UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

FEDERAL TRADE COMMISSION, and the STATES OF ILLINOIS, KANSAS, MINNESOTA, and NORTH CAROLINA, Plaintiffs, v. AFFILIATE STRATEGIES, INC., *et al.* Defendants.	**Case No. 5:09-CV-04104-JAR-KGS** **STIPULATED PERMANENT INJUNCTION AND FINAL JUDGMENT ORDER AGAINST BRETT BLACKMAN**

On July 20, 2009, original Plaintiffs, the Federal Trade Commission ("FTC"), and the States of Kansas, Minnesota and North Carolina filed a Complaint for Injunction and Other Equitable Relief to obtain temporary, preliminary, and permanent injunctive relief. The original Complaint was amended on December 9, 2009, adding one new Plaintiff, the State of Illinois (collectively with the original Plaintiffs, "Plaintiffs"), several new Defendants and new Counts. A Second Amended Complaint was filed on June 21, 2010, adding several additional facts and citations to evidence. The Second Amended Complaint (the "Complaint") brings claims pursuant to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. §§ 6101 – 6108; the Kansas Consumer Protection Act, K.S.A. 50-623, *et seq.*; Minn. Stat. §§ 8.01 & 8.31; the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-325D.48; Minn. Stat. § 325F.67; the Minnesota Prevention of Consumer

Fraud Act, Minn. Stat. §§ 325F.68-325F.70; and Minn. Stat. § 325F.71, subd. 2 (2008); the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*; and the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq*.

The Plaintiffs and Defendant Brett Blackman ("Defendant"), have agreed to settle the instant litigation by joining in this Stipulated Permanent Injunction and Final Judgment Order (the "Order" or "Final Order"). The Plaintiffs and Defendant, having been represented by counsel and acting by and through said counsel, have consented to the entry of this Order without trial or adjudication of any issue of law or fact herein and without Defendant admitting liability for any of the violations alleged in the Complaint.

NOW THEREFORE, Plaintiffs and Defendant, requesting that the Court enter this Order, and the Court, having considered the Order reached between the settling parties, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter of this case and the parties hereto pursuant to 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.
2. Venue in the District of Kansas is proper as to Defendant.
3. Defendant's activities are in or affecting commerce, as defined in the FTC Act, 15 U.S.C. § 44.
4. The Complaint states a claim upon which relief may be granted against Defendant under Sections 5(a) 13(b), and 19 of the FTC Act, 15 U.S.C.

§§ 45(a), 53(b) and 57b the Telemarketing Act, 15 U.S.C. §§ 6101 – 6108, and the Kansas Consumer Protection Act, K.S.A. 50-623, *et seq.*; Minn. Stat. §§ 8.01 & 8.31; the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43-325D.48; Minn. Stat. § 325F.67; the Minnesota Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68-325F.70; and Minn. Stat. § 325F.71, subd. 2 (2008); the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. §§ 75-1.1, *et seq.*; and the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq*.

5. Defendant waives all rights to seek judicial review or otherwise challenge or contest the validity of this Final Order.

6. Defendant further waives any claim, including any claim for attorneys' fees under the Equal Access to Justice Act, 28 U.S.C. § 2412, *amended by* Pub. L. 104-121, 110 Stat. 847, 863-64 (1996), and any claims he may have against the Plaintiffs, their employees, representatives, or agents.

7. The Plaintiffs and Defendant shall each bear their own costs and attorneys' fees incurred in this action.

8. Defendant enters into this Final Order freely and without coercion and acknowledges that he has read, understands, and is prepared to abide by the provisions of this Final Order.

9. This Final Order is in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law.

10. Entry of this Order is in the public interest.

DEFINITIONS

For the purpose of this Stipulated Permanent Injunction and Final Judgment Order ("Order"), the following definitions shall apply:

1. "**Asset**" means any legal or equitable interest in, right to, or claim to, any real and personal property, including, but not limited to, "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," "notes" (as these terms are defined in the Uniform Commercial Code), and all chattel, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, reserve funds, and cash, wherever located.
2. "**Assisting others**" includes, but is not limited to, providing any of the following goods or services to another entity: (1) performing customer service functions, including, but not limited to, receiving or responding to consumer complaints; (2) formulating or providing, or arranging for the formulation or provision of, any promotional material; (3) providing names of, or assisting in the generation of, potential customers; (4) performing promotional or marketing services of any kind; or (5) providing fulfillment services.
3. "**Clear and conspicuous**" statement, or a statement presented **"clearly and conspicuously**" means:
    a. in print communications, the message shall be in a type size and location sufficiently noticeable for an ordinary consumer to read

and comprehend it, in print that contrasts with the background against which it appears;

b. in oral communications, the message shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it;

c. in communications made through an electronic medium (including but not limited to television, video, radio, and interactive media, including but not limited to the Internet, online services, and software), the message shall be presented simultaneously in both the audio and visual portions of the communication. In any communication presented solely through visual or audio means, the message may be made through the same means in which the communication is presented. In any communication disseminated by means of an interactive electronic medium, including but not limited to software, the Internet, or online services, a disclosure must be unavoidable and presented prior to the consumer incurring any financial obligation. Any audio message shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. Any visual message shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location sufficiently noticeable for an ordinary consumer to read and comprehend it; and

d. regardless of the medium used to disseminate it, the message shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the message shall be used in any communication.

4. "**Competent and reliable scientific evidence**" means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

5. "**Credit-related or debt-related goods or services**" means any good or service that is marketed, advertised, offered for sale, or sold to consumers as a method by which consumers may directly or indirectly, establish or obtain any extension of credit or credit device, or any reduction or elimination of debt, including, but not limited to, credit cards, merchandise buying club membership cards that offer an extension of credit, loans, or refinancing; or as a method to restore, repair, or improve derogatory information contained in consumers' credit reporting files; or as a method to consolidate or liquidate debts. Furthermore, for the purposes of this Order, "credit-related or debt-related goods and services" shall include: interest rate reduction, credit counseling, debt elimination, debt negotiation, debt settlement, debt consolidation, or debt management goods or services.

6. "**Document**" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes writings, drawings, graphs, charts, Internet sites, Webpages, Websites, electronic correspondence, including e-mail and instant messages, photographs, audio and video recordings, contracts, accounting data, advertisements (including, but not limited to, advertisements placed on the World Wide Web), FTP Logs, Server Access Logs, USENET Newsgroup postings, World Wide Web pages, books, written or printed records, handwritten notes, telephone logs, telephone scripts, receipt books, ledgers, personal and business canceled checks and check registers, bank statements, appointment books, computer records, and other data compilations from which information can be obtained and translated. A draft or non-identical copy is a separate document within the meaning of the term.

7. "**Money-making opportunities**" means any good or service represented to enable consumers or to assist consumers to earn income, or to obtain grants, monetary assistance, scholarships, employment, or business opportunities.

8. "**Negative option feature**" means, in an offer or agreement to sell or provide any product or service, a provision under which the consumer's silence or failure to take an affirmative action to reject products or services or to cancel the agreement is interpreted by the seller or provider as acceptance of the offer. Offers or agreements with negative option features include, but are not limited to: (i) free or introductory price trial

offers in which the consumer receives a product or service for free or at a nominal or introductory price for an initial period and will incur an obligation to pay or pay a greater amount for the product or service if he or she does not take affirmative action to cancel, reject, or return the product or service before the end of that period; (ii) continuity plans in which, subsequent to the consumer's agreement to the plan, the seller or provider automatically ships products to a consumer unless the consumer notifies the seller or provider within a certain time not to ship the products; and (iii) automatic renewal plans in which the seller or provider automatically renews the agreement and charges the consumer unless the consumer cancels before the renewal.

9. "**Plaintiffs**" means the Federal Trade Commission, and the States of Kansas, Minnesota, North Carolina, and Illinois.

10. "**Representatives**" shall have the same scope as Federal Rule of Civil Procedure 65(d)(2), and means Defendant's agents, servants, employees, and attorneys, and any other person or entity in active concert or participation with them who receives actual notice of this Order by personal service or otherwise.

11. "**Telemarketing**" means a plan, program, or campaign which is conducted to induce the purchase of goods or services or a charitable contribution, by use of one or more telephones and which involves more than one interstate telephone call, whether or not covered by the Telemarketing Sales Rule, 16 C.F.R. Part 310; ***provided however***, that

"Telemarketing" shall not include the acts or practices described in 310 C.F.R. § 310.6(b)(3).

I.

BAN ON MARKETING OF MONEY-MAKING OPPORTUNITIES

IT IS THEREFORE ORDERED that Defendant, whether acting directly or through any person, corporation, partnership, subsidiary, division, agent, or other device, is hereby permanently restrained and enjoined from engaging, participating or assisting others in the advertising, promoting, marketing, offering for sale, selling or distribution of any Money-making opportunities.

II.

BAN ON TELEMARKETING

IT IS FURTHER ORDERED that Defendant, whether acting directly or through any person, corporation, partnership, subsidiary, division, agent, or other device, is hereby permanently restrained and enjoined from engaging, participating or assisting others in Telemarketing, including advertising, marketing, promoting, offering for sale, or selling any product or service through Telemarketing; ***provided however,*** that nothing in this Section shall prohibit Defendant from engaging in Telemarketing or Assisting Others in Telemarketing, in connection with Defendant's following current businesses as described in Defendant's Financial Statements identified in Section IX below of this Order: Liks, LLC; Releve Couture; Team Hauling, LLC, and One Haul, but only insofar as such businesses continue to operate only for the purposes described in said Financial Statements.

III.

PROHIBITED REPRESENTATIONS

IT IS FURTHER ORDERED that Defendant and his representatives, whether acting directly or through any person, corporation, partnership, subsidiary, division, agent, or other device, in connection with the advertising, marketing, promotion, offering for sale, or sale of any good or service, specifically including but not limited to any credit-related or debt-related good 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. The total costs to purchase, receive, or use, and the quantity of, the good or service;

C. Any material restriction, limitation, or condition to purchase, receive, or use the good or service;

D. Any material term, condition, or limitation, of any offer with a negative option feature; and

E. Any material aspect of the performance, efficacy, nature, or characteristics of the good or service.

IV.

SUBSTANTIATION

IT IS FURTHER ORDERED that Defendant and his representatives, whether acting directly or through any person, corporation, partnership, subsidiary, division, agent, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any good or service, in or affecting commerce, are hereby permanently restrained and enjoined from making, or assisting others in making, expressly or by implication, including through the use of a product name, endorsement, depiction, or illustration, any representation:

A. About the benefits, performance, or efficacy of such good or service, unless the representation is non-misleading, and, at the time the representation is made, Defendant possesses and relies upon competent and reliable tests, analysis, research, or studies that, when evaluated in an objective manner, are sufficient to substantiate that the representation is true; and

B. For any representation about health benefits, performance, efficacy, or safety of any drug, food, dietary supplement, device, or health-related service or program, unless the representation is non-misleading, and, at the time of making such representation, Defendant possesses and relies upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. *Provided*, *however*, that nothing in this Order shall prohibit Defendant from making any

representation: (i) for any drug that is permitted in the labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration, or (ii) for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

V.

REQUIRED DISCLOSURES

IT IS FURTHER ORDERED that Defendant and his representatives, whether acting directly or through any partnership, corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promoting, marketing, offering for sale, sale, or distribution of any goods or services are hereby permanently enjoined from failing to:

A. Clearly and conspicuously disclose, before consumers are asked to pay money, submit consideration, or reveal billing information:

1. All fees and costs;
2. All material restrictions, limitations, or conditions applicable to the purchase, receipt, or use of the goods or services that are part of the offer (including but not limited to any promotion associated with free goods or services, or goods or services available on a trial basis);

3. All material terms and conditions of any cancellation or refund policy, including but not limited to informing consumers if no cancellations or refunds are permitted; and

4. All material terms and conditions of any offer with a negative option feature, including but not limited to:

   a. The fact that the customer's account will be charged unless the customer takes affirmative action to avoid the charges;

   b. The dollar amount of the first payment and when it will be charged, withdrawn, or become due; the dates or frequency (*e.g.*, monthly, quarterly) of all subsequent charges or payment(s); and the dollar amount or range of costs of all subsequent charges or payments;

   c. When any trial period begins; the length of any trial period; the specific steps and means by which a cancellation request must be submitted; and the date by, or time period within which, a cancellation request must be received to avoid a charge;

   d. The length of any renewal period; the manner in which a notice not to ship or renew must be submitted; the date by or time period within which a notice not to ship or renew must be received to avoid shipment or renewal (*e.g.*, two weeks after the consumer is advised of an upcoming shipment or

renewal); and the telephone number, email address, or street address to which such a notice must be directed; and

e. All material conditions, limitations, and restrictions on the ability of the consumer to use any good or service that is offered as "free," "risk-free," "without obligation," or "discounted," or offered using words of similar import denoting or implying the absence of any obligation; and

B. At least thirty (30) days prior to renewing a consumer's membership, subscription, or agreement to purchase for any good or service (in the case of a membership, subscription, or agreement whose term is six (6) months or longer) and prior to the submission for payment of a consumer's billing information for such goods or services, send the consumer written confirmation of such renewal, identified in a clear and conspicuous manner on the outside of the envelope, via first class mail, that includes all of the information required by this Section and a clear and conspicuous statement of the procedures by which the consumer can cancel such renewal.

VI.

PROHIBITION ON VIOLATION OF CERTAIN STATE LAWS

IT IS FURTHER ORDERED that Defendant and his representatives are restrained and enjoined from violating:

A. Illinois laws, including the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 *et seq.*;

B. Kansas laws, including the Kansas Consumer Protection Act, K.S.A. § 50-623 *et seq.*;

C. Minnesota laws, including:

1. the Minnesota Uniform Deceptive Trade Practices Act, Minn. Stat. §§ 325D.43 – 325D.48;

2. Minn. Stat. §§ 325F.67;

3. the Prevention of Consumer Fraud Act, Minn. Stat. §§ 325F.68 - 325F.70; and

4. Minn. Stat. § 325F.71.; and

D. North Carolina laws, including the North Carolina Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*;

VII.

CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Defendant and his representatives are permanently restrained and enjoined from:

A. disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), of any person which was obtained by any Defendant obtained prior to entry of this Order in connection with the marketing and sale of grant-related goods and services; and

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

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

VIII.

MONETARY JUDGMENT

IT IS FURTHER ORDERED that:

A. Judgment is hereby entered in favor of the Plaintiffs and against Defendant in the amount of twenty-seven million, two hundred forty-seven thousand, one hundred forty-one dollars ($27,247,141) for the payment of equitable monetary relief, including, but not limited to consumer restitution and/or disgorgement, and for paying any attendant expenses of administration of any redress fund. *Provided, however,* that this judgment shall be suspended as against Defendant as long as the Court makes no finding, as provided in the Section of this Order titled "Right to Reopen," that Defendant materially misrepresented or omitted the nature, existence or value of any asset.

B. Any funds paid to the Plaintiffs pursuant to this Section shall be deposited into a fund administered by the Plaintiffs or their designated representatives to be used for equitable relief, including, but not limited to, consumer restitution and any attendant expenses for the administration any redress fund. Defendant will cooperate fully to assist the Plaintiffs in identifying consumers who may be entitled to redress pursuant to this Order. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Plaintiffs may apply funds for any other equitable relief (including consumer information remedies) that they determine to be reasonably related to Defendant's practices alleged in the Complaint. Any funds paid to the Commission not used for equitable relief shall be deposited into the U.S. Treasury as disgorgement and/or into each State Co-Plaintiff's treasury fund designated for such deposits. Any funds paid to any State Plaintiff not used for equitable relief may be used by that State Plaintiff to the full extent authorized by that State's laws, including as payment for that State's costs of investigating and litigating the instant case. Defendant shall have no right to challenge Plaintiffs' choice of remedies under this Section.

C. Defendant relinquishes all dominion, control, and title to the funds paid to the fullest extent permitted by law. Defendant shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise.

D. Defendant agrees that the facts as alleged in the Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by Plaintiffs to enforce their rights to any payment or money

judgment pursuant to this Order, including but not limited to a nondischargeability complaint in any bankruptcy case. Defendant further stipulates and agrees that 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 that this Order shall have collateral estoppel effect for such purposes.

E. Defendant acknowledges and agrees that the judgment entered pursuant to this Section is equitable monetary relief, solely remedial in nature, and is not a fine, penalty, punitive assessment, or forfeiture.

F. Defendant is hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Commission his taxpayer identifying numbers (social security number or employer identification number), which shall be used for purposes of collecting and reporting on any delinquent amount arising out of Defendant's relationship with the government.

IX.

RIGHT TO REOPEN

IT IS FURTHER ORDERED that:

A. Within ten (10) business days after the date of entry of this Order by the Court, Defendant shall submit to the Commission a truthful sworn statement (in the form shown on Attachment A of this Order), that shall reaffirm and attest to the truthfulness, accuracy, and completeness of his sworn financial statements previously provided to the Commission on September 14, 2010 and May 20, 2011 and the

representation regarding compensation made in the May 13, 2011 Stipulated Order Finding Brett Blackman in Civil Contempt (collectively, "Financial Statements"). The Plaintiffs' agreement to this Order is expressly premised upon the truthfulness, accuracy, and completeness of Defendant's financial condition, as represented in the Financial Statements, which contain material information upon which Plaintiffs relied in negotiating and agreeing to the terms of this Order;

B. If, upon motion by the Commission to the Court, the Court finds that Defendant failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation or omission in his Financial Statements, the suspension of the monetary judgment will be terminated and the entire judgment amount of twenty-seven million, two hundred forty-seven thousand, one hundred forty-one dollars ($27,247,141), shall become immediately due and payable by Defendant, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended, shall begin immediately to accrue on the unpaid balance; and

C. Proceedings instituted under this Section are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Plaintiffs may initiate to enforce this Order.

X.

DISSOLUTION OF ASSET FREEZE

IT IS FURTHER ORDERED that the freeze of Defendant's assets set forth in the Stipulated Preliminary Injunction shall be lifted upon entry of this Order, and said asset freeze shall be dissolved permanently. A financial institution shall be entitled to rely

upon a letter from any Plaintiff stating that the freeze on the assets of Defendant has been lifted, and any Plaintiff shall provide such a letter upon request by a financial institution.

XI.

COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of (i) monitoring and investigating compliance with any provision of this Order, and (ii) investigating the accuracy of Defendant financial statements upon which the Plaintiffs' agreement to this Order is expressly premised:

A. Within ten (10) business days of receipt of written notice from a representative of the Commission, Defendant shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business hours to any business location in his possession or direct or indirect control to inspect the business operation;

B. In addition, the Commission is authorized to use all other lawful means, including but not limited to:

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;

2. having its representatives pose as consumers and suppliers to Defendant, his employees, or any other entity managed or

controlled in whole or in part by Defendant, without the necessity of identification or prior notice; and

C. Defendant shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Order. The person interviewed may have counsel present.

Provided however, that nothing in this Order shall limit 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, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

XII.

COMPLIANCE REPORTING

IT IS FURTHER ORDERED that, in order that compliance with the provisions of this Order may be monitored:

A. For a period of five (5) years from the date of entry of this Order,

1. Defendant shall notify the Commission of the following:

a. Any changes in Defendant's residence, mailing addresses, and telephone numbers, within ten (10) business days of the date of such change;

b. Any changes in Defendant's employment status (including self-employment), and any change in his ownership in any

business entity, within ten (10) business days of the date of such change. Such notice shall include the name and address of each business that Defendant is affiliated with, employed by, creates or forms, or performs services for; a detailed description of the nature of the business; and a detailed description of his duties and responsibilities in connection with the business or employment; and

c. Any changes in Defendant's name or use of any aliases or fictitious names within ten (10) business days of the date of such change;

2. Defendant shall notify the Commission of any changes in structure of any business entity that he directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change, *provided* that, with respect to any such change in the business entity about which Defendant learns less than thirty (30) days prior to the date such action is to

take place, Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order and annually thereafter for a period of three (3) years, Defendant shall provide a written report to the FTC, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

1. Defendant's then-current residence address, mailing addresses, and telephone numbers;
2. Defendant's then-current employment status (including self-employment), including the name, addresses, and telephone numbers of each business that he is affiliated with, employed by, or performs services for; a detailed description of the nature of the business; and a detailed description of such his duties and responsibilities in connection with the business or employment;
3. A copy of each acknowledgment of receipt of this Order, obtained pursuant to the Section titled "Distribution of Order;" and
4. Any other changes required to be reported under Subsection A of this Section.

C. Defendant shall notify the Commission of the filing of a bankruptcy petition by him within fifteen (15) days of filing.

D. For the purposes of this Order, Defendant shall, unless otherwise directed by the Commission's authorized representatives, send by overnight courier (not the U.S. Postal Service) all reports and notifications required by this Order to:

Associate Director for Enforcement
Bureau of Consumer Protection
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580
Re: FTC v. Affiliate Strategies et al., FTC case no. X090073

Provided that, in lieu of overnight courier, Defendant may send such reports or notifications by first-class mail, but only if Defendant contemporaneously sends an electronic version of such report or notification to the Commission at DEBrief@ftc.gov.

E. For purposes of the compliance reporting and monitoring required by this Order, the Commission is authorized to communicate directly with Defendant.

XIII.

RECORDKEEPING

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Order, Defendant, for any business for which he, individually or in concert with others, is the majority owner or directly or indirectly controls, is hereby restrained and enjoined from failing to create and retain the following records:

A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;

B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an

independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;

C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

D. Complaints and refund requests (whether received directly or indirectly, such as through a third party,) and any responses to those complaints or requests;

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

F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports submitted to the FTC pursuant to the Section titled "Compliance Reporting."

XIV.

DISTRIBUTION OF ORDER

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Order, Defendant shall deliver copies of the Order as directed below:

A. Defendant as control person: For any business that Defendant controls, directly or indirectly, or in which he has a majority ownership interest, he must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in advertising, marketing, promotion, offering for sale, or sale of any credit-related or debt-related goods or services; and (3) any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five (5) business days of service of this Order upon Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.2 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) business days prior to the change in structure.

B. Defendant as employee or non-control person: For any business where Defendant is not a controlling person of a business but otherwise engages in advertising, marketing, promotion, offering for sale, or sale of any credit-related or debt-related goods or services, he must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.

C. Defendant must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Section.

XV.

ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that Defendant, within five (5) business days of receipt of this Order as entered by the Court, must submit to the Commission a truthful sworn statement acknowledging receipt of this Order.

XVI.

COOPERATION WITH PLAINTIFFS' COUNSEL

IT IS FURTHER ORDERED that Defendant shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the Complaint, cooperate in good faith with Plaintiffs' counsel and appear at such places and times as any Plaintiff shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably requested by any Plaintiff. If requested in writing by a Plaintiff, Defendant shall appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the Complaint, without the service of a subpoena.

XVII.

RETENTION OF JURISDICTION

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

XVIII.

ENTRY OF ORDER

IT IS FURTHER ORDERED that there is no just reason for delay, and the Clerk of Court is hereby directed to enter this Order immediately.

SO ORDERED, this 21 day of July, 2011.

s/ Julie A. Robinson
JULIE A. ROBINSON
UNITED STATES DISTRICT JUDGE

SO STIPULATED:

FOR PLAINTIFFS:

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ATTACHMENT A

UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

FEDERAL TRADE COMMISSION *et al.*, Plaintiffs, v. AFFILIATE STRATEGIES, INC., *et al.* Defendants.	**Case No. 5:09-CV-04104-JAR-KGS** **AFFIDAVIT OF DEFENDANT ATTESTING TO TRUTHFULNESS OF FINANCIAL STATEMENTS**

I, _____, hereby state that the information contained in the Financial Statements of Defendant _____ , dated _____, was to the best of my information, knowledge, and belief, true, accurate, and complete at such time.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on _____ *[date]* at _____ *[city and state]*.

_____
[Signature of Defendant]

_____
[Print Full Name]

State of _____, City of _____

Subscribed and sworn to before me this _____ day of _____, 2011.

_____
Notary Public

My Commission Expires: _____