purposes of this action, Defendants
20 admit the facts necessary to establish jurisdiction.
- 21 4. Defendants waive any claim that they may have under the Equal Access to
22 Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date
23 of this Order, and agree to bear their own costs and attorney fees. Defendants further
24 waive and release any claims they may have against the Commission, its employees,
25 representatives, or agents, and the Receiver and the Receiver’s employees,
26 representatives, or agents.
- 27 5. Defendants and the Commission waive all rights to appeal or otherwise
28 challenge or contest the validity of this Order.

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

A. “Business opportunity” means a commercial arrangement in which:

1. A seller solicits a prospective purchaser to enter into a new business;

and

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:

a. 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

b. Provide outlets, accounts, or customers, including, but not limited to, Internet outlets, accounts, or customers, for the purchaser’s goods or services; or

c. 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. “Corporate Defendants” means ENF, LLC (also doing business as Network Market Solutions); Universal Marketing and Training, LLC; and their successors and assigns.

C. “Defendants” means Individual Defendant and the Corporate Defendants, individually, collectively, or in any combination.

D. “Designated person” means any person, other than the seller, whose goods or services the seller suggests, recommends, or requires that the purchaser use in establishing or operating a new business.

E. “Hanna Defendants” means Shane Michael Hanna (also known as Shane Michael Romeo); American Business Builders, LLC; UMS Group, LLC; United

1 Merchant Services, LLC; and Unlimited Training Services, LLC; and their successors
2 and assigns.

3 F. “Individual Defendant” means Stephen Spratt.

4 G. “New business” means a business in which the prospective purchaser is not
5 currently engaged, or a new line or type of business.

6 H. “Person” means a natural person, organization, or other legal entity,
7 including a corporation, partnership, proprietorship, association, cooperative, government
8 or governmental subdivision or agency, or any other group or combination acting as an
9 entity.

10 I. “Provide locations, outlets, accounts or customers” means furnishing the
11 prospective purchaser with existing or potential locations, outlets, accounts, or customers;
12 requiring, recommending, or suggesting one or more locators or lead generation
13 companies; providing a list of locator or lead generating companies; collecting a fee on
14 behalf of one or more locators or lead generating companies; offering to furnish a list of
15 locations, outlets, accounts or customers; or otherwise assisting the prospective purchaser
16 in obtaining his or her own locations, outlets, accounts, or customers.

17 J. “Receiver” means the receiver appointed by the Court pursuant to the
18 Preliminary Injunction over the Corporate Defendants; American Business Builders,
19 LLC; UMS Group, LLC; United Merchant Services, LLC; and Unlimited Training
20 Services, LLC.

21 K. “Required payment” means all consideration that the purchaser must pay to
22 the seller or an entity controlled by, controlling, or under common control with a seller,
23 either by contract or practical necessity, as a condition of obtaining or commencing
24 operation of the business opportunity. Such payment may be made directly or indirectly
25 through a third party.

26 L. “Seller” means a person who offers for sale or sells a business opportunity.

27 M. “Work-at-home opportunity” means any good, service, plan, program or
28 opportunity that is represented, expressly or by implication, to assist an individual in any

1 manner to earn money while working from home, whether or not a business opportunity.

2 **ORDER**

3 **I.**

4 **BAN ON SALE OF BUSINESS OPPORTUNITIES**
5 **AND WORK-AT-HOME OPPORTUNITIES**

6 **IT IS ORDERED** that Defendants, whether acting directly or through any
7 intermediary, are permanently restrained and enjoined from:

8 A. Advertising, marketing, promoting, or offering for sale, or assisting in the
9 advertising, marketing, promoting, or offering for sale of any:

- 10 1. Business opportunity;
- 11 2. Work-at-home opportunity; or
- 12 3. Service to assist in the creation, advertising, marketing, promotion,
13 or operation of a business opportunity or work-at-home opportunity, including
14 services such as lead generation, marketing campaign management, website
15 development, social media promotion, search engine optimization, training, and
16 business establishment services; and

17 B. Holding any ownership interest in any business, other than a publicly-
18 traded company, that engages in or assists in advertising, marketing, promoting, or
19 offering for sale of any:

- 20 1. Business opportunity;
- 21 2. Work-at-home opportunity; or
- 22 3. Service to assist in the creation, advertising, marketing, promotion,
23 or operation of a business opportunity or work-at-home opportunity, including
24 services such as lead generation, marketing campaign management, website
25 development, social media promotion, search engine optimization, training, and
26 business establishment services.

27 **II.**

28

1 **PROHIBITION AGAINST MISREPRESENTATIONS**

2 **IT IS FURTHER ORDERED** that Defendants, Defendants’ officers, agents,
3 servants, employees, and attorneys, and all other persons in active concert or participation
4 with any of them, who receive actual notice of this Order, whether acting directly or
5 indirectly, in connection with promoting or offering for sale any good or service are
6 permanently restrained and enjoined from misrepresenting or assisting others in
7 misrepresenting, expressly or by implication, any material fact, including but not limited
8 to:

- 9 A. That purchasers of the good or service will earn income;
10 B. Any material term or condition of any refund or cancellation policy; and
11 C. Any other fact material to consumers concerning any good or service, such
12 as: costs; any material restrictions, limitations, or conditions; or any material aspect of its
13 performance, efficacy, nature, or central characteristics.

14 **III.**

15 **MONETARY JUDGMENT AND PARTIAL SUSPENSION**

16 **IT IS FURTHER ORDERED** that:

17 A. Judgment in the amount of Five Million, Four Hundred Twenty-Four
18 Thousand, Four Hundred Forty-Six Dollars (\$5,424,446) is entered in favor of the
19 Commission against Individual Defendant and Corporate Defendants, jointly and
20 severally, as equitable monetary relief.

21 B. Bank of America is ordered, within seven days of entry of this Order, to
22 transfer all funds held in the following accounts to the Commission by electronic fund
23 transfer in accordance with instructions provided by a representative of the Commission:

- 24 1. Account No. xxxxxxxx0717, held in the name of Stephen M. Spratt
25 and Kathleen M. Spratt; and
26 2. Account No. xxxxxxxx4541, held in the name of Stephen M. Spratt
27 and Kathleen M. Spratt. Individual Defendant is ordered to fully cooperate with
28 Bank of America and the Commission in transferring such funds to the

1 Commission, including promptly signing any document necessary or appropriate
2 to transfer such funds to the Commission.

3 C. Defendants hereby grant to the Commission all rights and claims they have
4 to any asset currently in the possession, custody, or control of the Receiver, including, but
5 not limited to, any customer lists, customer information, lead lists, computers, servers,
6 and all funds transferred to the Receiver from the following accounts:

7 1. Accounts at Arizona Federal Credit Union:

8 a. Account Number *8995, held in the name of Safe Card;

9 2. Accounts at Bank of America:

10 a. Account Numbers *7782 and *7818, held in the name of
11 Complete Market Share;

12 b. Account Numbers *6942, *6955 and *6968, held in the name
13 of ENF, LLC;

14 c. Account Number *0310, held in the name of United
15 Merchant; and

16 d. Account Numbers *4208, *6560, *6573 and *6710, held in
17 the name of Universal Marketing;

18 3. Accounts at Compass Bank:

19 a. Account Number *7403, held in the name of American
20 Business Builders; and

21 b. Account Number *9972, held in the name of UMS Group;

22 4. Accounts at EVO Merchant Services, LLC:

23 a. Account Number *0344, held in the name of Pinnacle
24 Marketing Group; and

25 b. Account Numbers *2266 and *2464, held in the name of Safe
26 Card, LLC;

27 5. Accounts at Global Payments Direct, Inc.:

28 a. Account Number *2317, held in the name of American

1 Business Brokers, doing business as UMS;

2 b. Account Number *9327, held in the name of Cash Flow
3 Capital;

4 c. Account Number *9241, held in the name of E3Biz, LLC;

5 d. Account Number *3823, held in the name of Pinnacle
6 Marketing; and

7 6. Accounts at Nevada State Bank:

8 a. Account Numbers *2702, *2710, *2728 and 4047, held in the
9 name of American Business Brokers; and

10 b. Account Numbers *4054, *4062, *4070 and *4088, held in
11 the name of ENF, LLC.

12 D. Defendants hereby grant to the Commission all rights and claims they have
13 to any funds, including any funds held in a reserve account or as a reserve balance, in the
14 possession of any person, including any financial institution, and specifically including
15 Global Payments Direct, Inc., Trust One Payment Services, Inc., and HSBC Bank USA.

16 E. Upon such payment and all other asset transfers set forth in Subsections
17 III.B through III.D of this Order, the remainder of the judgment as to Individual
18 Defendant is suspended, subject to the Subsections below.

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

23 1. The Financial Statement of Individual Defendant signed on February
24 1, 2014, including Attachment 1;

25 2. All documents and information submitted to the FTC by Individual
26 Defendant through his counsel, Joseph Sanscrainte, including the following:

27 a. All documents and information submitted via email on
28 January 2, 2013 at 1:57 pm and 1:59 pm, including the 2009, 2010 and

1 2011 Federal and Arizona Tax Returns for Stephen Spratt and Kathleen
2 Spratt;

3 b. All documents and information submitted via email on
4 February 22, 2013 at 2:13 pm, including the escrow closing statement from
5 Security Title Agency dated March 28, 2012 and the motor vehicle retail
6 installment sales contract dated September 21, 2012;

7 c. All documents and information submitted via email on March
8 18, 2013 at 2:17 pm, including the 2012 form 1099 issued to Kathleen
9 Mary Spratt from Charles Schwab and Co.;

10 d. All documents and information submitted via email on April
11 10, 2013 at 11:40 am and April 29, 2013 at 8:13 am;

12 e. All documents and information submitted via email on May
13 29, 2013 at 12:18 pm, including the mortgage statement from PHH
14 Mortgage, the mortgage statement from Bank of America, and the Bank of
15 America Equity Maximizer Agreement and Disclosure Statement;

16 f. All documents and information submitted via email on June
17 14, 2013 at 2:59 pm and June 21, 2013 at 2:10 pm;

18 g. All documents and information received by the FTC on July
19 9, 2013 via U.S. mail, including the 2012 Federal and Arizona income tax
20 returns for Stephen Spratt and Kathleen Spratt, account statements from
21 Bank of America, and account statements from Merrill Lynch;

22 h. All documents and information submitted via email on July
23 31, 2013 at 11:05 am;

24 i. All documents and information received by the FTC via U.S.
25 mail on August 19, 2013, including account statements from American
26 Express;

27 j. All documents and information submitted via email on
28 September 17, 2013 at 5:34 am, including the American Express statement

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dated April 19, 2012;

k. All information submitted via email on September 22, 2013 at 4:33 pm;

l. All documents and information submitted via email on October 22, 2013 at 9:30 am, including Social Security Administration information; and

m. All documents and information received by the FTC via U.S. mail on February 14, 2014, including the Stephen and Kathleen Spratt Revocable Trust; and

3. The deposition of Stephen Spratt taken on January 10, 2013.

G. 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.

H. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection III.A above (which the parties stipulate only for purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this Section, plus interest computed from the date of entry of this Order.

IV.

ADDITIONAL MONETARY PROVISIONS

IT IS FURTHER ORDERED that:

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

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

1 Order, such as a nondischargeability complaint in any bankruptcy case.

2 C. The facts alleged in the Complaint establish all elements necessary to
3 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy
4 Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for
5 such purposes.

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

10 E. All money paid to the Commission pursuant to this Order may be deposited
11 into a fund administered by the Commission or its designee to be used for equitable
12 relief, including consumer redress and any attendant expenses for the administration of
13 any redress fund. If a representative of the Commission decides that direct redress to
14 consumers is wholly or partially impracticable or money remains after redress is
15 completed, the Commission may apply any remaining money for such other equitable
16 relief (including consumer information remedies) as it determines to be reasonably
17 related to Defendants' practices alleged in the Complaint. Any money not used for such
18 equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have
19 no right to challenge any actions the Commission or its representatives may take pursuant
20 to this Subsection.

21 F. The asset freeze set forth in Section III of the Preliminary Injunction shall
22 remain in full force and effect until the completion of all payments and transfers set forth
23 in Section III of this Order, except that the asset freeze is modified to permit the
24 payments and transfers identified in Section III of this Order. Upon completion of all
25 payments and transfers required by Section III of this Order, the asset freeze as to
26 Defendants is dissolved.

27 G. If any Defendant fails to pay fully the amount due at the time specified,
28 Defendants must cooperate fully with the Commission and their representatives in all

1 attempts to collect the judgment. In such an event, Defendants agree to provide federal
2 and state tax returns for the preceding two years, and to complete new financial
3 disclosure forms fully and accurately within 10 business days of receiving a request from
4 the Commission. Defendants further authorize the Commission to verify all information
5 provided on their financial disclosure forms with all appropriate third parties, including
6 financial institutions.

7 **V.**

8 **CUSTOMER INFORMATION**

9 **IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents,
10 servants, employees, and attorneys, and all other persons in active concert of participation
11 with any of them, who receive actual notice of this Order, are permanently restrained and
12 enjoined from directly or indirectly:

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

17 B. Disclosing, using, or benefitting from customer or consumer lead
18 information, including the name, address, telephone number, email address, social
19 security number, other identifying information, or any data that enables access to a
20 customer's account (including a credit card, bank account, or other financial account),
21 that any Defendant obtained prior to entry of this Order; and

22 C. Failing to destroy such customer or consumer lead information in all forms
23 in their possession, custody, or control within 30 days after receipt of written direction to
24 do so from a representative of the Commission.

25 *Provided, however,* that customer information need not be disposed of, and may be
26 disclosed, to the extent requested by a government agency or required by law, regulation,
27 or court order.

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VI.
COOPERATION

IT IS FURTHER ORDERED that:

A. Defendants must fully cooperate with representatives of the Commission in this case and in any investigation related to or associated with the transactions or the occurrences that are the subject of the Complaint. Defendants must also fully cooperate with representatives of the Commission in obtaining possession of any assets granted to the Commission by Defendants, including any funds held in a reserve account or as a reserve balance by Global Payments Direct, Inc., Trust One Payment Services, Inc., HSBC Bank USA, or any other person. Defendants must provide truthful and complete information, evidence, and testimony. Individual Defendant must appear and Corporate Defendants must cause Corporate Defendants' officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon five days written notice, or other reasonable notice, at such places and times as a Commission representative may designate, without the service of a subpoena;

B. Defendants must fully cooperate with the Receiver as set forth in Section XII of the Preliminary Injunction until the receivership is dissolved.

VII.
ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order.

A. Each Defendant, within seven 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 years after entry of this Order, Individual Defendant for any business that such Individual Defendant (individually or collectively with any other Defendant, Hanna Defendant, or any person who worked for any Defendant or Hanna

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

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

11 **VIII.**

12 **COMPLIANCE REPORTING**

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

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

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

1 2. Additionally, each Individual Defendant must: (a) identify all
2 telephone numbers and all physical, postal, email and Internet addresses, including
3 all residences; (b) identify all business activities, including any business for which
4 such Defendant performs services whether as an employee or otherwise and any
5 entity in which such Defendant has any ownership interest; and (c) describe in
6 detail such Defendant's involvement in each such business, including title, role,
7 responsibilities, participation, authority, control, and any ownership.

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

11 1. Each Defendant must report any change in: (a) any designated point
12 of contact; or (b) the structure of any Corporate Defendant or any entity that
13 Defendant has any ownership interest in or controls directly or indirectly that may
14 affect compliance obligations arising under this Order, including: creation,
15 merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that
16 engages in any acts or practices subject to this Order.

17 2. Additionally, each Individual Defendant must report any change in:
18 (a) name, including aliases or fictitious name, or residence address; or (b) title or
19 role in any business activity, including any business for which such Defendant
20 performs services whether as an employee or otherwise and any entity in which
21 such Defendant has any ownership interest, and identify the name, physical
22 address, and any Internet address of the business or entity.

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

26 D. Any submission to the Commission required by this Order to be sworn
27 under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746,
28 such as by concluding: "I declare under penalty of perjury under the laws of the United

1 States of America that the foregoing is true and correct. Executed on: _____” and
2 supplying the date, signatory’s full name, title (if applicable), and signature.

3 E. Unless otherwise directed by a Commission representative in writing, all
4 submissions to the Commission pursuant to this Order must be emailed to
5 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate
6 Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission,
7 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin:
8 FTC v. American Business Builders, LLC, et al., X130017.

9 **IX.**

10 **RECORDKEEPING**

11 **IT IS FURTHER ORDERED** that Defendants must create certain records for **20**
12 **years** after entry of the Order, and retain each such record for five years. Specifically,
13 Corporate Defendants and Individual Defendant for any business that such Defendant
14 (individually or collectively with any other Defendant, Hanna Defendant, or any person
15 who worked for any Defendant or Hanna Defendant) is a majority owner or controls
16 directly or indirectly, must create and retain the following records:

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

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

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

23 D. Records of all chargeback requests;

24 E. Copies of all sales scripts, training materials, advertisements, or other
25 marketing materials;

26 F. Copies of all merchant card applications and agreements; and

27 G. All records necessary to demonstrate full compliance with each provision
28 of this Order, including all submissions to the Commission.

1 **X.**

2 **COMPLIANCE MONITORING**

3 **IT IS FURTHER ORDERED** that, for the purpose of monitoring Defendants'
4 compliance with this Order, including the financial representations upon which part of
5 the judgment was suspended and any failure to transfer any assets as required by this
6 Order:

7 A. Within 14 days of receipt of a written request from a representative of the
8 Commission, each Defendant must: submit additional compliance reports or other
9 requested information, which must be sworn under penalty of perjury; appear for
10 depositions; and produce documents for inspection and copying. The Commission is also
11 authorized to obtain discovery, without further leave of court, using any of the procedures
12 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions),
13 31, 33, 34, 36, 45, and 69.

14 B. For matters concerning this Order, the Commission is authorized to
15 communicate directly with each Defendant. Defendant must permit representatives of the
16 Commission to interview any employee or other person affiliated with any Defendant
17 who has agreed to such an interview. The person interviewed may have counsel present.

18 C. The Commission may use all other lawful means, including posing, through
19 its representatives as consumers, suppliers, or other individuals or entities, to Defendants
20 or any individual or entity affiliated with Defendants, without the necessity of
21 identification or prior notice. Nothing in this Order limits the Commission's lawful use
22 of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49,
23 57b-1.

24 **XI.**

25 **RECEIVERSHIP OVER CORPORATE DEFENDANTS**

26 **IT IS FURTHER ORDERED** that:

27 A. Robb Evans and Associates, LLC, shall continue as Receiver over the
28 Corporate Defendants as set forth in Section X of the Preliminary Injunction;

1 B. The Receiver is authorized and directed to liquidate all assets and finalize
2 the affairs of the Corporate Defendants as soon as practicable;

3 C. Upon liquidation of Corporate Defendants' assets and finalizing the affairs
4 of the Corporate Defendants, the Receiver shall submit (1) a final report describing the
5 Receivers' activities and (2) a final application for compensation;

6 D. Upon the Court's approval of the Receiver's final application for
7 compensation, the Receiver is ordered, within 14 days, to pay all remaining funds to the
8 Commission by electronic transfer in accordance with instructions provided by a
9 representative of the Commission to the Receiver in partial satisfaction of the Judgment
10 in Section III; and

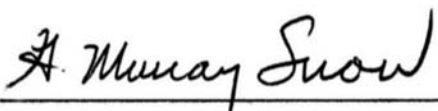
11 E. Upon termination of the Receivership and with at least 14 days notice to
12 counsel for the Commission, the Receiver may dispose of or destroy any records and
13 documents of the Corporate Defendants in the Receiver's possession, custody, or control
14 as the Receiver sees fit, except any documents or records that the Commission directs the
15 Receiver to transfer to the Commission or its designee. The Commission or its designee
16 may dispose of or destroy any records and documents received from the Receiver as it
17 sees fit.

18 **XII.**

19 **RETENTION OF JURISDICTION**

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

22 Dated this 19th day of May, 2014.

23
24 
25 _____
26 G. Murray Snow
27 United States District Judge
28