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20 UNITED STATES DISTRICT COURT
21 CENTRAL DISTRICT OF CALIFORNIA

22 FEDERAL TRADE COMMISSION,)
23)
24 Plaintiff,) Case No. CV 12-04736 DDP(CWx)
25 vs.)
26)
27 CONSUMER ADVOCATES GROUP) FINAL JUDGMENT AND ORDER
28 EXPERTS, LLC, a California Limited) FOR PERMANENT INJUNCTION
Liability Company, also d.b.a.) AND OTHER EQUITABLE RELIEF
Consumer Advocates Group;)
PARAMOUNT ASSET)
MANAGEMENT CORP., a California)
Corporation, also d.b.a. National)
Financial Rescue Corp., National)
Financial Rescue Group, and American)
Forensic Loan Auditors;)

1 ADVOCATES FOR CONSUMER)
 2 AFFAIRS EXPERT, LLC, a California)
 3 Limited Liability Company; and)
 4 RYAN ZIMMERMAN,)
 5 Defendants.)

6
 7 Plaintiff Federal Trade Commission (“FTC”) commenced this civil action on
 8 May 30, 2012, pursuant to Sections 13(b) and 19 of the Federal Trade Commission
 9 Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and the 2009 Omnibus
 10 Appropriations Act, Public Law 111-8, Section 626, 123 Stat. 524, 678 (Mar. 11,
 11 2009) (“Omnibus Act”), as clarified by the Credit Card Accountability
 12 Responsibility and Disclosure Act of 2009, Public Law 111-24, Section 511, 123
 13 Stat. 1734-64 (May 22, 2009) (“Credit Card Act”), to obtain preliminary and
 14 permanent injunctive and other equitable relief for Defendants’ alleged violations
 15 of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the Mortgage Assistance
 16 Relief Services Rule (“MARS Rule”), 16 C.F.R. Part 322, recodified as Mortgage
 17 Assistance Relief Services, 12 C.F.R. Part 1015 (“Regulation O”), in connection
 18 with the marketing and sale of mortgage assistance relief services. On June 7,
 19 2012, the Court entered a Preliminary Injunction against Defendants. The FTC
 20 and Defendants Consumer Advocates Group Experts, LLC, Paramount Asset
 21 Management Corp., Advocates for Consumer Affairs Expert, LLC, and Ryan
 22 Zimmerman (collectively “Defendants”) hereby stipulate to the entry of this Final
 23 Order for Permanent Injunction and Settlement of Claims (“Order”).

24 **FINDINGS**

25 By stipulation of the parties and being advised of the premises, the Court
 26 finds:

- 27 1. This is an action by the FTC instituted under Sections 13(b) and 19 of
 28 the FTC Act, 15 U.S.C. §§ 53(b) and 57b and Section 626 of the Omnibus Act as

1 clarified by Section 511 of the Credit Card Act. The Complaint seeks both
2 permanent injunctive relief and equitable monetary relief for Defendants' alleged
3 deceptive acts or practices as alleged therein.

4 2. The FTC has the authority under Sections 13(b) and 19 of the FTC
5 Act to seek the relief it has requested, and the Complaint states a claim upon which
6 relief may be granted against Defendants.

7 3. This Court has jurisdiction over the subject matter of this case and has
8 jurisdiction over Defendants. Venue in the Central District of California is proper.

9 4. The activities of Defendants, as alleged in the Complaint, are in or
10 affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

11 5. Defendants waive: (a) any right to seek judicial review or otherwise
12 challenge or contest the validity of this Order; (b) any claim that they may have
13 against the Commission, its employees, representatives or agents; (c) any claim
14 under the Equal Access to Justice Act, 28 U.S.C. § 2412, *as amended by* Pub. L.
15 104-121, 110 Stat. 847, 863-64 (1996); and (d) any right to attorneys' fees that
16 may arise under said provision of law. The Commission and Defendants shall each
17 bear their own costs and attorney's fees incurred in this action.

18 6. Defendants neither admit nor deny the allegations set forth in the
19 Complaint. This Order does not constitute and shall not be interpreted to constitute
20 either an admission by Defendants, or a finding by the Court, of any liability or
21 wrongdoing by any of the Defendants or any violation of any law, rule, or
22 regulation.

23 7. This action and the relief awarded herein are in addition to, and not in
24 lieu of, other remedies as may be provided by law, including both civil and
25 criminal remedies.

26 8. Entry of this Order is in the public interest.

27 9. This Order resolves all issues between the Commission and the
28 Defendants raised in the Commission's Complaint.

1 or domain name registration for any Internet websites, affiliate
2 marketing services, or media placement services;

3 d. Providing names of, or assisting in the generation of, potential
4 customers;

5 e. Performing marketing, billing, or payment services of any kind;
6 and

7 f. Acting or serving as an owner, officer, director, manager, or
8 principal of any entity.

9 3. “Competent and reliable evidence” means tests, analyses, research,
10 studies, or other evidence based on the expertise of professionals in the relevant
11 area, that has been conducted and evaluated in an objective manner by persons
12 qualified to do so, using procedures generally accepted in the profession to yield
13 accurate and reliable results.

14 4. “Consumer” means any natural person.

15 5. “Customer” means any person who has paid, or may be required to
16 pay, for products, services, plans, or programs offered for sale or sold by any other
17 person.

18 6. “Debt relief product or service” means any product, service, plan, or
19 program represented, expressly or by implication, to renegotiate, settle, or in any
20 way alter the terms of payment or other terms of the debt or obligation, between a
21 person and one or more unsecured creditors or debt collectors, including, but not
22 limited to, a reduction in the balance, interest rate, or fees owed by a person to an
23 unsecured creditor or debt collector.

24 7. “Defendants” means the Individual Defendant and all of the Corporate
25 Defendants, individually, collectively, or in any combination.

26 a. “Corporate Defendants” means Consumer Advocates Group
27 Experts, LLC, Paramount Asset Management Corp., and
28 Advocates for Consumer Affairs Expert, LLC, and their

1 successors, assigns, affiliates, or subsidiaries, and each of them
2 by whatever names each might be known.

3 b. “Individual Defendant” means Ryan Zimmerman and any other
4 names by which he might be known.

5 8. “Document” or “Documents” means any materials listed in Federal
6 Rule of Civil Procedure Rule 34(a) and includes writings, drawings, graphs, charts,
7 photographs, audio and video recordings, computer records, and other data
8 compilations from which the information can be obtained and translated, if
9 necessary, through detection devices into reasonably usable form. A draft or non-
10 identical copy is a separate document within the meaning of the term. It also
11 includes electronically stored information.

12 9. “Federal homeowner relief or financial stability program” means any
13 program (including its sponsoring agencies, telephone numbers, and Internet
14 websites) operated or endorsed by the United States government to provide relief
15 to homeowners or stabilize the economy, including, but not limited to:

- 16 a. The Making Home Affordable Program;
17 b. The Financial Stability Plan;
18 c. The Troubled Asset Relief Program and any other program
19 sponsored or operated by the United States Department of the
20 Treasury;
21 d. The HOPE for Homeowners program, any program operated or
22 created pursuant to the Helping Families Save Their Homes
23 Act, and any other program sponsored or operated by the
24 Federal Housing Administration; or
25 e. Any program sponsored or operated by the United States
26 Department of Housing and Urban Development (“HUD”), the
27 HOPE NOW Alliance, the Homeownership Preservation
28

1 Foundation, or any other HUD-approved housing counseling
2 agency.

3 10. "Financial Institution" means any bank, savings and loan institution,
4 credit union, or any financial depository of any kind, including, but not limited to,
5 any brokerage house, trustee, broker-dealer, escrow agent, title company,
6 commodity trading company, or precious metal dealer.

7 11. "Financial related product or service" means any product, service,
8 plan, or program represented, expressly or by implication, to:

- 9 a. Provide any consumer, arrange for any consumer to receive, or
10 assist any consumer in receiving, credit, debit, or stored value
11 cards;
- 12 b. Improve, or arrange to improve, any consumer's credit record,
13 credit history, or credit rating;
- 14 c. Provide advice or assistance to any consumer with regard to
15 any activity or service the purpose of which is to improve a
16 consumer's credit record, credit history, or credit rating;
- 17 d. Provide any consumer, arrange for any consumer to receive, or
18 assist any consumer in receiving, a loan or other extension of
19 credit; or
- 20 e. Provide any consumer, arrange for any consumer to receive, or
21 assist any consumer in receiving, any service represented,
22 expressly or by implication, to renegotiate, settle, or in any way
23 alter the terms of payment or other terms of any debt or
24 obligation (other than a debt or obligation secured by a
25 mortgage on a consumer's dwelling), including but not limited
26 to a tax debt or obligation, between a consumer and one or
27 more secured creditors, servicers, or debt collectors.
- 28

1 12. “Material fact” means any fact that is likely to affect a person’s choice
2 of, or conduct regarding, goods or services.

3 13. “Mortgage assistance relief product or service” means any product,
4 service, plan, or program, offered or provided to the consumer in exchange for
5 consideration, that is represented, expressly or by implication, to assist or attempt
6 to assist the consumer with any of the following:

- 7 a. Stopping, preventing, or postponing any mortgage or deed of
8 trust foreclosure sale for the consumer’s dwelling, any
9 repossession of the consumer’s dwelling, or otherwise saving
10 the consumer’s dwelling from foreclosure or repossession;
- 11 b. Negotiating, obtaining, or arranging a modification of any term
12 of a dwelling loan, including a reduction in the amount of
13 interest, principal balance, monthly payments, or fees;
- 14 c. Obtaining any forbearance or modification in the timing of
15 payments from any dwelling loan holder or servicer on any
16 dwelling loan;
- 17 d. Negotiating, obtaining, or arranging any extension of the period
18 of time within which the consumer may (1) cure his or her
19 default on a dwelling loan, (2) reinstate his or her dwelling
20 loan, (3) redeem a dwelling, or (4) exercise any right to
21 reinstate a dwelling loan or redeem a dwelling;
- 22 e. Obtaining any waiver of an acceleration clause or balloon
23 payment contained in any promissory note or contract secured
24 by any dwelling; or
- 25 f. Negotiating, obtaining, or arranging (1) a short sale of a
26 dwelling; (2) a deed in lieu of foreclosure, (3) or any other
27 disposition of a dwelling loan other than a sale to a third party
28 that is not the dwelling loan holder.

1 The foregoing shall include any manner of claimed assistance, including, but not
2 limited to, auditing or examining a consumer’s mortgage or home loan application.

3 14. “Person” means a natural person, an organization or other legal entity,
4 including a corporation, partnership, sole proprietorship, limited liability company,
5 association, cooperative, or any other group or combination acting as an entity.

6 **ORDER**

7 **I. BAN ON MORTGAGE ASSISTANCE RELIEF PRODUCTS AND**
8 **SERVICES**

9 **IT IS THEREFORE ORDERED** that Defendants, whether acting directly
10 or through any other person, are permanently restrained and enjoined from:

11 A. Advertising, marketing, promoting, offering for sale, or selling any
12 mortgage assistance product or relief service; and

13 B. Assisting others engaged in advertising, marketing, promoting,
14 offering for sale, or selling any mortgage assistance relief product or service.

15 **II. BAN ON DEBT RELIEF PRODUCTS AND SERVICES**

16 **IT IS FURTHER ORDERED** that Defendants, whether acting directly or
17 through any other person, are permanently restrained and enjoined from:

18 A. Advertising, marketing, promoting, offering for sale, or selling any
19 debt relief product or service; and

20 B. Assisting others engaged in advertising, marketing, promoting,
21 offering for sale, or selling any debt relief product or service.

22 **III. PROHIBITED MISREPRESENTATIONS RELATING TO**
23 **FINANCIAL RELATED PRODUCTS OR SERVICES**

24 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
25 servants, employees, and attorneys, and those persons or entities in active concert
26 or participation with any of them who receive actual notice of this Order by
27 personal service, facsimile transmission, email, or otherwise, whether acting
28 directly or through any corporation, subsidiary, division, or other device, in
connection with the advertising, marketing, promotion, offering for sale, or sale of

1 any financial related product or service, are hereby permanently restrained and
2 enjoined from:

3 A. Misrepresenting or assisting others in misrepresenting, expressly or by
4 implication, any material fact, including but not limited to:

5 1. The terms or rates that are available for any loan or other
6 extension of credit, including but not limited to:

- 7 a. Closing costs or other fees;
- 8 b. The payment schedule, the monthly payment amount(s),
9 or other payment terms, or whether there is a balloon
10 payment; interest rate(s), annual percentage rate(s), or
11 finance charge; the loan amount, the amount of credit, the
12 draw amount, or outstanding balance; the loan term, the
13 draw period, or maturity; or any other term of credit;
- 14 c. The savings associated with the credit;
- 15 d. The amount of cash to be disbursed to the borrower out
16 of the proceeds, or the amount of cash to be disbursed on
17 behalf of the borrower to any third parties;
- 18 e. Whether the payment of the minimum amount specified
19 each month covers both interest and principal, and
20 whether the credit has or can result in negative
21 amortization;
- 22 f. That the credit does not have a prepayment penalty or
23 that no prepayment penalty and/or other fees or costs will
24 be incurred if the consumer subsequently refinances; and
- 25 g. That the interest rate(s) or annual percentage rate(s) are
26 fixed rather than adjustable or adjustable rather than
27 fixed;
- 28

- 2. Any person’s ability to improve or otherwise affect a consumer’s credit record, credit history, or credit rating or ability to obtain credit;
- 3. That any person can improve any consumer’s credit record, credit history, or credit rating by permanently removing negative information from the consumer’s credit record, credit history, or credit rating, even where such information is accurate and not obsolete;
- 4. That a consumer will receive legal representation;

B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

IV. PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR SERVICES

IT IS FURTHER ORDERED that Defendants and their officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any product or service, are hereby permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, expressly or by implication, any material fact, including but not limited to:

- A. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer;
- B. That any person is affiliated with, endorsed or approved by, or otherwise connected to any other person; government entity; federal homeowner

1 relief or financial stability program; public, non-profit, or other non-commercial
2 program; or any other program;

3 C. That any person providing a testimonial has purchased, received, or
4 used the product, service, plan, or program;

5 D. That the experience represented in a testimonial of the product,
6 service, plan, or program represents the person's actual experience resulting from
7 the use of the product, service, plan, or program under the circumstances depicted
8 in the advertisement;

9 E. The total costs to purchase, receive, or use, or the quantity of, the
10 product, service, plan, or program;

11 F. Any material restriction, limitation, or condition on purchasing,
12 receiving, or using the product, service, plan, or program;

13 G. Any material aspect of the performance, efficacy, nature, or
14 characteristics of the product, service, plan, or program.

15 **V. SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND**
16 **EFFICACY CLAIMS**

17 **IT IS FURTHER ORDERED** that Defendants and their officers, agents,
18 servants, employees, and attorneys, and those persons or entities in active concert
19 or participation with any of them who receive actual notice of this Order by
20 personal service, facsimile transmission, email, or otherwise, whether acting
21 directly or through any corporation, subsidiary, division, or other device, in
22 connection with the advertising, marketing, promotion, offering for sale, or sale of
23 any product or service are hereby permanently restrained and enjoined from
24 making any representation or assisting others in making any representation,
25 expressly or by implication, about the benefits, performance, or efficacy of any
26 product or service, unless, at the time such representation is made, Defendants
27 possess and rely upon competent and reliable evidence that substantiates that the
28 representation is true.

1 **VI. PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

2 **IT IS FURTHER ORDERED** that Defendants, and their officers, agents,
3 servants, employees, and attorneys, and all other persons in active concert or
4 participation with any of them who receive actual notice of this Order by personal
5 service or otherwise, are permanently restrained and enjoined from:

6 A. Disclosing, using, or benefitting from customer information, including
7 the name, address, telephone number, email address, Social Security number, other
8 identifying information, or any data that enables access to a customer's account
9 (including a credit card, bank account, or other financial account), of any person
10 which any Defendant obtained prior to entry of this Order in connection with the
11 marketing and sale of mortgage assistance relief services; and

12 B. Failing to dispose of such customer information in all forms in their
13 possession, custody, or control within thirty (30) days after entry of this Order.
14 Disposal shall be by means that protect against unauthorized access to the
15 customer information, such as by burning, pulverizing, or shredding any papers,
16 and by erasing or destroying any electronic media, to ensure that the customer
17 information cannot practicably be read or reconstructed.

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

21 **VII. MONETARY JUDGMENT**

22 **IT IS FURTHER ORDERED** that Judgment is hereby entered in favor of
23 the Commission and against Defendants, jointly and severally, for equitable
24 monetary relief, in the amount of \$3,546,030.69 (three million, five hundred forty-
25 six thousand, thirty dollars and sixty-nine cents); *provided, however,* that the
26 Judgment for equitable monetary relief shall be suspended upon the satisfaction of
27 the obligations imposed by Subsections A-G of this Section, and subject to the
28 conditions set forth in Section VIII of this Order:

1 A. Any funds received by the FTC pursuant to this Order shall be
2 deposited into a fund administered by the FTC or its agent to be used for equitable
3 relief, including, but not limited to, consumer redress and any attendant expenses
4 for the administration of any redress fund. In the event that direct redress to
5 consumers is wholly or partially impracticable or funds remain after redress is
6 completed, the FTC may apply any remaining funds for such other equitable relief
7 (including consumer information remedies) as it determines to be reasonably
8 related to Defendants' practices alleged in the Complaint. Any funds not used for
9 such equitable relief shall be deposited to the U.S. Treasury as disgorgement.
10 Defendants shall have no right to challenge the FTC's choice of remedies under
11 this Section, and shall have no right to contest the manner of distribution chosen by
12 the FTC;

13 B. This judgment for equitable monetary relief is solely remedial in
14 nature and is not a fine, penalty, punitive assessment, or forfeiture;

15 C. In the event of any default on any Defendant's obligation to make
16 payment under this Section, interest, computed pursuant to 28 U.S.C. § 1961, as
17 amended, shall accrue from the date of default to the date of payment, and shall
18 immediately become due and payable;

19 D. Defendants relinquish all dominion, control, and title to the funds paid
20 to the fullest extent permitted by law. Defendants shall make no claim to or
21 demand for return of the funds, directly or indirectly, through counsel or otherwise;

22 E. Defendants agree that the facts as alleged in the Complaint filed in
23 this action shall be taken as true without further proof in any bankruptcy case or
24 subsequent civil litigation pursued by the FTC to enforce its rights to any payment
25 or money judgment pursuant to this Order, including but not limited to a
26 nondischargeability complaint in any bankruptcy case. Defendants further
27 stipulate and agree that the facts alleged in the Complaint establish all elements
28 necessary to sustain an action by the FTC pursuant to Section 523(a)(2)(A) of the

1 Bankruptcy Code, 11 U.S.C. 523(a)(2)(A), and that this Order shall have collateral
2 estoppel effect for such purposes;

3 F. In accordance with 31 U.S.C. § 7701, Defendants are hereby required,
4 unless Defendants have already done so, to furnish to the FTC their taxpayer
5 identifying numbers, which shall be used for purposes of collecting and reporting
6 on any delinquent amount arising out of Defendants' relationship with the
7 government; and

8 G. Pursuant to Section 604(a)(1) of the Fair Credit Reporting Act, 15
9 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a consumer
10 report concerning any Defendant, which shall be used for purposes of collecting
11 and reporting on any delinquent amount arising out of this Order.

12 **VIII. RIGHT TO REOPEN**

13 **IT IS FURTHER ORDERED** that the FTC's agreement to, and the Court's
14 approval of, this Order is expressly premised on the truthfulness, accuracy, and
15 completeness of Defendants' financial statements previously submitted to the FTC.
16 If, upon motion by the FTC, the Court finds that the financial statement of any
17 Defendant contains any material misrepresentation or omission, the judgment
18 entered in Section VII of this Order shall be reinstated and become immediately
19 due and payable, *provided, however*, that in all other respects this Order shall
20 remain in full force and effect unless otherwise ordered by the Court; and,
21 *provided further*, that proceedings instituted under this provision would be in
22 addition to, and not in lieu of, any other civil or criminal remedies as may be
23 provided by law, including any other proceedings that the FTC may initiate to
24 enforce this Order. For purposes of this Section, Defendants waive any right to
25 contest any of the allegations in the Complaint.

26 **IX. PROHIBITION ON COLLECTING ON ACCOUNTS**

27 **IT IS FURTHER ORDERED** that Defendants, whether acting directly, or
28 through any person, business entity, trust, corporation, partnership, limited liability

1 company, subsidiary, division, or other device, or any of them, are hereby
2 permanently restrained and enjoined from attempting to collect, collecting, or
3 assigning any right to collect payment from any consumer who purchased or
4 agreed to purchase any Defendant's mortgage assistance relief service.

5 **X. RECEIVERSHIP**

6 **IT IS FURTHER ORDERED** that the appointment of Michael A.
7 Grassmueck, as Receiver over the Corporate Defendants, pursuant to the
8 Temporary Restraining Order entered on May 30, 2012, and the Preliminary
9 Injunction entered on June 7, 2012, is hereby continued in full force and effect
10 except as modified by this Section. The Receiver shall complete liquidation of all
11 assets of Corporate Defendants. Upon liquidation of the assets of Corporate
12 Defendants, the Receiver shall submit his final report and application for fees and
13 expenses, and upon approval of the same by the Court, shall pay any remaining
14 funds to the FTC. Upon the Court's approval of the Receiver's final report, and
15 the payment of any remaining funds to the FTC under this Section, the
16 Receivership over Corporate Defendants shall be terminated.

17 **XI. DISSOLUTION OF ASSET FREEZE**

18 **IT IS FURTHER ORDERED** that the freeze on the assets of Defendants
19 shall remain in effect until they have taken all of the actions required by Section
20 VII above. Once Defendants have fully complied with the requirements of Section
21 VII, the freeze against the assets of Defendants shall be lifted permanently. A
22 financial institution shall be entitled to rely upon a letter from Plaintiff stating that
23 the freeze on the assets of Defendants has been lifted.

1 **XII. ORDER ACKNOWLEDGMENTS**

2 **IT IS FURTHER ORDERED** that Defendants obtain acknowledgments of
3 receipt of this Order:

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

7 B. For five (5) years after entry of this Order, Individual Defendant for
8 any business that he, individually or collectively with any other Defendant, is the
9 majority owner or directly or indirectly controls, and each Corporate Defendant,
10 must deliver a copy of this Order to: (1) all principals, officers, directors, and
11 managers; (2) all employees, agents, and representatives who participate in
12 conduct related to the subject matter of the Order; and (3) any business entity
13 resulting from any change in structure as set forth in the Section titled Compliance
14 Reporting. Delivery must occur within seven (7) days of entry of this Order for
15 current personnel. To all others, delivery must occur before they assume their
16 responsibilities; and

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

20 **XIII. COMPLIANCE REPORTING**

21 **IT IS FURTHER ORDERED** that Defendants make timely submissions to
22 the FTC:

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

- 25 1. Each Defendant must: (a) designate at least one telephone
26 number and an email, physical, and postal address as points of
27 contact, which representatives of the FTC may use to
28 communicate with Defendant; (b) identify all of that

1 Defendant's businesses by all of their names, telephone
2 numbers, and physical, postal, email, and Internet addresses; (c)
3 describe the activities of each business, including the products
4 and services offered, the means of advertising, marketing, and
5 sales, and the involvement of any other Defendant (which
6 Individual Defendant must describe if he knows or should know
7 due to his own involvement); (d) describe in detail whether and
8 how that Defendant is in compliance with each Section of this
9 Order; and (e) provide a copy of each Order Acknowledgment
10 obtained pursuant to this Order, unless previously submitted to
11 the FTC; and

12 2. Additionally, Individual Defendant must: (a) identify all
13 telephone numbers and all email, Internet, physical, and postal
14 addresses, including all residences; (b) identify all titles and
15 roles in all business activities, including any business for which
16 Defendant performs services whether as an employee or
17 otherwise and any entity in which Defendant has any ownership
18 interest; and (c) describe in detail Defendant's involvement in
19 each such business, including title, role, responsibilities,
20 participation, authority, control, and any ownership;

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

24 1. Each Defendant must report any change in: (a) any designated
25 point of contact; (b) the structure of any Corporate Defendant or
26 any entity that Defendant has any ownership interest in or
27 directly or indirectly controls that may affect compliance
28 obligations arising under this Order, including: creation,

1 merger, sale, or dissolution of the entity or any subsidiary,
2 parent, or affiliate that engages in any acts or practices subject
3 to this Order; and

- 4 2. Additionally, Individual Defendant must report any change in:
5 (a) name, including aliases or fictitious name, or residence
6 address; or (b) title or role in any business activity, including
7 any business for which Defendant performs services whether as
8 an employee or otherwise and any entity in which Defendant
9 has any ownership interest, and identify its name, physical
10 address, and Internet address, if any;

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

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

20 E. Unless otherwise directed by an FTC representative in writing, all
21 submissions to the FTC pursuant to this Order must be emailed to
22 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
23 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
24 Trade Commission, 600 Pennsylvania Avenue NW, Washington, D.C. 20580. The
25 subject line must begin: FTC v. Consumer Advocates Group, LLC, *et al.*, No.
26 1123137.

1 **XIV. RECORDKEEPING**

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

8 A. Accounting records showing the revenues from all goods or services
9 sold, all costs incurred in generating those revenues, and the resulting net profit or
10 loss;

11 B. Personnel records showing, for each person providing services,
12 whether as an employee or otherwise, that person's: name, addresses, and
13 telephone numbers; job title or position; dates of service; and, if applicable, the
14 reason for termination;

15 C. Complaints and refund requests, whether received directly or
16 indirectly, such as through a third party, and any response;

17 D. All records necessary to demonstrate full compliance with each
18 provision of this Order, including all submissions to the FTC; and

19 E. A copy of each advertisement or other marketing material related to
20 the marketing of any financial good or service.

21 **XV. COMPLIANCE MONITORING**

22 **IT IS FURTHER ORDERED** that, for the purpose of monitoring
23 Defendants' compliance with this Order, including the financial representations
24 upon which the judgment was suspended:

25 A. Within fourteen (14) days of receipt of a written request from a
26 representative of the FTC, each Defendant must: submit additional compliance
27 reports or other requested information, which must be sworn under penalty of
28 perjury; appear for depositions; and produce documents, for inspection and

1 copying. The FTC is also authorized to obtain discovery, without further leave of
2 court, using any of the procedures prescribed by Federal Rules of Civil Procedure
3 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69;

4 B. For matters concerning this Order, the FTC is authorized to
5 communicate directly with each Defendant. Defendants must permit
6 representatives of the FTC to interview any employee or other person affiliated
7 with any Defendant who has agreed to such an interview. The person interviewed
8 may have counsel present; and

9 C. The FTC may use all other lawful means, including posing, through
10 its representatives, as consumers, suppliers, or other individuals or entities, to
11 Defendants or any individual or entity affiliated with Defendants, without the
12 necessity of identification or prior notice. Nothing in this Order limits the FTC's
13 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,
14 15 U.S.C. §§ 49, 57b-1.

15 **XVI. RETENTION OF JURISDICTION**

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

18
19
20 DATED: February 01, 2013



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23 The Honorable Dean D. Pregerson
24 United States District Judge
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