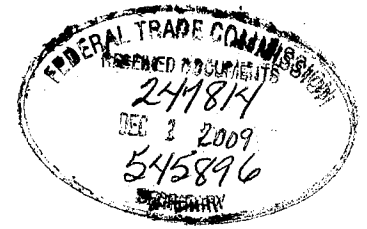


UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION  
OFFICE OF ADMINISTRATIVE LAW JUDGES

ORIGINAL



COMMISSIONERS: William E. Kovacic, Chairman  
Pamela Jones Harbour  
Jon Leibowitz  
J. Thomas Rosch

In the Matter of

GEMTRONICS, INC.,  
a corporation, and

WILLIAM H. ISELY,  
individually and as the owner  
of Gemtronics, Inc.

DOCKET NO. 9330

REDACTED PUBLIC VERSION

**RESPONDENTS' APPLICATION FOR AN AWARD OF ATTORNEY  
FEES AND OTHER EXPENSES PURSUANT TO COMMISSION RULE 3.81, et seq.**

GEMTRONICS, INC. and WILLIAM H. ISELY (collectively the "Respondents"), through undersigned counsel, Matthew I. Van Horn, pursuant Commission Rule 3.81, *et seq.*, move this Honorable Tribunal for an award of attorney fees and other expenses delineated herein. This Application is submitted on the bases that the Respondents are eligible parties entitled to the award sought herein as Respondents prevailed in this captioned adjudicative proceeding, Docket 9330, (the "Proceeding") and the position of the Complaint Counsel was not substantially justified. In support of this Application the Respondents state as follows:

**I. BACKGROUND**

1. Respondent corporate entity Gemtronics, Inc. and Respondent individual Isely were parties to the Proceeding brought by Complaint Counsel under Part 3 of the Rules of Practice for Federal Adjudicative Proceedings.

2. The Respondents prevailed in the Proceeding for the reasons that:

(i) The Presiding Chief Administrative Law Judge of the Federal Trade Commission issued an Initial Decision and ordered on September 16, 2009, that all alleged violations set forth in the Complaint and that the Complaint itself be dismissed. The Initial Decision was entered and based on the evidence from the administrative record;

(ii) The Initial Decision was served upon the parties on or after October 3, 2009; and

(iii) The Initial Decision became the final disposition of the Proceeding thirty (30) days after the Initial Decision was served upon the parties.

3. The Complaint Counsel's position in the Proceeding was not justified based on the administrative record of the Proceeding as a whole. Respondents hereby incorporate by reference the administrative record of the Proceeding.

4. The Respondents are eligible parties as defined in Rule 3.81 of the Commission Rules for the reason that on April 2, 2008, the date the Proceeding was initiated<sup>1</sup>, throughout the Proceeding, and through the present:

(i) Respondent Gemtronics, Inc. was, since its date of formation forward, a North Carolina corporation with a net worth of less \$7 million and with no employees;

(ii) Respondent individual Isely was and at present is an individual with a net worth of less than \$2 million;

(iii) Respondent individual Isely, including both personal and business assets,

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<sup>1</sup> April 2, 2008, is the date considered to be the initiation of the Proceeding as April 2, 2008, is the date the Respondents first hired the undersigned in response to receiving written demand from the Complaint Counsel on March 26, 2008, and oral communications from Complaint Counsel informing the Respondents that Complaint Counsel intended to prosecute claims against the Respondents. The Complaint in this matter was issued by the Federal Trade Commission on September 16, 2008, against the Respondents.

was a sole owner of an unincorporated business, operated under the name “Gemtronics”, with a net worth of less than \$7 million and with no employees;

(iv) As set forth below in Exhibits “A” and “B”, the Respondents’ joint net worth at the time of the initiation of the Proceeding was . As such, Respondents aggregately had and at present have a value of less than \$2 million and have never had any employees. It is also noteworthy, that at the time when Complaint Counsel initiated the Proceeding, the individual Respondent was 83 years old

(v) Respondent Gemtronics, Inc. was formed by Respondent Isley. Respondent Gemtronics, Inc. never had an organizational meeting or issued any shares. Gemtronics, Inc. never obtained a federal tax identification number and has no officers or board of directors. Gemtronics, Inc. has never conducted any business, and has never executed any documents, such as a contract. See Initial Decision, p. 12-13.

(vi) On or about 1970, Respondent Isely experienced a downturn in his health and began researching the role of nutrition in health. He became a vegetarian and began ordering dietary supplements for his own use. He liked the products that he was using and shared information about the products with others. He began ordering products not only for himself, but also for his friends. Respondent Isely’s home-based business selling dietary supplements grew to the point that he decided it was necessary to collect sales tax. Isely registered his business with the state of North Carolina for this purpose and chose the name “Gemtronics” for his business because he was already using that name in connection with an existing business selling gemstones, and he had added dietary supplement sales to that business.

5. The Respondent corporate Gemtronics, Inc. attaches hereto and incorporates

herein by reference a detailed exhibit showing the net worth of the Respondent Gemtronics, Inc. and further provides full disclosure of Respondent Gemtronic Inc.'s assets and liabilities as of the date the of the initiation of the Proceeding. The attached net worth exhibit of Respondent Gemtronics, Inc. sufficiently shows that Respondent Gemtronics, Inc. qualifies for the award sought herein under Rule 3.82 of the Commission Rules. See Exhibit "A" attached hereto.

6. The Respondent individual Isely attaches hereto and incorporates herein by reference a detailed exhibit showing the net worth of the Respondent Isely, including the net worth of his sole owned unincorporated business "Gemtronics", and further provides full disclosure of Respondent Isely's assets and liabilities as of the date the of the initiation of the Proceeding. The attached net worth exhibit of Respondent Isely is sufficiently shows that Respondent Isely qualifies for the award sought herein under Rule 3.82 of the Commission Rules. See Exhibit "B" attached hereto.

7. Attached hereto and incorporated by reference is a documentation of the attorney fees and other expenses incurred and payable to the Law Office of Matthew I. Van Horn, PLLC, by the Respondents. See Exhibit "C" attached hereto. The fees and other expenses for which an award is sought were reasonable and necessary to adequately represent Respondents' interests in the Proceeding and are based on actual daily business records recorded contemporaneously with the fees and expenses described. The hourly rates charged for fees are at the below the rate charged by attorneys and professionals in the Raleigh, North Carolina community based on the similar level of experience and background representing clients in matters which are the same or similar to the Proceeding.

8. Attached hereto and incorporated by reference is a documentation of additional other expenses incurred and payable by Respondents after the initiation of the Proceeding. See

Exhibit "D" attached hereto. The attached documentation represents other expenses incurred by Respondent Isely individually, in addition to those other expenses incurred and payable to The Law Office of Matthew I. Van Horn, PLLC.

**II. COMPLAINT COUNSEL'S POSITIONS WERE NOT SUBSTANTIALLY JUSTIFIED AND COMPLAINT COUNSEL'S ACTS AND OMISSIONS CAUSED RESPONDENTS TO INCUR UNNECESSARY LEGAL FEES AND OTHER EXPENSES.**

**A. Complaint Counsel Issued the Complaint on the Position that the Respondents were the Owners of and Disseminated Unlawful Advertisements through the website www.agaricus.net, all the while Knowing That This Position was False.**

9. Complaint Counsel's Complaint alleges that the Respondents violated Sections 5(a) and 12 of the Federal Trade Commission Act ("FTC Act") by disseminating, or causing the dissemination of false advertising for the herbal product RAAX11. See Complaint, ¶¶ 3-5, 7, 10-11. Specifically, the Complaint alleges that the Respondents 'disseminated or caused to be disseminated advertisements for RAAX11 through an internet website, www.agaricus.net.

10. There was reasonable basis in law or fact for Complaint Counsel's Complaint.

11. In a letter dated May 6, 2008, only a month after the Proceeding was issued, the undersigned provided Complaint Counsel with direct evidence showing that Respondents lacked any ownership interest in the alleged offensive website www.agaricus.net, and further lacked any ability to disseminate any communications, including advertisements, through www.agaricus.net. (JX 66). Attached to the undersigned's letter dated May 6, 2008, was a document the undersigned obtained from the domain registration company for the alleged offending website, www.agaricus.net. The information contained in the document stated directly that the owner of www.agaricus.net was a company named Takesun, owned by George Otto, an individual the

Federal Trade Commission knew was involved with the website www.agaricus.net prior to the date the Proceeding was issued.

12. Again, on May 15, 2008, the undersigned sent Complaint Counsel a letter stating that the Respondents lacked any ownership interest in the alleged offending website, www.agaricus.net, and that the Respondents lacked the authority to disseminate any information through www.agaricus.net.

13. Despite receiving this information that Respondents were not the owner of the alleged offending website, www.agaricus.net, and that Respondents lacked the authority to disseminate any information through www.agaricus.net, the Complaint Counsel continued to allege as such and prosecute the Respondents on those bases.

14. Complaint Counsel was informed a third time that the Respondents lacked ownership interests in or control over the content of the website www.agaricus.net. On December 17, 2008, the undersigned issued and served a Subpoena Duces Tecum on Tierra.net (d/b/a DomainDiscovery), the domain company hosting www.agaricus.net.

15. On February 4, 2009, Tierra.net (d/b/a DomainDiscovery) produced documents in response to the Subpoena Duces Tecum. (JX 5, 6). In addition, on February 4, 2009, a representative for Tierra.net (d/b/a DomainDiscovery) name Pablo Velasco provided sworn testimony through a deposition where he was examined by the undersigned and Complaint Counsel. Again, the documents produced from Tierra.net (d/b/a DomainDiscovery) and the testimony of Mr. Velasco showed directly that the Respondents lacked ownership of the website www.agaricus.net or the ability to disseminate any information through it. (JX 4 (Velasco Dep. at 12-14, 17-19).

16. Despite receiving this additional information, from the webhosting company which hosts the website www.agaricus.net, that Respondents were not the owner of the alleged offending website, www.agaricus.net, and that Respondents lacked the authority to disseminate any information through www.agaricus.net, the Complaint Counsel continued to allege as such and prosecute the Respondents on those bases.

17. As expected, the testimony of the Federal Trade Commission's own investigator, Michael Liggins ("Liggins"), at the trial of the Proceeding confirmed the evidence that was first provided to the Complaint Counsel by the undersigned over almost thirteen (13) months before the trial on the Proceeding---that there was no evidence that the Respondents owned or disseminated any information through the website, www.agaricus.net. (Liggins Tr. 63-64, 108-111, 122-124) (Initial Decision, p. 27-31).

18. From the inception of the Proceeding, Respondent Isely was open and forthright to Complaint Counsel and provided Complaint Counsel with all information he knew about the website www.agaricus.net and its true owner, George Kato. However, for motives that are fail to make sense, Complaint Counsel prosecuted the Respondents for acts which Complaint Counsel knew or should have known were not attributable to the Respondents.

**B. Complaint Counsel Ignored Evidence Related to the Identity of the Individual who Owned and Controlled the Content of www.agaricus.com, and Instead Prosecuted Respondents.**

19. At the trial of the Proceeding, the FTC's investigator Liggins testified that through his research of the website www.agaricus.com, he had learned of an individual, George Otto, and several corporate entities which were identified throughout the pages of the website www.agaricus.net, and through searches of online databases showing who the true owner of www.agaricus.net.

20. The FTC's investigator further testified that he had conducted additional investigations to uncover the identity and assets of George Otto but that he was not afforded the resources or orders to continue the investigation into Otto.

21. When the Proceeding was initiated, the Respondent Isely and the undersigned counsel informed Complaint Counsel of the identity Goerge Otto and the companies he controlled. The identity of George Otto was learned through Mr. Isely's dealings with Mr. Otto and the undersigned's investigation of the domain registry company for [www.agaricus.net](http://www.agaricus.net).

22. When presented with evidence related to George Otto and his likely ownership interest in [www.agarcius.net](http://www.agarcius.net), Complaint Counsel was uninterested and, instead, insisted that Respondents were the culpable parties, responsible for the advertisements disseminated through [www.agaricus.net](http://www.agaricus.net).

23. It was only during the trial of the Proceeding that the Respondents learned, through the testimony of inspector Liggins, that Complaint Counsel had in fact investigated George Otto but had instead ignored the likelihood of his culpability, instead choosing to prosecute the 83 year old Isely, possessing a net worth of less than

**C. Complaint Counsel Issued the Complaint Against the Corporate Respondent Gemtronics, Inc. and Continued Prosecuting Gemtronics, Inc. with Direct Knowledge that Gemtronics, Inc. was forever an Inactive Shell corporate Entity.**

24. At the first contact made by Complaint Counsel to Respondent Isely, Mr. Isely informed Complaint Counsel that he was the sole owner of a small home-based business selling vitamin supplements operating under the name "Gemtronics". When Respondent Gemtronics, Inc. was named as a party in the Proceeding, Mr. Isely and the undersigned informed Complaint Counsel that Mr. Isely had formed Gemtronics, Inc. at the advice of a family member for



accounting benefits but, however, Gemtronics, Inc. had forever been an inactive shell corporation.

25. From the outset of the Proceeding, the Complaint Counsel possessed one item of evidence in support of the Complaint against Respondent Gemtronics, Inc. The item was the two page Articles of Incorporation for Gemtronics, Inc. (JX 13). The document is available to the general public and was obtained through the website for the North Carolina Secretary of State.

26. Respondent Isely and the undersigned explained the identity and status of Gemtronics, Inc. at length and on several occasions to the Complaint Counsel. However, Complaint Counsel deposed Respondent Isely on the issue of the corporate entity Gemtronics, Inc. and required Respondents to respond to voluminous numbers of Interrogatories and Requests for Documents on the subject.

27. Complaint Counsel further filed a Motion to Compel, seeking an order from this tribunal requiring Respondent Gemtronics, Inc. to provide financial documents, including tax returns which did not exist. At trial, Complaint Counsel presented virtually no evidence as to Gemtronics, Inc. except the two page Articles of Incorporation.

28. Complaint Counsel has never had a reason to question the truthfulness of Respondent Isely. After being informed numerous times in writing and verbally about the inactive status of Gemtronics, Inc., Complaint Counsel elected to continue prosecuting Gemtronics, Inc. As a result, Respondent Isely wrongfully incurred a significant greater amount of attorney fees and other expenses.

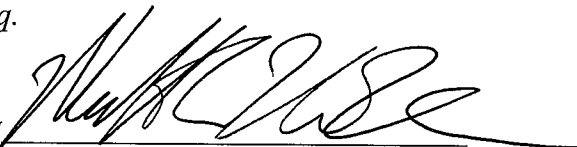
### **CONCLUSION**

The events and evidence surrounding this case reveals that Respondent Isely was taken advantage of by Complaint Counsel. Complaint Counsel used the power and resources of the

Federal Trade Commission in an attempt to coerce Respondent Isely to admitting liability. In order to defend the overwhelming and unsupported claims by Complaint Counsel, Respondents incurred significant and payable legal fees and expenses that could have been avoided if Complaint Counsel would have acted with reason and fairness. Fairness dictates that Respondent Isely being justly reimbursed for the expenses incurred as a result of the acts and omissions of Complaint Counsel as described herein and in the administrative record of the Proceeding.

**WHEREFORE**, the Respondents GEMTRONICS, INC. and WILLIAM H. ISELY respectfully move for an Order pursuant to Rule 3.81 of the Commission Rules that:

1. The Respondents be permitted to present admissible evidence in support of all matters identified herein at a hearing;
2. The Respondents be jointly awarded attorney fees other expenses incurred and payable to The Law Office of Matthew I. Van Horn, PLLC, in the amount of \$89,330.19;
3. The Respondents be jointly awarded additional other expenses incurred and payable by the Respondents in the amount of \$42,902.17; and
4. The Respondents receive any further relief to which they are entitled in law or equity pursuant to Commission Rule 3.81, *et seq.*

By   
MATTHEW I. VAN HORN  
N. C. Bar No. 26166  
16 West Martin St., Suite 700  
Raleigh, NC 27601  
Telephone: (919) 835-0880  
Facsimile: (919) 835-2121

*Attorney for Respondents*

This the 1st day of December, 2009.

**CERTIFICATE OF SERVICE**

This is to certify that the undersigned has this date served this **RESPONDENTS'**  
**APPLICATION FOR AN AWARD OF ATTORNEY FEES AND OTHER EXPENSES**  
**PURSUANT TO RULE 3.81 OF THE COMMISSION RULES** in the above entitled action  
upon all other parties to this cause by depositing a copy hereof in a postpaid wrapper in a post  
office or official depository under the exclusive care and custody of the United States Postal  
Service, properly addressed to the attorney or attorneys for the parties as listed below.

***One (1) e-mail copy and two (2) paper copies served by United States mail delivery to:***

Honorable D. Michael Chappell  
Chief Administrative Law Judge (Acting)  
Federal Trade Commission  
H106  
600 Pennsylvania Ave., NW  
Washington, D.C. 20580

***The original and one (1) paper copy via United States mail delivery and one (1) electronic copy  
via e-mail:***

Honorable Donald S. Clark  
Secretary  
Federal Trade Commission  
H135  
600 Pennsylvania Ave., NW  
Washington, D.C. 20580

***One (1) electronic copy via e-mail and one (1) paper copy via United States mail delivery to:***

Ms. Barbara E. Bolton  
Federal Trade Commission  
225 Peachtree Street, N.E.  
Suite 1500  
Atlanta, GA 30303

This the 1st day of December, 2009.



---

MATTHEW I. VAN HORN

VERIFICATION

STATE OF NORTH CAROLINA )  
 ) SS.  
COUNTY OF MACON )

WILLIAM H. ISELY, being first duly sworn, according to law, deposes and says:

That he is the individual Respondent in the above and foregoing document and formed Respondent GEMTRONICS, INC., a North Carolina corporation; that he has read the foregoing document and that the same is true and correct to the best of his knowledge and belief, except as to those matters and things stated upon information and belief and as to those he believes them to be true.

This the 30<sup>th</sup> day of NOV, 2009.

William H Isely  
WILLIAM H. ISELY

SUBSCRIBED and SWORN to before me  
this 30<sup>th</sup> day of NOV, 2009.

Amanda Holden  
Signature NOTARY PUBLIC

Amanda Holden  
Typewritten Name NOTARY PUBLIC



My Commission Expires: 12/09/2012



## **EXHIBIT "A"**

### **NET WORTH DOCUMENTATION OF RESPONDENT GEMTRONICS, INC.**

Respondent Gemtronics, Inc. is a North Carolina corporation which was formed by Respondent Isley. Respondent Gemtronics, Inc. never had an organizational meeting or issued any shares. Gemtronics, Inc. never obtained a federal tax identification number and has no officers, board of directors or employees. Gemtronics, Inc. has never conducted any business, and has never executed any documents, such as a contract. As such, Gemtronics, Inc. as of April 2, 2008, the date the Proceeding was initiated, throughout the Proceeding, and through the present has had a net worth of \$0.00 (Zero Dollars and No Cents).



**EXHIBIT "B"**

**NET WORTH DOCUMENTATION OF RESPONDENT WILLIAM H. ISELY,  
AND HIS SOLE OWNED UNINCORPORATED BUSINESS  
OPERATING UNDER THE NAME "GEMTRONICS"**

**[See Documents attached hereto]**



### **Selection of Disclosure Date of Assets and Liabilities of W. H. Isely**

The date should be after the Respondent was first warned by the Complaint counsel that the FTC was bringing an action against him and arranged a phone conversation in late March of 2008. to discuss possible settlement terms.

The date should be before Respondent's counsel began work on the case, April 2, 2008

The respondent, William H. Isely, has chosen **March 31, 2008**, as bank balance statements (attached) are available for that date, or can be adjusted to that date, and bills normally paid after April 1, were still outstanding. March 31, 2008 will be shown as the date reflecting the Respondent's Net Worth for purposes of generating the FTC required **Net Worth Exhibit**, while the date of signature representing the compilation of the information is Oct 7, 2009

W H I

**BACKGROUND INFORMATION**

3.

**Information About You**  
**REDACTED FROM THE PUBLIC RECORD**

4.

**Contact Information**

Initials W.H.

Name & Address of Nearest Living Relative or Friend Larson J. Isely  
2501 Corinth Rd, #67, Moncure, NC, 27559 Telephone No. \_\_\_\_\_  
Cell \_\_\_\_\_

5. **Information About Dependents Who Live With You - N/A**

▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name \_\_\_\_\_ Date of Birth \_\_\_\_\_  
Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

6. **Information About Dependents Who Do Not Live With You - N/A**

▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_  
▶Name & Address \_\_\_\_\_  
Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_ Social Security No. \_\_\_\_\_

7. **Employment Information N/A**

Provide the following information for this year-to-date and for each of the previous five full years, for each company of which you were a director, officer, employee, agent, contractor, participant or consultant at any time during that period. "Income" includes, but is not limited to, any salary, commissions, draws, consulting fees, loans, loan payments, dividends, royalties or other benefits for which you did not pay (e.g. health insurance premiums, automobile lease or loan payments) received by you or anyone else on your behalf.

▶Company Name & Address \_\_\_\_\_  
Dates Employed: From (Month/Year) \_\_\_\_\_ To (Month/Year) \_\_\_\_\_  
Positions Held with Beginning and Ending Dates \_\_\_\_\_  
\_\_\_\_\_

Item 7. continued

Initials WJf

lawsuits that resulted in final judgments or settlements in Items 16 and 25).

Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_

Docket No. \_\_\_\_\_ Relief Requested \_\_\_\_\_ Nature of Lawsuit \_\_\_\_\_

\_\_\_\_\_ Status \_\_\_\_\_

10. Safe Deposit Boxes

List all safe deposit boxes, located within the United States or elsewhere, held by you, your spouse, or any of your dependents, or held by others for the benefit of you, your spouse, or any of your dependents. On a separate page, describe the contents of each box.

11. Business Interests

List all businesses for which you, your spouse, or your dependents are an officer or director.

Business Name & Address Gemtronics, 964 Walnut Cr. Rd., Franklin, NC, 28734

Business Format (e.g., corporation) Sole Proprietor Description of Business Mail Order dietary Sup.

Owner Position(s) Held, and By Whom William H. Isely

Business Name & Address Gemtronics Inc. - unactivated shell corp. -- no assets or liabilities

Business Format (e.g., corporation) Description of Business

Position(s) Held, and By Whom

Business Name & Address

Business Format (e.g., corporation) Description of Business

Position(s) Held, and By Whom

Initials WHI

**FINANCIAL INFORMATION: ASSETS AND LIABILITIES**

**REMINDER: "Assets" and "Liabilities" include ALL assets and liabilities, located within the United States or elsewhere, whether held individually or jointly.**  
**REDACTED FROM THE PUBLIC RECORD**

14. Publicly Traded Securities and Loans Secured by Them

List all publicly traded securities, including but not limited to, stocks, stock options, registered and bearer bonds, state and municipal bonds, and mutual funds, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

• Issuer none Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

• Issuer \_\_\_\_\_ Type of Security \_\_\_\_\_ No. of Units Owned \_\_\_\_\_

Name on Security \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_ Loan(s) Against Security \$ \_\_\_\_\_

Broker House, Address \_\_\_\_\_ Broker Account No. \_\_\_\_\_

15. Other Business Interests

List all other business interests, including but not limited to, non-public corporations, subchapter-S corporations, limited liability corporations ("LLCs"), general or limited partnership interests, joint ventures, sole proprietorships, and oil and mineral leases, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

• Business Format none Business' Name & Address \_\_\_\_\_

Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

• Business Format \_\_\_\_\_ Business' Name & Address \_\_\_\_\_

Ownership % \_\_\_\_\_

Owner (e.g., self, spouse) \_\_\_\_\_ Current Fair Market Value \$ \_\_\_\_\_

16. Monetary Judgments or Settlements Owed to You, Your Spouse, or Your Dependents

List all monetary judgments or settlements owed to you, your spouse, or your dependents.

• Opposing Party's Name & Address none

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

• Opposing Party's Name & Address \_\_\_\_\_

Court's Name & Address \_\_\_\_\_ Docket No. \_\_\_\_\_

Nature of Lawsuit \_\_\_\_\_ Date of Judgment \_\_\_\_\_ Amount \$ \_\_\_\_\_

Initials WHL

17. Other Amounts Owed to You, Your Spouse, or Your Dependents

List all other amounts owed to you, your spouse, or your dependents.

None

Debtor's Name, Address, & Telephone No. \_\_\_\_\_

Original Amount Owed \$ \_\_\_\_\_ Current Amount Owed \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

18. Life Insurance Policies

List all life insurance policies held by you, your spouse, or your dependents.

Insurance Company's Name, Address, & Telephone No. Honeywell Paid up policy, H. I. Retirement Serv. Cen.,  
100 Half Day Rd, PO Box 1525, Lincolnshire, IL, 60069

Insured William H. Isely Beneficiary Doris B. Isely Face Value \$ \_\_\_\_\_

Policy No. Un-numbered Loans Against Policy \$ 0 Surrender Value \$ 0

Insurance Company's Name, Address, & Telephone No. \_\_\_\_\_

Insured \_\_\_\_\_ Beneficiary \_\_\_\_\_ Face Value \$ \_\_\_\_\_

Policy No. \_\_\_\_\_ Loans Against Policy \$ \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

19. Deferred Income Arrangements

List all deferred income arrangements, including but not limited to, deferred annuities, pensions plans, profit-sharing plans, 401(k) plans, IRAs, Keoghs, and other retirement accounts, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

Name on Account none Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

Name on Account \_\_\_\_\_ Type of Plan \_\_\_\_\_ Date Established \_\_\_\_\_

Trustee or Administrator's Name, Address & Telephone No. \_\_\_\_\_

Account No. \_\_\_\_\_ Surrender Value \$ \_\_\_\_\_

20. Personal Property

List all personal property, by category, whether held for personal use or for investment, including but not limited to, furniture and household goods of value, computer equipment, electronics, coins, stamps, artwork, gemstones, jewelry, bullion, other collectibles, copyrights, patents, and other intellectual property, held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

Property Category (e.g., artwork, jewelry)	Name of Owner	Property Location	Acquisition Cost *	Current Value **
Computer Equip.	W. & D. Iseky	Home	\$	
Other Electronics	W. & D. Isely	Home	\$	
Household Appliances	W. & D. Isely	Home	\$	
TV, Recorders, Ampifier	W. & D. Isely	Home	\$	
House furnishings, clothes	W. & D. Isely	Home	\$	
Yard, garden, and shop tools	W. & D. Isely	Home	\$	
Silver & Gold rounds and bars	W. & D. Isely	Home	\$	

21. Cars, Trucks, Motorcycles, Boats, Airplanes, and Other Vehicles \*Estimates \*\*Distress sale prices

List all cars, trucks, motorcycles, boats, airplanes, and other vehicles owned or operated by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

Vehicle Type Pickup Make Ford Model Ranger Year 1987

Registered Owner's Name William & Doris Isely Registration State & No. NC CSJ 5838

Address of Vehicle's Location 964 Walnut Creek Rd. Franklin, NC, 28734

Purchase Price \$ \_\_\_\_\_ Account/Loan No. none

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ 0

Vehicle Type Station Wagon Make Ford Model Focus Year 2003

Registered Owner's Name William & Doris Isely Registration State & No. NC SYH 1373

Address of Vehicle's Location 964 Walnut Creek Dr., Franklin, NC, 28734

Purchase Price \$ \_\_\_\_\_ Account/Loan No. none

Lender's Name and Address \_\_\_\_\_

Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ 0

Item 21. Continued

Initials WMI



• Vehicle Type Golf Cart Make Club Car Model 4 SEATER Year 1996  
 Registered Owner's Name William & Doris Isely Registration State & No. none  
 Address of Vehicle's Location 964 Walnut Creek Rd., Franklin, NC, 28734  
 Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_ Account/Loan No. none  
 Lender's Name and Address \_\_\_\_\_  
 Original Loan Amount \$ \_\_\_\_\_ Current Loan Balance \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_

22. Real Property

List all real estate held by you, your spouse, or your dependents, or held by others for the benefit of you, your spouse, or your dependents.

• Type of Property Hilly with rushing stream Property's Location 964 Walnut Cr. Rd, Franklin, NC.  
 Name(s) on Title and Ownership Percentages Doris B. Isely (100%)  
 Acquisition Date 1987 Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_  
 Basis of Valuation 2007 assessment Loan or Account No. none  
 Lender's Name and Address \_\_\_\_\_  
 Current Balance On First Mortgage \$ 0 Monthly Payment \$ 0  
 Other Loan(s) (describe) none Current Balance \$ \_\_\_\_\_  
 Monthly Payment \$ 0 Rental Unit? no Monthly Rent Received \$ \_\_\_\_\_

• Type of Property \_\_\_\_\_ Property's Location \_\_\_\_\_  
 Name(s) on Title and Ownership Percentages \_\_\_\_\_  
 Acquisition Date \_\_\_\_\_ Purchase Price \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_  
 Basis of Valuation \_\_\_\_\_ Loan or Account No. \_\_\_\_\_  
 Lender's Name and Address \_\_\_\_\_  
 Current Balance On First Mortgage \$ \_\_\_\_\_ Monthly Payment \$ \_\_\_\_\_  
 Other Loan(s) (describe) \_\_\_\_\_ Current Balance \$ \_\_\_\_\_  
 Monthly Payment \$ \_\_\_\_\_ Rental Unit? \_\_\_\_\_ Monthly Rent Received \$ \_\_\_\_\_

23. Credit Cards

Initials WII



26. Other Loans and Liabilities

List all other loans or liabilities in your, your spouse's, or your dependents' names.

Name & Address of Lender/Creditor none

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

Name & Address of Lender/Creditor \_\_\_\_\_

Nature of Liability \_\_\_\_\_ Name(s) on Liability \_\_\_\_\_

Date of Liability \_\_\_\_\_ Amount Borrowed \$ \_\_\_\_\_ Current Balance \$ \_\_\_\_\_

Payment Amount \$ \_\_\_\_\_ Frequency of Payment \_\_\_\_\_

**OTHER FINANCIAL INFORMATION**

27. Tax Returns

List all federal tax returns that were filed during the last three years by or on behalf of you, your spouse, or your dependents. Provide a copy of each signed tax return that was filed during the last three years.

<u>Tax Year</u>	<u>Name(s) on Return</u>	<u>Refund Expected</u>
2007	William H & Doris B. Isely	\$
2006	William H & Doris B. Isely	\$
2005	William H & Doris B. Isely	\$

28. Applications for Credit

List all applications for bank loans or other extensions of credit that you, your spouse, or your dependents have submitted within the last two years. Provide a copy of each application, including all attachments.

Name(s) on Application

Name & Address of Lender

None besides the credit cards already listed.

29. Trusts and Escrows

List all funds or other assets that are being held in trust or escrow by any person or entity for you, your spouse, or your dependents. Also list all funds or other assets that are being held in trust or escrow by you, your spouse, or your dependents, for any person or entity. Provide copies of all executed trust documents.

<u>Trustee or Escrow Agent's Name &amp; Address</u>	<u>Date Established</u>	<u>Grantor</u>	<u>Beneficiaries</u>	<u>Present Market Value of Assets</u>
None				0
				\$
				\$
				\$
				\$
				\$

30. Transfers of Assets

List each person to whom you have transferred, in the aggregate, more than \$2,500 in funds or other assets during the previous three years by loan, gift, sale, or other transfer. For each such person, state the total amount transferred during that period.

<u>Transferee's Name, Address, &amp; Relationship</u>	<u>Property Transferred</u>	<u>Aggregate Value</u>	<u>Transfer Date</u>	<u>Type of Transfer (e.g., Loan, Gift)</u>
	Real Estate at 964 Walnut Creek Rd.			Titled Jointly When Acquired in 1987
		\$	9-15-2006	Titled as 50/50 owners
		\$	9-15-2006	Transferred 100% to Doris B. Isely
		\$		
		\$		
		\$		
		\$		
		\$		

**SUMMARY FINANCIAL SCHEDULES**

**31. Combined Balance Sheet for You, Your Spouse, and Your Dependents**

**ASSETS**

**LIABILITIES**

Cash on Hand  
(Item 12)

Cash in Financial Institutions  
(Item 12)

U.S. Government Securities  
(Item 13)

Publicly Traded Securities  
(Item 14)

Other Business Interests  
(Item 15)

Judgments or Settlements Owed to  
You (Item 16)

Other Amounts Owed to You  
(Item 17) (2007 tax refund)

Surrender Value of Life Insurance  
(Item 18)

Deferred Income Arrangements  
(Item 19)

Personal Property  
(Item 20)

Motor Vehicles  
(Item 21)

Real Property  
(Item 22)

Other Assets (Itemize)

Unsold Gemtronics stock\*

---

Gemtronics stock being imported

---

\*Discounted 50% due to

---

Liquification uncertainty

---

Credit Cards  
(Item 23)

Motor Vehicles - Liens  
(Item 21)

Real Property - Encumbrances  
(Item 22)

Loans Against Publicly Traded Securities  
(Item 14)

Taxes Payable  
(Item 24)

Judgments or Settlements Owed  
(Item 25)

Other Loans and Liabilities  
(Item 26)

Other Liabilities (Itemize)

\_\_\_\_\_ none \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

**Total Assets**

**Totals for William H. Isely only**

**Total Liabilities**

Initials W/H/I

**ATTACHMENTS**

**33. Documents Attached to this Financial Statement**

List all documents that are being submitted with this financial statement.

<u>Item No. Document</u> <u>Relates To</u>	<u>Description of Document</u>
12	Bank Balance in account at First Citizens Bank as of 4-70-2008
12	Bank Balance in account at RBC Centura Bank as of 3-31-2008
23	Credit Card Balance April 2008 statement US Bank, VISA
23	Credit Card Balance April 2008 statement Bank of America, VISA

I am submitting this financial statement with the understanding that it may affect action by the Federal Trade Commission or a federal court. I have used my best efforts to obtain the information requested in this statement. The responses I have provided to the items above are true and contain all the requested facts and information of which I have notice or knowledge. I have provided all requested documents in my custody, possession, or control. I know of the penalties for false statements under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 18 U.S.C. § 1623 (five years imprisonment and/or fines). I certify under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on:

10-7-2009  
(Date)

William H. Ordy  
Signature

3-31-2008  
(Date of information represented)









**EXHIBIT "C"**

**LEGAL FEES AND OTHER EXPENSES INCURRED AND PAYABLE TO  
THE LAW OFFICE OF MATTHEW I. VAN HORN, PLLC BY  
GEMTRONICS, INC. AND WILLIAM H. ISLEY**

**TOTAL AMOUNT OF LEGAL FEES: \$85,129.50**

**TOTAL AMOUNT OF OTHER EXPENSES: \$ 4,200.69**

**\* \* \***

**GRAND TOTAL OF LEGAL FEES AND OTHER EXPENSES**  
**INCURRED AND PAYABLE TO THE LAW OFFICE OF**  
**MATTHEW I. VAN HORN, PLLC:** **\$89,330.19**

**\*\*\*\*\*PLUS BALANCE OF NOVEMBER INVOICE TO BE INCLUDED IN THE  
REPLY BRIEF TO BE FILED BY RESPONDENTS\*\*\*\*\***

***Legal Fees:***

THROUGH APRIL 30, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
04/02/2008	Telephone conference with William Isely. Telephone conference with Larry Isely regarding facts of case. (MVH)	1.0 hr.	\$ 200.00
04/03/2008	Reviewed file received from Ed Gray, including correspondence and other documents from Barbara Bolton. (MVH)	1.0 hr.	\$ 200.00
04/04/2008	Telephone conference with Barbara Bolton. Reviewed e-mail from Barbara Bolton and Attachments thereto. (MVH)	0.80 hr.	\$ 160.00
04/09/2008	Office conference with Bill Isely and family. Reviewed documents related to FTC action. (MVH)	4.0 hrs.	\$ 800.00
04/14/2008	Reviewed e-mail from Bill and Larry Isely. Prepared reply e-mail and document review. (MVH)	1.0 hr.	\$ 200.00
04/16/2008	Telephone conference with Barbara Bolton. Reviewed documents and proposed lawsuit by Federal Trade Commission. (MVH)	1.0 hr.	\$ 200.00
04/16/2008	Telephone conference with Larry Isely. (MVH)	0.20 hr.	\$ 40.00
04/18/2008	Telephone conference with Larry Isely. Telephone conference with B. Bolton. Reviewed financial information questionnaire. (MVH)	0.80 hr.	\$ 160.00
04/21/2008	Reviewed letter from FDA. Reviewed completed financial questionnaire from FTC. Reviewed e-mail from Bill Isely and Larry Isely. Telephone conference with Larry Isely. Reviewed website related to case. (MVH)	1.2 hrs.	\$ 240.00
04/23/2008	Extended telephone conference with Barbara Bolton. Reviewed websites. (MVH)	1.0 hr.	\$ 200.00
04/24/2008	Telephone conference with Larry Isely. Reviewed documents pulled from the	0.80 hr.	\$ 160.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	internet. Prepared question list for Bill Isely. Telephone conference with Barbara Bolton. (MVH)		
04/25/2008	Reviewed e-mail from Bill Isely and responded to the same. (MVH)	0.30 hr.	\$ 60.00
04/26/2008	Reviewed e-mail from Bill Isely and responded to the same. (MVH)	0.30 hr.	\$ 60.00
04/28/2008	Exchanged e-mail with Barbara Bolton of FTC. Telephone conference with Larry and Bill Isely. Prepared letter to Pablo at domain Discovery. (MVH)	1.0 hr.	\$ 200.00
04/29/2008	Telephone conference with Pablo. (MVH)	0.30 hr.	\$ 60.00
<b>INVOICE AMOUNT DUE:</b>			<b>\$ <u>2,940.00</u></b>

THROUGH MAY 31, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
05/01/2008	Telephone conference with Phil Campbell of FDA. E-mail to Client. (MVH)	0.60 hr.	\$ 120.00
05/01/2008	Telephone conference with Client. (MVH)	0.30 hr.	\$ 60.00
05/05/2008	Edit letters to Federal Trade Commission and to FDA. E-mail to Client for approval. (LR)	0.50 hr.	\$ 55.00
05/06/2008	Review and forward e-mail from Client to Matthew Van Horn. Edit letters to Federal Trade Commission and to FDA. Fax letter to Federal Trade Commission. Duplicate and process mail and certified mail to FDA and Client. (LR)	0.70 hr.	\$ 77.00
05/06/2008	Conference with Matthew Van Horn. Legal File maintenance and organization. (LR)	1.0 hr.	\$ 110.00
05/08/2008	E-mail exchange with B. Bolton. Telephone conference with B. Bolton. (MVH)	0.40 hr.	\$ 80.00
05/09/2008	Reviewed e-mail from Client and telephone	0.40 hr.	\$ 80.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	conference with Barbara Bolton. (MVH)		
05/12/2008	Telephone conference with Client. Reviewed federal statutes and additional case law pertaining to definition of culpability. (MVH)	1.2 hrs.	\$ 240.00
05/13/2008	Telephone conference with Barbara Bolton of FTC and telephone conference with Client. (MVH)	0.40 hr.	\$ 80.00
05/15/2008	Telephone conference with Larry Isely and Barbara Bolton. Reviewed Sloan-Kettering website. Began preparation of letter to FTC. (MVH)	0.80 hr.	\$ 160.00
05/16/2008	Preparation of letter to Barbara Bolton, FTC. Reviewed e-mail from Larry Isely. Reviewed Sloan-Kettering internet information. (MVH)	1.0 hr.	\$ 200.00
05/20/2008	E-mail exchange with Client. Telephone Conference with Barbara Bolton. (MVH)	0.60 hr.	\$ 120.00
05/21/2008	Telephone conference with FDA representative. (MVH)	0.30 hr.	\$ 60.00

**SUB-TOTAL: \$ 1,442.00**

**Costs:**

Postage	\$ 6.61
Photocopies (16 @ .25)	\$ <u>4.00</u>

**SUB-TOTAL: \$ 10.61**

**TOTAL AMOUNT DUE: \$ 1,452.61**

**THROUGH JUNE 30, 2008:**

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
05/31/2008	E-mail Client and telephone conference with B. Bolton. (MVH)	0.50 hr.	\$ 100.00
06/10/2008	E-mail exchange with Client. Case update. (MVH)	0.30 hr.	\$ 60.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
06/17/2008	Reviewed e-mail from Client and responded to the same regarding handling the press. (MVH)	0.30 hr.	\$ 60.00
06/17/2008	Reviewed e-mail from Client and responded to the same regarding receipt of renewal information from website and receipt of solicitation letter from law firm. (MVH)	0.40 hr.	\$ 80.00
06/18/2008	Reviewed e-mail from Client and responded to the same regarding drafting correspondence to G. Otto. (MVH)	0.30 hr.	\$ 60.00
06/18/2008	Reviewed letter from Schiff & Co. Telephone Conference with reporter of <i>The News &amp; Observer</i> . Reviewed website for Schiff & Co. (MVH)	0.40 hr.	\$ 80.00
06/18/2008	E-mail exchanges with Client. Reviewed file. Telephone conference with reporter. (MVH)	0.60 hr.	\$ 120.00
06/19/2008	E-mail exchange with Client. (MVH)	0.30 hr.	\$ 60.00
06/19/2008	Telephone conference and e-mail exchange with Client. (MVH)	0.30 hr.	\$ 60.00
06/20/2008	E-mail exchanges with Client and Client's son. (MVH)	0.70 hr.	\$ 140.00

**TOTAL AMOUNT DUE: \$ 820.00**

THROUGH JULY 31, 2008:

07/14/2008	Reviewed letter from FDA and forwarded the same to Client. (MVH)	0.30 hr.	\$ 60.00
07/15/2008	Reviewed e-mail from Client. Prepared letter to FDA. (MVH)	1.8 hr.	\$ 360.00

**TOTAL AMOUNT DUE: \$ 420.00**

THROUGH AUGUST 31, 2008:

(No Activity)

THROUGH SEPTEMBER 30, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
09/18/2008	Telephone conference with Don Clark of Federal Trade Commission regarding issuance of administrative complaint. E-mail to Matthew Van Horn regarding same. (LR)	0.20 hr.	\$ 22.00
09/18/2008	Telephone conferences with Bill Isely and Larry Isely. Conference with Matthew Van Horn. Fax Complaint and Exhibits to Client. (LR)	0.30 hr.	\$ 33.00
09/18/2008	Reviewed Complaint and telephone conference With Larry Isely. (MVH)	1.0 hr.	\$ 225.00
09/19/2008	Telephone conference with Bill Isely. Reviewed e-mail from Client. (MVH)	0.80 hr.	\$ 180.00
09/23/2008	Research administrative filing rules regarding litigation before Administrative Law Judge/Commission. Telephone call to Client regarding service of litigation (LR)	0.50 hr.	\$ 55.00
09/23/2008	Reviewed press release video from FTC. Reviewed e-mail from Client. Reviewed Complaint and other documents from FTC. (MVH)	1.4 hrs.	\$ 315.00
09/24/2008	Continued research (on-line) administrative filing rules regarding litigation before Administrative Law Judge/Commission. Set up litigation and litigation research files. Telephone conferences with Client. (LR)	1.5 hr.	\$ 165.00
09/30/2008	Telephone conference with reporter for Macon City Franklin. Reviewed e-mail from Client. (MVH)	0.80 hr.	\$ 180.00
<b>SUB-TOTAL:</b>			<b><u>\$1,175.00</u></b>
<b><u>Costs:</u></b>			
Copies (58 @ .25)			\$ 14.50
<b>SUB-TOTAL:</b>			<b><u>\$ 14.50</u></b>
<b>TOTAL AMOUNT DUE:</b>			<b><u>\$ 1,189.50</u></b>



THROUGH OCTOBER 31, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
10/01/2008	Telephone conference with Client and Phil Campbell of FDA. Prepared e-mail to Client. (MVH)	0.60 hr.	\$ 135.00
10/06/2008	Prepared first draft of Answer to Federal Trade Commission's Complaint. Began research of Title 15, Code of Federal Regulations, Commerce and Trade, with special emphasis on procedures regarding modifying and setting aside orders/ reviews of orders and rehearing/judicial review and appeals, etc. Began research of Title 16, Code of Federal Regulations, Commercial Practices [before the Commission]. (LR)	3.5 hrs.	\$ 385.00
10/06/2008	Telephone conference with Larry Isely. Reviewed Complaint and began preparing response to Complaint. (MVH)	1.4 hrs.	\$ 315.00
10/07/2008	Continued research of Title 16, Code of Federal Regulations, Commercial Practices [before the Commission]. Recorded notes from research and created Time-Line of Events through final hearing before Administrative Law Judge for the Federal Trade Commission. (LR)	2.0 hrs.	\$ 220.00
10/07/2008	Continued preparing Answer to FTC Complaint. (MVH)	3.2 hrs.	\$ 720.00
10/07/2008	Created files and organized research for use in proceedings before the Federal Trade Commission. Conference with Matthew Van Horn. (LR)	1.0 hr.	\$ 110.00
10/08/2008	Finalized Answer to Complaint. (MVH)	1.2 hrs.	\$ 270.00
10/08/2008	Revised Answer to Complaint. Telephone conference with Federal Trade Commission. (MVH)	0.3 hr.	\$ 33.00
10/10/2008	Prepare Notice of Appearance [of counsel] and Addendum. Prepare transmittal letter to Federal Trade Commission and UPS delivery forms to Federal Trade Commission and opposing counsel. Prepare transmittal letter to Client. Duplicate	1.5 hr.	\$ 165.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	documents and process for filing and service. (LR)		
10/10/2008	Reviewed e-mail from Client. Reviewed, revised And edited Answer. (MVH)	2.0 hr.	\$ 450.00
10/13/2008	Research Code of Federal Regulations regarding definition of initial disclosures and deadline for filing initial disclosures. E-mail to Matthew Van Horn. Calendared deadline. (LR)	0.20 hr.	\$ 22.00
10/13/2008	Letter to Client enclosing copy of letter to Federal Trade Commission, Notice of Appearance and Answer to Complaint. Duplicate documents, process and mail. (LR)	0.50 hr.	\$ 55.00
10/14/2008	Telephone conference with Office of the Secretary of Federal Trade Commission. (LR)	0.20 hr.	\$ 22.00
10/15/2008	Prepare additional Certificate of Service for service of process on additional parties (per FTC). Duplicate pleadings, process and mail to three parties. Prepare cover letter to Bernita Lofty, Federal Trade Commission. Transmittal letter to Client. (LR)	1.0 hr.	\$ 110.00
10/19/2008	Prepare draft Defense Counsel's Initial Disclosures document. Send to office via e-mail. (LR)	1.2 hr.	\$ 132.00
10/20/2008	Conference with Matthew Van Horn. Organization of legal file. Edit draft of Defense Counsel's Initial Disclosures. Prepare facsimile coversheet to opposing counsel. (LR)	0.5 hr.	\$ 55.00
10/20/2008	Prepared Initial Disclosures filing. Reviewed Order of FTC setting hearing date. Reviewed file and related documents. Reviewed proposed FTC Order setting case deadlines. (MVH)	4.2 hrs.	\$ 945.00
10/21/2008	Continued preparing Initial Disclosures filing. Reviewed file in preparation of completing Initial Disclosures document. (MVH)	1.8 hrs.	\$ 405.00
10/21/2008	Transmit copy of draft Scheduling Order and Complaint Counsel's Initial Disclosures via facsimile. (LR)	0.10 hr.	\$ 11.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
10/22/2008	Prepare letter to Client enclosing Respondents' Counsel's initial disclosures. Duplicate, process and mail. (LR)	0.20 hr.	\$ 22.00
10/27/2008	Prepared for Scheduling Conference with Federal Trade Commission. Telephone conference with opposing counsel. (MVH)	3.0 hrs.	\$ 675.00
10/28/2008	Prepared for and attended Scheduling Conference at Federal Trade Commission. Office conference with Barbara Bolton. (MVH)	4.6 hrs.	\$1,035.00
10/30/2008	Update legal calendar per Scheduling Order (with notes regarding Rules). Legal file maintenance. (LR)	1.2 hrs.	\$ 132.00
10/30/2008	Telephone conference with Client. (MVH)	0.40 hr.	\$ 90.00
<b>SUB-TOTAL:</b>			<b><u>\$6,514.00</u></b>

**Costs:**

Copies (24 @ .25)	\$ 6.00	
Copies (79 @ .25)	\$ 19.75	
UPS Delivery Charges	\$ 35.90	
Postage	\$ .59	
Copies (26 @ .25)	\$ 6.50	
Postage	\$ 2.36	
Fax (15 @ \$1.00)	\$ 15.00	
Postage	\$ 1.18	
Copies (15 @ .25)	\$ 3.75	
Fax (7 @ 1.00)	\$ 7.00	
Postage	\$ .59	
<b>SUB-TOTAL:</b>		<b><u>\$ 98.62</u></b>

**Travel to Washington, D.C. – October 27-28, 2008:**

Roundtrip Mileage to Washington, D.C. (524 miles @ .37)	\$ 193.88
Taxicab	\$ 22.50
Computer Services (Lincoln Square, Washington, D.C.)	\$ 22.00
Gasoline (Washington, D.C.)	\$ 67.88

Food	\$ 28.92
Ramada Inn—South	\$ 130.77

**SUB-TOTAL: \$ 465.95**

**TOTAL AMOUNT DUE: \$ 7,078.57**

THROUGH NOVEMBER 30, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
11/01/2008	Reviewed e-mail from B. Isely regarding case strategy. (MVH)	0.20 hr.	\$ 45.00
11/03/2008	Reviewed e-mail from Client and facts in support of Motion for Summary Decision provided by Client. Reviewed file documents. (MVH)	0.40 hr.	\$ 90.00
11/03/2008	Reviewed e-mail from Bill Isely. (MVH)	0.40 hr.	\$ 90.00
11/03/2008	Telephone conference with Larry Isely. (MVH)	1.0 hr.	\$ 225.00
11/04/2008	Reviewed e-mail from B Isely regarding case facts and settlement strategy. (MVH)	0.20 hr.	\$ 45.00
11/10/2008	Reviewed e-mail from Client. (MVH)	0.30 hr.	\$ 67.50
11/10/2008	Reviewed e-mail from Client regarding task list in case. (MVH)	0.20 hr.	\$ 45.00
11/18/2008	Reviewed e-mail from Client as to facts of case and strategy. (MVH)	0.20 hr.	\$ 45.00
11/18/2008	Reviewed e-mail from Client and responded to the same. Telephone conference with Bill Isely. (MVH)	0.20 hr.	\$ 45.00
11/19/2008	Telephone conference with Barbara Bolton regarding FTC witness list and telephone conference concerning discovery. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
11/19/2008	Conference with Matthew Van Horn and telephone conference with Barbara Bolton. (LR)	0.20 hr.	\$ 22.00
11/20/2009	Reviewed e-mail from Client regarding case	0.20 hr.	\$ 45.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	facts and strategy. (MVH)		
11/20/2008	Send FTC Preliminary Witness List to Client via facsimile. (LR)	0.20 hr.	\$ 22.00
11/20/2008	Reviewed Complaint Counsel's Preliminary Witness List. Telephone conference with B. Bolton. Reviewed e-mail from Client. (MVH)	1.0 hr.	\$ 225.00
11/21/2008	Telephone conference with Client. Telephone conference and e-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
11/21/2008	Telephone conference with Barbara Bolton regarding conference call between counsel. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
11/21/2008	Reviewed e-mail from Client regarding facts of case and case strategy. (MVH)	0.40 hr.	\$ 90.00
11/23/2008	Reviewed fact changes in draft Motion for Summary Decision. (MVH)	0.40 hr.	\$ 90.00
11/24/2008	Review voicemail from Client regarding Status and preparation of case. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
11/25/2008	Reviewed e-mail from Client. (MVH)	0.10 hr.	\$ 22.50
11/26/2008	Reviewed e-mail from Client regarding FTC financial disclosure document and discovery strategy. (MVH)	0.30 hr.	\$ 67.50
<b>TOTAL AMOUNT DUE:</b>			<b><u>\$1,369.50</u></b>

THROUGH DECEMBER 31, 2008:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
12/01/2008	Telephone conference with B. Bolton regarding settlement, discovery and preliminary witness list. Prepared preliminary witness list. Reviewed e-mail from Client. (MVH)	2.0 hrs.	\$ 450.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
12/01/2008	Telephone conference with Barbara Bolton regarding Court-Ordered conference of counsel. E-mail to Matthew Van Horn. Document preparation. (LR)	0.30 hr.	\$ 33.00
12/01/2008	Create initial draft of Defense Counsel's Preliminary Witness List. (LR)	0.40 hr.	\$ 44.00
12/02/2008	Clerical edit of Preliminary Witness List. (LR)	0.50 hr.	\$ 55.00
12/02/2008	Send draft of Preliminary Witness List to Client via e-mail. Telephone conferences with Matthew Van Horn (2). Reviewed Client's suggested revisions to draft of witness list. Telephone conference with Matthew Van Horn concerning same. Edited final witness list for submission. Prepared e-mail to Client attaching final witness list. Prepared fax coversheet to opposing counsel. Served opposing counsel via facsimile and United States Mail. Duplicated, processed and mailed. (LR)	1.2 hrs.	\$ 132.00
12/03/2008	Telephone conference with B. Isely and reviewed financial questionnaire. (MVH)	1.4 hrs.	\$ 315.00
12/04/2008	Reviewed and responded to e-mail. (MVH)	0.30 hr.	\$ 67.50
12/06/2008	Reviewed e-mail and proposed modified draft of summary decision. (MVH)	0.40 hr.	\$ 90.00
12/07/2008	Reviewed e-mail from Client. (MVH)	0.20 hr.	\$ 45.00
12/08/2008	Reviewed e-mail from Client. (MVH)	0.30 hr.	\$ 67.50
12/08/2008	Telephone conference with Client regarding discovery issues and strategy for filing Summary Decision Request. (MVH)	0.40 hr.	\$ 90.00
12/09/2008	Reviewed e-mail from Client. (MVH)	0.30 hr.	\$ 67.50
12/10/2008	Telephone conference with Matthew Van Horn. Fax to Barbara Bolton. (LR)	0.20 hr.	\$ 22.00
12/10/2008	Telephone conference with Barbara Bolton	0.60 hr.	\$ 135.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	regarding settlement. (MVH)		
12/15/2009	Telephone conferences with Client and Larry Isely regarding written discovery and strategy of filing a motion for summary decision. Reviewed letter from Barbara Bolton. (MVH)	1.0 hr.	\$ 225.00
12/16/2008	Prepare draft of discovery requests for service on Barbara Bolton. Several telephone conferences with Federal Trade Commission and one conference with Office of Administrative Law Judge. Conferences with Matthew Van Horn. Legal research. (LR)	3.5 hrs.	\$ 385.00
12/16/2008	Prepare draft of discovery requests for service on Barbara Bolton. Conferences with Matthew Van Horn. Legal research. (LR)	4.0 hrs.	\$ 440.00
12/16/2008	Begin preparation of final written discovery to FTC. Reviewed e-mail from Bill Isely. (MVH)	1.6 hrs.	\$ 360.00
12/17/2008	Prepare draft of discovery requests for service on Barbara Bolton. Conferences with Matthew Van Horn. Update legal files. (LR)	3.0 hrs.	\$ 330.00
12/17/2008	Completed preparing written discovery to be propounded to FTC. Reviewed written discovery served on Client by FTC. (MVH)	2.4 hrs.	\$ 540.00
12/17/2008	Prepare letter to Client with instructions regarding discovery requests served upon us. Duplicate pleadings, process and mail. (LR)	0.80 hr.	\$ 88.00
12/17/2008	Second telephone conference with Federal Trade Commission regarding issuance of subpoenas. E-mail to Matthew Van Horn regarding same. (LR)	0.20 hr.	\$ 22.00
12/17/2008	Make final revisions to discovery requests for service on Barbara Bolton. (LR)	0.30 hr.	\$ 33.00
12/17/2008	Serve discovery requests on Complaint Counsel. Prepare letter to Client enclosing Respondents' discovery requests. Duplicate, process and mail. (LR)	0.50 hr.	\$ 55.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
12/18/2008	Telephone call to Bernita Lofty, Federal Trade Commission. Telephone conference with Office of Secretary of Federal Trade Commission, and with Crystal and Linda Hodge in Records Division of FTC. Voicemail with assistant to Administrative Law Judge. All telephone calls were in reference to issuance of subpoenas <i>duces tecum</i> requested originally on 12/16/2008. E-mail to Matthew Van Horn. (LR)	0.80 hr.	\$ 88.00
12/18/2008	Telephone conference with Client regarding FTC Discovery requests, our discovery requests, and e-mail and letter from UK hosting company and George Otto. E-mail to Matthew Van Horn. (LR)	0.50 hr.	\$ 55.00
12/22/2008	Telephone conference with Larry Isely and Reviewed discovery requests. (MVH)	0.40 hr.	\$ 90.00
12/23/2008	Reviewed designation of expert witnesses by FTC. Reviewed e-mail from Bill Isely.	0.80 hr.	\$ 180.00
12/29/2008	Telephone conference with Client regarding discovery answers. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
12/30/2009	Telephone conference with Barbara Bolton. Reviewed e-mail from Client, including Responses to discovery matters.	2.0 hrs.	\$ 450.00
<b>SUB-TOTAL:</b>			<b><u>\$4,976.50</u></b>

**Costs:**

Copies (5 @ .25)	\$ 1.25
Facsimile (6 pp. @ 1.00)	\$ 6.00
Postage	\$ .42
Copies (64 @ .25)	\$ 16.00
Postage	\$ 1.68
Facsimile (15 pp. @ 1.00)	\$ 15.00
Copies (45 @ .25)	\$ 11.25
Postage	\$ .76
Postage	\$ .76
<b>SUB-TOTAL:</b>	
	<b><u>\$ 53.12</u></b>



**TOTAL AMOUNT DUE:**

**\$5,029.62**

THROUGH JANUARY 31, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
01/06/2009	Telephone conference with Barbara Bolton and e-mail correspondence (2). (LR)	0.30 hr.	\$ 33.00
01/06/2009	Telephone conference with Matthew Van Horn and e-mail. (2) (LR)	0.30 hr.	\$ 33.00
01/06/2009	Begin preparation of discovery responses. (LR)	0.50 hr.	\$ 55.00
01/06/2009	Telephone conference with Barbara Bolton, e-mail to Matthew Van Horn regarding discovery responses. Prepared letter to Barbara Bolton confirming extension of time and sent via facsimile. (LR)	0.60 hr.	\$ 66.00
01/07/2009	Telephone conference with Client regarding status of discovery and case. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
01/08/2009	Reviewed e-mail from W. Isely. (MVH)	0.10 hr.	\$ 22.50
01/09/2009	Reviewed Expert Witness Report and revised Witness List. (MVH)	0.20 hr.	\$ 45.00
01/12/2009	Telephone conference with Barbara Bolton. Reviewed file documents. (MVH)	1.0 hr.	\$ 225.00
01/12/2009	Reviewed e-mail from W. Isely. (MVH)	0.20 hr.	\$ 45.00
01/12/2009	Conference with Matthew Van Horn. Prepare facsimile to Client. Legal file maintenance. (LR)	0.50 hr.	\$ 55.00
01/12/2009	Telephone conference with Barbara Bolton. and e-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
01/13/2009	Telephone conference with Bill and Larry Isely. (MVH)	1.80 hr.	\$ 405.00
01/13/2009	Reviewed e-mail and evidence regarding number of bottles of RAAX11 sold by W.	0.30 hr.	\$ 67.50

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Isely. (MVH)		
01/13/2009	Telephone conference with Barbara Bolton. E-Mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
01/13/2009	Conference with Matthew Van Horn. Prepare letter to Barbara Bolton. (LR)	0.50 hr.	\$ 55.00
01/13/2009	Telephone conference with Bill Isely. (LR)	0.10 hr.	\$ 11.00
01/15/2009	Prepare first draft of Clients' answers to discovery. (LR)	5.0 hrs.	\$ 550.00
01/15/2009	Reviewed e-mails from Client and documents attached to e-mails relating to RAAX11 sales. (MVH)	0.30 hr.	\$ 67.50
01/16/2009	Conference with Matthew Van Horn. Copy documents to be produced to Government in discovery. (LR)	0.50 hr.	\$ 55.00
01/16/2009	Reviewed e-mails from W. Isely and began preparing responses to written discovery propounded by the FTC. (MVH)	1.4 hrs.	\$ 315.00
01/17/2009	Reviewed e-mails from W. Isely regarding deposition. (MVH)	0.30 hr.	\$ 67.50
01/19/2009	Reviewed e-mails from Client. (MVH)	0.30 hr.	\$ 67.50
01/20/2009	Reviewed e-mails from Client regarding deposition preparation. Continued preparing Isely's responses to FTC's written discovery. (MVH)	0.60 hr.	\$ 135.00
01/21/2009	Reviewed e-mail from Client and continued preparing responses to FTC's written discovery. (MVH)	0.80 hr.	\$ 180.00
01/23/2009	Prepared second draft of Clients' answers to discovery. Reviewed B. Bolton's Motion to Compel Discovery. Reviewed files (correspondence and pleadings). Reviewed Matthew Van Horn's memorandum. Drafted Reply and Opposition to Motion to Compel. Conference with Matthew Van Horn. Sent	6.0 hrs.	\$ 660.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	draft of reply and opposition via facsimile to Matthew Van Horn. Updated legal file maintenance in preparation for deposition and ongoing proceedings. Clerical edit of Notice of Deposition. Prepared Subpoena Duces Tecum. E-mail to Client regarding change of location of deposition. (LR)		
01/23/2009	Reviewed e-mails from W. Isely regarding material to be precluded in response to written discovery. (MVH)	0.20 hr.	\$ 45.00
01/23/2009	Prepare transmittal letters to Secretary of Federal Trade Commission, Administrative Law Judge and Opposing Counsel. Duplicate documents and prepare UPS delivery instructions. E-mail to Matthew Van Horn. (LR)	1.0 hr.	\$ 110.00
01/23/2009	Reviewed FTC's Motion and Memorandum to Compel Responses to FTC's written discovery. (MVH)	0.20 hr.	\$ 45.00
01/23/2009	Prepared Respondents' Reply and Opposition to Motion to Compel Responses to Written Discovery. (MVH)	0.40 hr.	\$ 90.00
01/24/2009	Reviewed e-mail from Client. (MVH)	0.30 hr.	\$ 67.50
01/24/2009	Prepared Notice of Deposition to Pablo Velasco and Subpoena Duces Tecum to Tierra.net. (MVH)	1.0 hr.	\$ 225.00
01/26/2009	Reviewed three e-mail from Client, one e-mail from Secretary of FTC and one e-mail from Barbara Bolton. Reviewed facsimile transmissions from Client. Telephone conference with Matthew Van Horn regarding same. (LR)	0.50 hr.	\$ 55.00
01/26/2009	Reviewed e-mails from Client. (MVH)	0.30 hr.	\$ 67.50
01/26/2009	Conference with Matthew Van Horn regarding status of the case. Review correspondence from B. Bolton to this office and to Administrative Law Judge. Draft Motion to	2.5 hrs.	\$ 275.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Modify Scheduling Order. Draft Order regarding Motion to Modify Scheduling Order. Prepare transmittal letter to Secretary of Federal Trade Commission. Duplicate pleadings, process for mailing and e-mail to recipients. (LR)		
01/27/2009	Telephone conferences with Client. Prepare e-mail to Client and to Matthew Van Horn. (LR)	0.50 hr.	\$ 55.00
01/27/2009	Conference with Matthew Van Horn regarding status of Scheduling Order and deposition of Client. Research rules regarding service of Subpoena Duces Tecum. Edited Subpoena Duces Tecum and Notice of Deposition regarding Pablo Velasco. Prepared transmittal letter to P. Velasco and letter to Barbara Bolton. Duplicated all documents. Fax and mail letter and documents to Barbara Bolton. Telephone Conference With Federal Trade Commission Regarding Service of subpoena. E-mail to Matthew Van Horn regarding service. Review e-mail from Client regarding deposition and DirectNIC and Whois. Preparation of UPS forms for Legal Service of Subpoena Duces Tecum and Notice Of Deposition on Pablo Velasco. (LR)	3.0 hrs.	\$ 330.00
01/28/2009	Calendar Maintenance – Re: Scheduling Order. (LR)	0.80 hr.	\$ 88.00
01/28/2009	Reviewed Court's Order compelling responses To FTC's written discovery. (MVH)	0.10 hr.	\$ 22.50
01/28/2009	Review two email Orders received from Administrative Law Judge – print. E-mail to Matthew Van Horn. Telephone conference with Matthew Van Horn. Enter deadlines into calendar. (LR)	0.30 hr.	\$ 33.00
01/29/2009	Review email Order received from Administrative Law Judge – print. E-mail to Matthew Van Horn. Enter deadline into calendar. (LR)	0.40 hr.	\$ 44.00
01/29/2009	Telephone conference with Barbara Bolton regarding deposition of William Isely, her intent to oppose deposition of Pablo Velasco,	0.50 hr.	\$ 55.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Order on Motion to Compel, and pending Motion to Amend Scheduling Order. E-mail to Matthew Van Horn. Telephone conference with Matthew Van Horn. (LR)		
01/29/2009	Prepared letter to Barbara Bolton regarding deposition of William Isely. Telephone conference with Client regarding change of date. (LR)	0.50 hr.	\$ 55.00
01/29/2009	Reviewed e-mails and talking points regarding deposition preparation and continued preparing responses to FTC's written discovery. (MVH)	1.0 hr.	\$ 225.00
01/30/2009	Reviewed e-mail from Client. Printed his notes regarding deposition preparation. (LR)	0.20 hr.	\$ 22.00
01/30/2009	Reviewed e-mails regarding preparation of Statement of Undisputed Facts for Motion For Summary Decision. (MVH)	0.80 hr.	\$ 180.00
01/30/2009	Conference with Matthew Van Horn. Preparation for conference call with Client. (LR)	0.50 hr.	\$ 55.00
01/30/2009	Reviewed FTC's Opposition to Respondents' Motion for Modification of Scheduling Order. (MVH)	0.20 hr.	\$ 45.00
<b>SUB-TOTAL:</b>			<b><u>\$5,471.00</u></b>

**Costs:**

Fax (1 @ 1.00)	\$ 1.00
Fax (11 @ 1.00)	\$ 11.00
Fax (1 @ 1.00)	\$ 1.00
Postage	\$ .42
Copies (42 @ .25)	\$ 10.50
UPS Charges	\$ 72.08
Copies (270 @ .25)	\$ 67.50
Copies (240 @ .25)	\$ 60.00
UPS Charges	\$ 95.41
Postage	\$ 2.11
UPS Charge	\$ 41.33
Postage	\$ .59

Copies (90 @ .25)	\$ 22.50
Fax (6 @ 1.00)	\$ 6.00
Fax (1 @ 1.00)	\$ 1.00
Postage	\$ .42

**SUB-TOTAL:** \$ 392.86

**TOTAL AMOUNT DUE:** \$ 5,863.86

THROUGH FEBRUARY 28, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
02/02/2009	Prepared Reply to FTC's opposition to our Motion to Modify Scheduling Order. Duplicated pleading and served on opposing counsel, FTC Secretary and Administrative Law Judge via electronic copy and United States mail. (LR)	2.5 hrs.	\$ 275.00
02/02/2009	Conference with Matthew Van Horn. Prepare e-mail to Bill Isely regarding location of deposition on February 4, 2009. (LR)	0.20 hr.	\$ 22.00
02/03/2009	Prepare final responses to FTC's discovery requests. Duplicate pleadings, send first set via facsimile to Barbara Bolton. Draft letter to B. Bolton. Conferences with Matthew Van Horn. Conferences with Client. Organize, update & pack legal file for use at deposition. Edit and send remaining set of responses to B. Bolton via facsimile and all via U. S. mail. (LR)	5.0 hrs.	\$ 550.00
02/03/2009	Prepared responses to written discovery propounded by Complaint Counsel. Prepared for deposition of William Isely. Reviewed documents from Verizon and PayPal produced by B. Bolton. (MVH)	4.6 hrs.	\$1,035.00
02/04/2009	Prepared for and attended deposition of William Isely and Pablo Velasco. (MVH)	7.0 hrs.	\$1,575.00
02/05/2009	Prepared first draft of Status Report as ordered by Administrative Law Judge. (LR)	1.0 hr.	\$ 110.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
02/06/2009	Prepared Status Report as required by Court and reviewed Status Report of Complaint Counsel. (MVH)	1.0 hr.	\$ 225.00
02/06/2009	Telephone conference with Barbara Bolton regarding settlement and status of case. (MVH)	0.40 hr.	\$ 90.00
02/06/2009	Telephone conference with Barbara Bolton. Finalized Status Report. (MVH)	1.2 hrs.	\$ 270.00
02/09/2009	Telephone conference with Bill Isely. Conference with Matthew Van Horn. Scan and transmit copy of Status Report to Client. (LR)	0.30 hr.	\$ 33.00
02/09/2009	Prepare first draft of Motion for Summary Decision. Prepare cover sheet to Barbara Bolton for transmission via facsimile of documents received from Pablo Velasco. (LR)	0.80 hr.	\$ 88.00
02/13/2009	Telephone conference with Secretary of Federal Trade Commission regarding documents misplaced by FTC. (LR)	0.20 hr.	\$ 22.00
02/13/2009	Reviewed Order from Court regarding deadline extension on discovery. (MVH)	0.10 hr.	\$ 22.50
02/13/2009	Reviewed proposed motion to extend deadline by FTC. Reviewed chart prepared by Client. (MVH)	0.30 hr.	\$ 67.50
02/15/2009	Researched case law in support of Motion for Summary Decision. Reviewed B. Bolton's motion to extend deadline in discovery. (MVH)	1.0 hr.	\$ 225.00
02/16/2009	Reviewed Motion of Opposing Counsel to Modify Scheduling Order and proposed new Scheduling Order attached. (LR)	0.60 hr.	\$ 66.00
02/17/2009	Reviewed Order of Judge regarding ex parte communications. Forwarded copy to Client. Telephone conference with court reporter regarding deposition transcripts. Conference with Matthew Van Horn and Client.	0.80 hr.	\$ 88.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Second conference with court reporter. Prepared check for COD delivery of transcripts. (LR)		
02/18/2009	Reviewed Order extending deadline to file Motion for Summary Decision. (MVH)	0.10 hr.	\$ 22.50
02/18/2009	Docketed dates from new Scheduling Order and compared and deleted, when necessary, old dates. Ticklers entered for preparation time. (LR)	0.60 hrs.	\$ 66.00
02/19/2009	Telephone conference with Client. (LR)	0.10 hr.	\$ 11.00
02/20/2009	Conference with Matthew Van Horn. Prepare draft of Oath regarding Velasco deposition. Prepare letter of instructions to Pablo Velasco and UPS shipment label. (LR)	1.00 hr.	\$ 110.00
02/20/2009	Prepare letter of instructions to Client regarding deposition. Prepare UPS shipment label. (LR)	0.80 hr.	\$ 88.00
02/23/2009	Prepare e-mail to B. Bolton regarding oath of Pablo Velasco. Conference with Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
02/23/2009	Reviewed e-mail from Client and responded to the same. (MVH)	0.10 hr.	\$ 22.50
<b>SUB-TOTAL:</b>			<b>\$ <u>5,106.00</u></b>

**Costs:**

Postage	\$ 1.60
Copies (24 @ .25)	\$ 6.00
Facsimile (37 @ 1.00)	\$ 37.00
Copies (74 @ .25)	\$ 18.50
Copies (50 @ .25)	\$ 12.50
Postage	\$ 3.27
Facsimile (4 @ 1.00)	\$ 4.00
Postage	\$ 3.27
Copies (46 @ .25)	\$ 11.50
Postage	\$ .59
UPS Charges	\$ 48.28
UPS Charges	\$ 74.63

**SUB-TOTAL: \$ 221.14**



***Trip to Ashville, NC:***

Hotel:	\$ 99.53
Travel: 318 miles @ .42	\$ 133.56
Gasoline	\$ 80.00
Food	\$ 40.00

**SUB-TOTAL: \$ 353.09**

**TOTAL AMOUNT DUE: \$ 5,680.23**

**THROUGH MARCH 31, 2009:**

<b><u>Date</u></b>	<b><u>Work Performed</u></b>	<b><u>Time</u></b>	<b><u>Amount</u></b>
03/05/2009	Conference with Matthew Van Horn. Research Federal Code of Regulations database regarding Depositions – print pertinent findings. (LR)	0.50 hr.	\$ 55.00
03/05/2009	Telephone conference with Client regarding motion for summary decision and e-mail to Matthew Van Horn regarding same. (LR)	0.20 hr.	\$ 22.00
03/10/2009	Reviewed Deposition of Bill Isely and Pablo Velasco. Reviewed answers to interrogatories, deposition exhibits, initial disclosures and documents produced by FTC pursuant to Motion for Production of Documents. Prepared Motion for Summary Decision and Supporting Memorandum. Prepared Statement of Undisputed Facts. (MVH)	5.6 hrs.	\$ 1,260.00
03/11/2009	Prepared Motion for Summary Decision and Supporting Memorandum. Prepared Statement of Undisputed Facts. (MVH)	6.0 hrs.	\$ 1,350.00
03/12/2009	Prepared Motion for Summary Decision and Supporting Memorandum. Prepared Statement of Undisputed Facts. (MVH)	4.4 hrs.	\$ 990.00
03/12/2009	Review e-mail from Matthew Van Horn regarding preparation for filing of Motion for Summary Judgment. Assimilate documents. Telephone conversation with Secretary of Federal Trade Commission after conference with Bernita Lofty. Memo to Matthew Van Horn. (LR)	0.60 hr.	\$ 66.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
03/12/2009	Telephone conferences with Client regarding filing of Motion for Summary Decision. Telephone conference with opposing counsel. (LR)	0.20 hr.	\$ 22.00
03/13/2009	Conference with Matthew Van Horn. Telephone (LR)	0.20 hr.	\$ 22.00
03/13/2009	Assist in preparation of exhibits for filing in relation to Separate Statement of Material Facts as to Which There is No Genuine Issue. Assemble, duplicate and index approximately 150 pages into eight sets. Preparation of cover letter to Federal Trade Commission. Telephone conference with Secretary of Federal Trade Commission. Deliver exhibits to International Minute Press for conversion into PDF CD-Rom format as required. Preparation of e-mail filing transmittal as required. (LR)	7.0 hrs.	\$ 770.00
03/16/2009	Telephone conferences with Client and Larry Isely. Telephone conference with Secretary's Office, Federal Trade Commission. Telephone conference with Bernita Lofty, Federal Trade Commission. Initial preparation for filing of witness and exhibit lists and conference with Matthew Van Horn. Telephone conferences with Barbara Bolton regarding Government's witness list and hearing exhibits. (LR)	0.90 hr.	\$ 99.00
03/17/2009	Draft letter to Administrative Law Judge requesting oral argument. Duplicate and mail to Client and opposing counsel. (LR)	0.30 hr.	\$ 33.00
03/18/2009	On-line research of FTC website public Actions. (LR)	0.50 hr.	\$ 55.00
03/18/2009	E-mail to Client forwarding PDF copy of FTC Motion for Summary Decision. (LR)	0.10 hr.	\$ 11.00
03/18/2009	Conference with Matthew Van Horn regarding preparation of Respondents' Proposed Witness and Exhibit Lists. Prepared first draft of same. (LR)	2.2 hrs.	\$ 242.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
03/19/2009	Preparation of Respondents' Proposed Witness List and Respondents' Exhibit List. (LR)	0.60 hr.	\$ 66.00
03/19/2009	Telephone conference with administrative law Judge and Barbara Bolton. Telephone conference With Larry Isely. (MVH)	1.0 hr.	\$ 225.00
03/23/2009	Telephone conference with client regarding Transmittal of depositions. Duplicate, complete UPS shipping labels and deliver. (LR)	0.50 hr.	\$ 55.00
03/25/2009	Telephone conference with Barbara Bolton. Prepared Consent Order to Barbara Bolton. Prepared e-mail to Client. Reviewed various Versions of Consent Order. (MVH)	2.8 hrs.	\$ 630.00
03/26/2009	Prepared settlement agreement Consent Orders and letter to Barbara Bolton. Telephone conferences with Bill Isely and Barbara Bolton. E-mail exchanges with Barbara Bolton and Bill Isely. (MVH)	1.6 hrs.	\$ 360.00
03/27/2009	Telephone conference with Barbara Bolton. Finalized letter to Barbara Bolton. (MVH)	0.40 hr.	\$ 90.00
03/27/2009	Scan and serve final draft of proposed settlement agreement via e-mail. Duplicate and mail. (LR)	0.30 hr.	\$ 33.00
03/30/2009	Reviewed e-mails from Client regarding settlement strategy. E-mailed Client. Prepared for telephone conference with Judge Chappell. (MVH)	0.60 hr.	\$ 135.00
03/31/2009	Telephone conference with Judge Chappell and Barbara Bolton. Telephone conferences with Bill Isely. (MVH)	1.0 hr.	\$ 225.00
<b>SUB-TOTAL:</b>			<b>\$ <u>6,816.00</u></b>

**Costs:**

UPS Charge	\$ 4.83
Copies (1655 @ .25)	\$ 413.75
Federal Express	\$ 120.85
International Minute Press (Exhibits – PDF CD-Roms)	\$ 43.97
UPS Charge	\$ 9.40

Copies (74 @ .25)	\$ 18.50
Copies (11 @ .25)	\$ 2.75
Postage	\$ .76

**SUB-TOTAL:** \$ 614.81

**TOTAL AMOUNT DUE:** \$ 7,430.81

THROUGH APRIL 30, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
04/02/2009	Telephone conference with Barbara Bolton regarding terms of settlement. E-mail to Bill Isely. (MVH)	0.60 hr.	\$ 135.00
04/06/2009	Reviewed e-mails from Bill Isely and responded to the same. Reviewed FTC's proposed settlement agreement. (MVH)	1.2 hrs.	\$ 270.00
04/04/2009	Telephone conference with Barbara Bolton. (MVH)	0.20 hr.	\$ 45.00
04/07/2009	Reviewed Client e-mails and responded to the same. Telephone conference with court clerk. (MVH)	0.40 hr.	\$ 90.00
04/07/2009	Telephone conference with Barbara Bolton and e-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
04/07/2009	Telephone conference with Client and e-mail to Matthew Van Horn (LR)	0.20 hr.	\$ 22.00
04/08/2009	Telephone conference with Judge and FTC Representative. Reviewed and responded to e-mails. (MVH)	1.0 hr.	\$ 225.00
04/13/2009	Telephone conferences with Bill Isely regarding Proposed settlement negotiations and conference Call with Judge. Reviewed settlement proposed Consent Orders. (MVH)	1.6 hrs.	\$ 360.00
04/13/2009	Telephone conferences with Client and e-mails To Matthew Van Horn. (LR)	0.30 hrs.	\$ 33.00
04/14/2009	Reviewed preparation notes for oral argument. Telephone conferences with Barbara Bolton and	1.3 hrs.	\$ 292.50

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Bill Isely. (MVH)		
04/14/2009	Telephone conference with client. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
04/14/2009	Review e-mail between Matthew Van Horn and Barbara Bolton. (LR)	0.20 hr.	\$ 22.00
04/15/2009	Reviewed proposed consent order from FTC. Prepared Opposition to Summary Decision Motion filed by FTC. (MVH)	2.2 hrs.	\$ 495.00
04/15/2009	E-mail to Client. (LR)	0.20 hr.	\$ 22.00
04/15/2009	Telephone conference with Barbara Bolton. (LR)	0.20 hr.	\$ 22.00
04/15/2009	Telephone conference with Bill Isely. Prepared e-mail to the Court per the Court's request. (MVH)	1.6 hrs.	\$ 360.00
04/16/2009	Telephone conference with Client and conference Call with Judge and Barbara Bolton. (MVH)	2.2 hrs.	\$ 495.00
04/16/2009	Telephone conference with Client and e-mail to Matthew Van Horn. Review e-mail from Client and reply. (LR)	0.30 hr.	\$ 33.00
04/22/2009	Telephone conference with Bill Isely regarding Opposition to FTC's summary decision Motion. E-mail to Barbara Bolton. (MVH)	0.60 hr.	\$ 135.00
04/27/2009	Telephone conference with Bill Isely. Drafted e-mails with Bill Isely. Telephone conferences with Barbara Bolton. (MVH)	1.3 hrs.	\$ 292.50
04/28/2009	Telephone conference with Bill Isely. Telephone Conference with Barbara Bolton. E-mail to Court. (MVH)	0.60 hr.	\$ 135.00
04/29/2009	Reviewed e-mail from Client. (MVH)	0.20 hr.	\$ 45.00
04/29/2009	Reviewed e-mails from FTC and from counsel For FTC. Telephone conference and e-mail exchange with Client. (MVH)	1.0 hr.	\$ 225.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
04/30/2009	Review, print and file e-mail from Matthew Van Horn to Client regarding status of case dated 4/27/2009. (LR)	0.50 hr.	\$ 55.00
04/30/2009	Review e-mail from Client dated 4/27/2009. (LR)	0.20 hr.	\$ 22.00
04/30/2009	Telephone conferences with Client and e-mails. (LR)	0.30 hr.	\$ 33.00
04/30/2009	Review e-mail regarding scheduling order. Fax To Client and e-mail to Client. (LR)	0.30 hr.	\$ 33.00
04/30/2009	Scanned signature page of joint motion to Barbara Bolton via e-mail. Telephone conference with Barbara Bolton and Matthew Van Horn. (LR)	0.50 hr.	\$ 55.00

**TOTAL AMOUNT DUE: \$3,996.00**

THROUGH MAY 31, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
04/30/2009	Reviewed Motion for Revised Scheduling Order and Proposed Scheduling Order. Telephone conference with Client and FTC counsel. (MVH)	0.30 hr.	\$ 67.50
05/04/2009	Reviewed e-mails from Client. Reviewed and docketed Revised Scheduling Order. (LR)	0.40 hr.	\$ 44.00
05/05/2009	Conference with Matthew Van Horn. Sent Order on Joint Motion to Amend the Scheduling Order to Client via facsimile. Telephone conference with Client. (LR)	0.20 hr.	\$ 22.00
05/05/2009	Prepared Final Proposed Exhibit and Witness List. (MVH)	3.0 hrs.	\$ 675.00
05/06/2009	Calendar new deadlines per Scheduling Order. (LR)	0.70 hr.	\$ 77.00
05/06/2009	Assist in preparation of Respondents' Counsel's Final Proposed Witness List and Respondents' Counsel's Exhibit List. Prepared Table of	4.0 hrs.	\$ 440.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Exhibits. Serve documents via scanned Adobe Acrobat e-mail and overnight delivery. (LR)		
05/07/2009	Reviewed and responded to e-mails from Client. (MVH)	0.40 hr.	\$ 90.00
05/08/2009	Telephone conference with Client regarding e-mail sent to him by Matthew Van Horn, documents filed with the FTC, and procedure concerning testimony. E-mail to Matthew Van Horn. (LR)	0.30 hr.	\$ 33.00
05/11/2009	Telephone conference with Barbara Bolton concerning exhibit list. E-mail to Matthew Van Horn concerning same. (LR)	0.20 hr.	\$ 22.00
05/11/2009	Telephone conference with Matthew Van Horn and e-mails to Barbara Bolton regarding exhibits. (LR)	0.40 hr.	\$ 44.00
05/11/2009	Telephone conference with Barbara Bolton and sent her the Distribution Agreement via e-mail. (MVH)	0.30 hr.	67.50
05/12/2009	Review e-mail from Client. (LR)	0.10 hr.	\$ 11.00
05/13/2009	Assist in preparation of Respondents' Motion to Strike and Proposed Order. Prepared Certificate of Service and e-mail transmissions to the judge, secretary and opposing counsel. Prepared UPS forms for overnight delivery to same parties. Prepared transmittal letters to the Administrative Law Judge and Secretary of the Commission. (LR)	2.0 hrs.	\$ 220.00
05/13/2009	Prepared Motion to Strike Exhibits from Complaint Counsel's Final Exhibit List. Prepared final Order on Motion for consideration of ALJ. (MVH)	3.6 hrs.	\$ 810.00
05/14/2009	Telephone conference with Client. Conference with Matthew Van Horn. (LR)	0.10 hr.	\$ 11.00
05/15/2009	Telephone Conference with Client. Review	0.50 hr.	\$ 55.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Client's e-mail of this date. E-mail to Matthew Van Horn. (LR)		
05/15/2009	Reviewed e-mail from Bill Isely and proposed Opposition to FTC's Motion for Summary Judgment. (MVH)	0.30 hr.	\$ 67.50
05/20/2009	Telephone conference with Client. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
05/21/2009	Telephone conference with Client. Conference with Matthew Van Horn. (LR)	0.10 hr.	\$ 11.00
05/21/2009	Reviewed FTC's Opposition to Respondents' Motion to Strike information from website with names similar to agaricus.net. (MVH)	0.40 hr.	\$ 90.00
05/22/2009	Reviewed Court's Revised Scheduling Order. Reviewed e-mail from Client and responded to the same. (MVH)	0.40 hr.	\$ 90.00
05/22/2009	Telephone conference with Client. Conference with Matthew Van Horn. (LR)	0.10 hr.	\$ 11.00
05/26/2009	Review e-mails and attached correspondence and pleading from Client. (LR).	0.30 hr.	\$ 33.00
05/26/2009	Prepared Opposition to FTC's Motion for Summary Decision. Reviewed case law, Rules of Procedure for FTC and FTC Regulations. (MVH)	1.30 hrs.	\$ 292.50
05/27/2009	Completed preparation of Opposition to FTC's Motion for Summary Decision. Reviewed e-mails from Client and prepared e-mails to Client. (MVH)	5.2 hrs.	\$ 1,170.00
05/27/2009	Review e-mails and correspondence/pleadings from Client. (LR)	0.50	\$ 55.00
05/27/2009	Assist Matthew Van Horn in preparation and service of Respondents' Counsel's Opposition to Complaint Counsel's Motion for Summary Decision. Prepare UPS labels and transmittal letter to Secretary of Federal Trade Commission for filing. (LR)	1.0 hr.	\$ 110.00



<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
05/28/2009	Review e-mail from Client. Download and save Government supplemental discovery document and discovery. Download and save FTC Opposition to Respondents' Motion for Summary Decision. Send to Client with e-mail. (LR)	0.50 hr.	\$ 55.00
05/29/2009	Assisted Matthew Van Horn in Preparation of Final Proposed Witness and Exhibit List. Prepared transmittal letters to ALJ and opposing counsel. Prepared UPS labels for service of documents. (LR)	2.0 hrs.	\$ 220.00
05/29/2009	Reviewed e-mail from Court Clerk for ALJ regarding Pretrial Briefs. Reviewed FTC's Order Denying Motion to Strike and FTC's Revised Scheduling Order. (MVH)	1.6 hrs.	\$ 360.00
05/29/2009	Prepared Final Proposed Witness and Exhibit List to be filed with Court and served on Opposing Counsel. Reviewed exhibits to be submitted in defense of FTC's claims. (MVH)	3.0 hrs.	\$ 675.00
05/29/2009	Prepared e-mails to Client. Reviewed and prepared e-mails to Barbara Bolton. (MVH)	0.20 hr.	\$ 45.00
05/30/2009	Reviewed e-mails from Client. Reviewed Barbara Bolton's Final Proposed Exhibit List to be served on the ALJ. Reviewed e-mails from Barbara Bolton regarding filing of Stipulations. (MVH)	1.0 hr.	\$ 225.00

**SUB-TOTAL: \$ 6,221.00**

**Costs:**

Facsimile (5 @ 1.00)	\$ 5.00
UPS Charges	\$ 46.80
Copies (27 @ .25)	\$ 6.75
UPS Charges	\$ 67.05
Copies (36 @ .25)	\$ 9.00
UPS Charges	\$ 67.05
Copies (48 @ .25)	\$ 12.00
Copies (54 @ .25)	\$ 13.50

**TOTAL AMOUNT DUE: \$ 227.15**

**TOTAL AMOUNT OF INVOICE:            \$6,448.15**

THROUGH JUNE 30, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
06/01/2009	Telephone conferences with Client. E-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
06/01/2009	Reviewed e-mails from Barbara Bolton and the FTC and responded to the same. (MVH)	0.30 hr.	\$ 67.50
06/02/2009	Telephone conference with Bill Isely in preparation of filing Pretrial Brief. (MVH)	0.30 hr.	\$ 67.50
06/02/2009	Review e-mail of Barbara Bolton. Telephone conferences with Client and e-mail to Matthew Van Horn. (LR)	0.30 hr.	\$ 33.00
06/03/2009	Telephone conference with Client. Send Respondents' Counsel's Motion for Summary Decision and Separate Statement relating thereto via e-mail. (LR)	0.20 hr.	\$ 22.00
06/03/2009	Reviewed Barbara Bolton's Pretrial Brief, Proposed Findings of Fact and Conclusions of Law. Prepared comments to the same. (MVH) Researched case law cited by FTC. (MVH)	0.80 hr.	\$ 180.00
06/04/2009	Review e-mail from Matthew Van Horn. Save FTC Pretrial Brief and forward to Client via e-mail. Print brief. (LR)	0.20 hr.	\$ 22.00
06/04/2009	Researched case law cited by FTC and case law and other authority for Pretrial Brief. (MVH)	2.8 hrs.	\$ 630.00
06/04/2009	Review e-mail and attachments from Client. Save drafts into Client directory and reply to e-mail. (LR)	0.10 hr.	\$ 11.00
06/05/2009	Review e-mail from Client. Telephone conferences with Client. E-mail to Matthew Van Horn. (LR)	0.40 hr.	\$ 44.00
06/08/2009	Prepared Pretrial Brief and Proposed Findings of Fact, and reviewed case law. (MVH)	6.0 hrs.	\$1,350.00
06/09/2009	Prepared Pretrial Brief and Proposed Findings	4.6 hrs.	\$1,035.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	of Fact, Conclusions of Law and case law. (MVH).		
06/09/2009	Began file preparation for trial including updating of all legal files and exhibits, etc., in anticipation of trial. Conferences with Matthew Van Horn. (LR)	6.5 hrs.	\$ 715.00
06/10/2009	Prepared Pretrial Brief, Proposed Findings of Fact and Conclusions of Law and researched case law. Reviewed documents and deposition transcripts in support of Proposed Findings of Fact and Conclusions of Law. Reviewed FTC's proposed Stipulations for trial. (MVH)	6.2 hrs.	\$1,395.00
06/10/2009	Review Client's e-mails pertaining to pretrial brief and trial. (LR)	0.20 hr.	\$ 22.00
06/10/2009	Prepare transmittal letters to Administrative Law Judge and Secretary of FTC. Prepare e-mails and UPS labels to Administrative Law Judge, Secretary of FTC and Barbara Bolton. (LR)	0.80 hr.	\$ 88.00
06/10/2009	Review Client's e-mail and attachment, and documents sent via fax. Saved Client's attachment (commentary) in client computer directory. (LR)	0.30 hr.	\$ 33.00
06/11/2009	File maintenance and trial preparation. Conference with Matthew Van Horn. (LR)	0.50 hr.	\$ 55.00
06/12/2009	File maintenance and trial preparation. (LR)	2.0 hrs.	\$ 220.00
06/15/2009	Review, print and save e-mail documents from Client. Telephone conference with Client. Prepared memorandum from Client to Matthew Van Horn. (LR)	0.60 hr.	\$ 66.00
06/15/2009	Initial preparation of Respondents' Trial Exhibits. (LR)	6.30 hrs.	\$ 693.00
06/16/2009	Reviewed Stipulations and Declarations proposed by FTC and responded to the same via e-mail. (MVH)	0.40 hr.	\$ 90.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
06/16/2009	Continuation of preparation of Respondents' Trial Exhibits and FTC Trial Exhibits. (LR)	6.0 hrs.	\$ 660.00
06/17/2009	Continuation of preparation of Respondents' Trial Exhibits. Telephone conference with Client. E-mail to Matthew Van Horn. Conference with Matthew Van Horn. (LR)	2.5 hrs.	\$ 275.00
06/18/2009	Continuation of preparation of Respondents' Trial Exhibits. Telephone conference with Client. E-mails to and from Matthew Van Horn. E-mails to Larry Isely, et al. General pretrial preparation assistance to Matthew Van Horn. (LR)	6.0 hrs.	\$ 660.00
06/18/2009	Prepared for trial, including review of Joint Trial Exhibits, supporting documents, witness examination preparation and other trial issues. (MVH)	5.6 hrs.	\$1,260.00
06/19/2009	Prepared for trial, including preparation of Joint Trial Exhibits, Stipulations document, opening statement, witness examinations and review of documents. Prepared e-mails to FTC counsel regarding Proposed Stipulations. (MVH)	5.2 hrs.	\$1,170.00
06/19/2009	Provided general legal assistance to Matthew Van Horn in trial preparation. Telephone conference with Client and e-mails to and from Matthew Van Horn. (LR)	0.30 hr.	\$ 330.00
06/21/2009	Prepared witness examinations of FTC investigator and Bill Isely. Reviewed e-mails from Bill Isely and prepared for admission of supporting exhibits and deposition transcripts. (MVH)	3.0 hrs.	\$ 675.00
06/22/2009	Prepared for trial, including preparation of Joint Trial Exhibits, Stipulation documents, witness examination and document review. (MVH)	5.0 hrs.	\$1,125.00
06/23/2009	Prepared for trial and travel to Washington, D. C. from Raleigh, NC. (MVH)	4.6 hrs.	\$1,035.00
06/24/2009	Prepared for and attended trial at Federal Trade Commission. Attended Pretrial Conference. (MVH)	9.0 hrs.	\$2,025.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
06/25/2009	Prepared for an attended trial at Federal Trade Commission. (MVH)	9.0 hrs.	\$2,025.00
06/26/2009	Travel time from Washington, D. C. to Raleigh, NC. (MVH)	2.0 hrs.	\$ 450.00
06/29/2009	E-mailed the FTC with schedule for closing arguments. E-mailed Bill Isely. Reviewed e-mails from Bill Isely and trial summary from Bill Isely. (MVH)	1.0 hr.	\$ 225.00
06/29/2009	Review e-mail from Client. Review e-mail to Client from Matthew Van Horn regarding trial transcript. (LR)	0.20 hr.	\$ 22.00

**SUB-TOTAL: \$18,798.00**

**Costs:**

Copies (165 @ .25)	\$ 41.25
UPS Charges	\$ 67.72
Copies (383 @ .25)	\$ 95.75
Copies (1,118 @ .25)	\$ 279.50
Fax (3 @ 1.00)	\$ 3.00
International Minute Press (Trial Exhibits)	\$ 365.39

**SUB-TOTAL: \$ 852.61**

**Travel Costs:**

*Raleigh, NC to Washington, D. C. Round Trip:* \$ 120.00

**SUB-TOTAL: \$ 120.00**

**TOTAL AMOUNT OF INVOICE: \$19,770.61**

**THROUGH JULY 31, 2009:**

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
07/01/2009	Reviewed Orders from Administrative Trial Judge. Printed Orders for file and saved to Client Directory. Prepared e-mail to Client attaching Orders. Docketed deadlines on litigation calendar. (LR)	0.50 hr.	\$ 55.00
07/01/2009	Reviewed e-mail from Court, Order Closing	0.40 hr.	\$ 90.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Record and Setting Closing Arguments and Order on Post Trial Briefs. Forwarded the same to Client with comments. (MVH)		
07/06/2009	Review e-mail exchange between Client and Matthew Van Horn. (LR)	0.10 hr.	\$ 11.00
07/06/2009	Reviewed e-mail from Bill Isely. (MVH)	0.30 hr.	\$ 67.50
07/06/2009	Research Code of Federal Regulations. (LR)	0.30 hr.	\$ 33.00
07/07/2009	Reviewed e-mail regarding messages from Bill Isely. (MVH)	0.20 hr.	\$ 45.00
07/07/2009	Review e-mail exchange between Client and Matthew Van Horn. Telephone conference with Client. Copied Orders concerning closing argument and briefing schedule and sent to Client via facsimile. (LR)	0.30 hr.	\$ 33.00
07/07/2009	Conference with Court Reporter. Conference with Matthew Van Horn. Prepared e-mail regarding same to Client. Telephone conference with Client. Ordered transcript from Court Reporter. (LR)	0.30 hr.	\$ 33.00
07/08/2009	Telephone conference with Client. (MVH)	0.40 hr.	\$ 90.00
07/08/2009	Conference with Matthew Van Horn. Telephone conference With Court Reporter. Telephone conference with Client. (LR)	0.50 hr.	\$ 55.00
07/09/2009	Reviewed and printed e-mail from Client. (LR)	0.10 hr.	\$ 11.00
07/10/2009	Reviewed and/or participated in series of e-mail communications with Client and with Matthew Van Horn. (LR)	0.60 hr.	\$ 66.00
07/10/2009	Conference with Matthew Van Horn. Prepared e-mail to Barbara Bolton and to Matthew Van Horn. Telephone calls to Barbara Bolton. (LR)	0.30 hr.	\$ 33.00
07/11/2009	Preparation for submission of OCR-formatted disk of trial and deposition exhibits per Order of the Court. (LR)	2.5 hrs.	\$ 275.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
07/10/2009	Review and reply to four e-mails concerning case. (MVH)	0.30 hr.	\$ 67.50
07/10/2009	Reviewed e-mails from Barbara Bolton. Reviewed trial exhibits. Began preparing Post-Trial Brief. (MVH)	1.4 hrs.	\$ 315.00
07/12/2009	E-mail to Paralegal. Continued examination of trial exhibits and transcripts.. (MVH)	0.30 hr.	\$ 67.50
07/13/2009	Reviewed e-mails from Client. Listen to and report voicemail message left by Client. (LR)	0.20 hr.	\$ 22.00
07/14/2009	Reviewed e-mail from Matthew Van Horn. Telephone conferences with court reporter regarding trial exhibits. Reviewed e-mail from Client and saved in Client directory. (LR)	0.30 hr.	\$ 33.00
07/14/2009	Reviewed e-mail from B. Isely and began reviewing transcript. Continued drafting of Post-Trial Memorandum. (MVH)	2.6 hrs.	\$ 585.00
07/14/2009	Reviewed and/or replied to several e-mails related to case, including Client and B. Bolton. (MVH)	0.30 hr.	\$ 67.50
07/14/2009	Additional conference with court reporter and e-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
07/14/2009	Review disk of exhibits and compare each individual exhibit to index and identifying numbers. (LR)	2.0 hrs.	\$ 220.00
07/15/2009	Telephone conferences with Client and with Matthew Van Horn. Copied condensed trial transcript and send via UPS to Client. (LR)	0.50 hr.	\$ 55.00
07/17/2009	Review and respond to e-mail from Client. Copy transcripts of pretrial conference and first and second volumes of trial transcript. Prepare for mailing. (LR)	0.60 hr.	\$ 66.00
07/17/2009	Reviewed trial transcripts and exhibits. Prepared Post-Trial Brief and Proposed Statement of Facts and Conclusions of Law. (MVH)	3.4 hrs.	\$ 765.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
07/17/2009	Check search function of disk submitted to Administrative Law Judge. (LR)	0.20 hr.	\$ 22.00
07/18/2009	Prepared Post-Trial Brief and Proposed Statement of Facts and Conclusions of Law. (MVH)	6.0 hrs.	\$ 1,350.00
07/19/2009	Prepared Post-Trial Brief and Proposed Statement of Facts and Conclusions of Law. Reviewed trial transcripts and deposition transcripts. (MVH)	6.70 hrs.	\$ 1,507.50
07/20/2009	Prepared Post-Trial Brief and Proposed Statement of Facts and Conclusions of Law. Reviewed trial transcripts and deposition transcripts. (MVH)	6.40 hr.	\$ 1,440.00
07/21/2009	Prepared Post-Trial Brief and Proposed Statement of Facts and Conclusions of Law. (LR)	6.0 hrs.	\$ 660.00
07/21/2009	Reviewed Barbara Bolton's Post Trial Brief. and Proposed Findings of Fact and Conclusions of Law. Prepared notes to the Same in preparation of Reply Brief. (MVH)	1.8 hrs.	\$ 405.00
07/29/2009	Prepared for closing argument and prepared Reply Brief to Complaint Counsel's Post-Trial Brief. (MVH)	4.25 hrs.	\$ 956.25
07/30/2009	Prepared for and attended Closing Arguments. Telephone conference with Bill Isely.	5.25 hrs.	\$ 1,181.25
07/21/2009	Prepared Proposed Statement of Facts and Conclusions of Law. (LR).	2.0 hrs.	\$ 220.00
07/23/2009	Reviewed and responded to e-mail from Client by sending FTC Post-Trial Brief to Client via e-mail. (LR)	0.20 hr.	\$ 22.00
07/27/2009	Reviewed e-mail from B. Isely. (MVH)	0.30 hr.	\$ 67.50
<b>SUB-TOTAL:</b>			<b><u>\$11,014.50</u></b>



**Costs:**

Fax (6 @ 1.00)	\$ 6.00
Copies (6 @ .25)	\$ 1.50
Copies (174 @ .25)	\$ 43.50
Fedex-Kinkos	\$ 12.68
UPS Charges	\$ 68.73
Fedex-Kinkos	\$ 70.00
Copies (288 @ .25)	\$ 72.00
Food & Gas to Washington, D.C.	\$ 150.00

**SUB-TOTAL:** \$ 424.41

**TOTAL AMOUNT OF INVOICE:** \$11,438.91

**THROUGH AUGUST 31, 2009:**

<b><u>Date</u></b>	<b><u>Work Performed</u></b>	<b><u>Time</u></b>	<b><u>Amount</u></b>
08/01/2009	Reviewed e-mails from Bill Isely and notes from Isely related to Reply to Complaint Counsel's Post-Trial Brief. Prepared Reply to Complaint Counsel's Post-Trial Brief and Findings of Fact. (MVH)	5.6 hrs.	\$1,260.00
08/02/2009	Reviewed transcripts from trial. Reviewed Joint Trial Exhibits. (MVH)	5.4 hrs.	\$1,215.00
08/03/2009	Review e-mail from Client. Telephone conference with Client and prepared e-mail to Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
08/03/2009	Telephone conference with Client and prepared e-mail to Matthew Van Horn. (LR)	0.10 hr.	\$ 11.00
08/03/2009	Reviewed Trial Transcripts and Joint and Respondents' Exhibits. Prepared Respondents' Reply to Complaint Counsel's Post-Trial Brief and Proposed Findings of Fact. Telephone conference with Bill Isely. (MVH)	7.2 hrs.	\$1,620.00
<b><u>Date</u></b>	<b><u>Work Performed</u></b>	<b><u>Time</u></b>	<b><u>Amount</u></b>
08/04/2009	Telephone conferences with Client. Reviewed faxes from Client. Assisted in preparation of Respondents' Reply and Opposition to Complaint Counsel's Post-Trial Brief and Respondents'	6.0 hrs.	\$ 660.00

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
	Response to Complaint Counsel's Proposed Findings of Fact in the above referenced matter. Prepared transmittal letter to Secretary of Federal Trade Commission. Prepared UPS mailing letters and e-mail to opposing counsel, Administrative Law Judge and Secretary of FTC. (LR)		
08/04/2009	Prepared Reply to Complaint Counsel's Post-Trial Brief and Complaint Counsel's Post-Trial Proposed Findings of Fact. (MVH)	6.8 hrs.	\$1,530.00
08/05/2009	Reviewed Complaint Counsel's Reply to Respondents' Post-Trial Brief. (MVH)	1.0 hr.	\$ 225.00
08/06/2009	Reviewed e-mails from Client and Matthew Van Horn. Printed opposing counsel's Response to our Post-Trial Brief and sent same via e-mail to Client. Telephone conference with Client. Prepared e-mail to Matthew Van Horn. (LR)	0.70 hr.	\$ 77.00
08/10/2009	Review e-mail from Client. Respond and attach Respondents' proposed findings of fact and Conclusions of law - pretrial and post-trial. (LR)	0.20 hr.	\$ 22.00
08/11/2009	Review e-mail from Client. Locate and send documents requested by Client and transmittal e-mail. (LR)	0.50 hr.	\$ 55.00
08/12/2009	Comprehensive review of case accounting and prepared e-mail to Client regarding same.	1.0 hr.	\$ 110.00
<b>SUB-TOTAL:</b>			<b>\$6,807.00</b>
<b><u>Costs:</u></b>			
	UPS Charges (8/4/2009)		\$ 71.42
	FedEx Kinko's Binding/Copy charges		\$ 64.51
	Copies (320 @ .25)		\$ 80.00
	Copies (31 @ .25)		\$ 7.75
<b>SUB-TOTAL:</b>			<b>\$ 223.68</b>
<b>TOTAL AMOUNT OF INVOICE:</b>			<b><u>\$7,030.68</u></b>

THROUGH SEPTEMBER 30, 2009:

No Activity.

THROUGH OCTOBER 31, 2009:

<u>Date</u>	<u>Work Performed</u>	<u>Time</u>	<u>Amount</u>
10/2009	Research concerning deadlines for filing of objections, appeals and stay of decision. Research concerning eligibility and procedures for filing application to be reimbursed for attorney fees and costs of defense. Preparation of memorandum to Matthew Van Horn with copy of applicable rules of Code of Federal Regulations. (LR)	1.4 hrs.	\$ 154.00
10/2009	Telephone conference with Client. E-mail to Client. Review response and reply. Prepared e-mail to Matthew Van Horn. Researched accounting matter for Client. (LR)	0.80 hr.	\$ 88.00
10/2009	Review and respond to e-mail from Client. Conference with Matthew Van Horn. Locate and send corporate/individual financial statements to Client via fax. (LR)	0.80 hr.	\$ 88.00
10/2009	Review and respond to e-mail from Client. (LR)	0.10 hr.	\$ 11.00
10/2009	Review and respond to e-mail from Client. (LR)	0.10 hr.	\$ 11.00
10/2009	Read and respond to e-mail from Client. (LR)	0.10 hr.	\$ 11.00
10/23/2009	Read e-mail from Client and sent January, 2009, invoice via fax. Telephone conference with Client. (LR)	0.20 hr.	\$ 22.00
10/29/2009	E-mail exchange with Client. (LR)	0.30 hr.	\$ 33.00
<b>SUB-TOTAL:</b>			<b>\$ 418.00</b>

Costs:

Copies (186 @ .25)	\$ 46.50
Postage	\$ 2.58
Fax (31 @ 1.00)	\$ 31.00
Fax (9 @ 1.00)	\$ 9.00

**SUB-TOTAL:** \$ 89.08

**TOTAL AMOUNT DUE:** \$ 507.08

THROUGH NOVEMBER 18, 2009:

11/02/2009	Review and respond to e-mails from Client. (LR)	0.20 hr.	\$ 22.00
11/06/2009	Copy Closing Arguments transcript and mail to Client. (LR)	0.50 hr.	\$ 55.00
11/13/2009	Telephone conference with Office of the Secretary of Federal Trade Commission. (LR)	0.10 hr.	\$ 11.00
11/17/2009	Review e-mail from William Isely and Matthew Van Horn. Review Code of Federal Regulations pertaining to applications for reimbursement of expenses as prevailing party and time-table related thereto. Telephone conference with Office of the Secretary of the Federal Trade Commission. Telephone conference with Matthew Van Horn. Telephone conference with Client. (LR)	0.60 hr.	\$ 66.00
11/17/2009	Telephone conference with Office of the Secretary Of the Federal Trade Commission in response to review of message left responding to my call. Prepared memo to Matthew Van Horn and to file. (LR)	0.20 hr.	\$ 22.00
11/18/2009	Research Code of Federal Regulations and Title 5 U.S.C. as they pertain to filing Application for an Award of Attorney Fees and Other Expenses. Prepare first draft of Application. Telephone conversations with Client. Research and itemize legal fees and costs since inception of case. (LR)	4.3 hrs.	\$ 473.00
11/19/2009	Reviewed and responded to e-mails from Client. (LR)	0.20 hr.	\$ 22.00
11/20/2009	Reviewed and responded to e-mail from Client. Printed Client research on attorney fee hourly rates for file and Matthew Van Horn. (LR)	0.20 hr.	\$ 22.00
11/23/2009	Amended First Draft of Application. Continued preparation of Exhibit "A" to Application. (LR)	1.2 hr.	\$ 132.00

**Costs:**

Copies (34 @ .25)	\$ 8.50
Copies (8 @ .25)	\$ 2.00
Postage	\$ 1.56
Copies (54 @ .25)	\$ 13.50
Copies (54 @ .25)	\$ 13.50

**TOTAL AMOUNT OF LEGAL FEES: \$85,129.50**

**TOTAL AMOUNT OF OTHER EXPENSES: \$ 4,200.69**

**\* \* \***

**GRAND TOTAL OF LEGAL FEES AND OTHER EXPENSES**  
**INCURRED AND PAYABLE TO THE LAW OFFICE OF**  
**MATTHEW I. VAN HORN, PLLC:** **\$89,330.19**

**\*\*\*\*\*PLUS BALANCE OF NOVEMBER INVOICE TO BE INCLUDED IN THE  
REPLY BRIEF TO BE FILED BY RESPONDENTS\*\*\*\*\***



**EXHIBIT "D"**

**ADDITIONAL OTHER EXPENSES INCURRED BY  
RESPONDENTS WILLIAM H. ISELY & GEMTRONICS, INC.**

***Miscellaneous Expenses:***

1.	Six (6) reams of paper	\$ 30.20
2.	Eight (8) printer cartridges	\$ 154.08
3.	Five (five) priority mailings	\$ 24.75
4.	Three (3) wire transfers of money	\$ 60.00
5.	Eighteen (18) roundtrip trips to Franklin, North Carolina, 14 miles @ .46 per mile	\$ 115.92
6.	Fifty (50%) per cent of home office expense for Broadband internet and telephone service for 18 Months	\$ 861.48

**SUB-TOTAL:** \$ 1,246.23

***Trip Expenses to attend Trial in Washington, D.C.***

1.	1,038 miles roundtrip from residence to Washington, D.C. @ .46 per mile	\$ 460.00
2.	Cost for driver/personal attendant (health reasons)	\$ 200.00
3.	Motel in transit - Quality Inn, Winchester, VA	\$ 53.97
4.	Motel in Washington, D.C. - Quality Inn, Washington, D.C., for three (3) nights	\$ 362.61
5.	Metro fares	\$ 87.25

**SUB-TOTAL:** \$ 1,163.83

**Interest on money borrowed for legal defense through 12-31-2009**

(Respondent's credit cards - Rounded off to nearest dollar)

<b>2008 Month</b>	<b>US Bank VISA Balance Interest</b>	<b>Bk of Am. VISA Balance Interest</b>	<b>Cos. Am. Exp. Balance Inter.</b>	<b>Private Loans Balance Inter.</b>
Feb	\$ 210 0	\$ 1,002 0	\$ 0 0	\$ 0 0
Mar	\$ 1,587 15	\$ 12,380 57 trans, 300	\$ 0 0	\$ 0 0
April	\$ 2,799 23	\$ 12,595 105	\$ 0 0	\$ 0 0
May	\$ 4,016 40	\$ 12,578 112	\$ 116 16	\$ 0 0
June	\$ 5,243 50	\$ 12,548 101	\$ 0 0	\$ 0 0
July	\$ 13,219 204 trans 95	\$ 22,882 123 trans 300	\$ 551 5	\$ 8000 80
Aug	\$ 14,573 204	\$ 22,910 147	\$ 2,542 44	\$ 8000 80
**Sept	\$ 16,522 200	\$ 22,873 141	\$ 3,058 54	\$ 8000 80
***Oct	\$ 16,522 200	\$ 22,873 141	\$ 3,058 54	\$ 8000 80
***Nov	\$ 16,522 200	\$ 22,873 141	\$ 3,058 54	\$ 8000 80
***Dec	\$ 16,522 200	\$ 22,873 141	\$ 3,058 54	\$ 8000 80
	----- \$1,431	----- \$1,398	----- \$ 281	----- \$480

**SUB-TOTAL:**

**\$ 3,590.00**

***Loss of business income/profits based directly on the issuance of the Proceeding***

**SUB-TOTAL:**

**\$36,902.11**

**TOTAL:**

**\$42,902.17**

**SEE SUPPORTING INVOICES, RECEIPTS AND  
TAX RETURNS ATTACHED HERETO**







**QUALITY INN & SUITES (MD021)**

7200 BALTIMORE AVENUE  
COLLEGE PARK, MD 20740 USA

Phone: (301) 276-1000

Fax: (301) 276-1111

gm.MD021@choicehotels.com

Account: MD021 - 309888

Date: 06/26/09

Page: 1 of 1

Room: 104

Arrival Date: 06/23/09 14:53

Departure Date: 06/26/09 07:14

Frequent Traveler ID:

You were checked out by: REC

You were checked in by: REC

ISELY, WILLIAM  
964 WALNUT CREEK RD.  
FRANKLIN, NC 28734 US

*Washington Hotel*

Post Date	Description	Comment	Amount
06/23/09	ROOM CHARGE	#104 ISELY, WILLIAM	107.99
06/23/09	safe w/ltd warranty	safe w/ltd warranty	1.00
06/23/09	STATE TAX	STATE TAX	6.48
06/23/09	CITY/COUNTY TAX	CITY/COUNTY TAX	5.40
06/24/09	ROOM CHARGE	#104 ISELY, WILLIAM	107.99
06/24/09	safe w/ltd warranty	safe w/ltd warranty	1.00
06/24/09	STATE TAX	STATE TAX	6.48
06/24/09	CITY/COUNTY TAX	CITY/COUNTY TAX	5.40
06/25/09	ROOM CHARGE	#104 ISELY, WILLIAM	107.99
06/25/09	safe w/ltd warranty	safe w/ltd warranty	1.00
06/25/09	STATE TAX	STATE TAX	6.48
06/25/09	CITY/COUNTY TAX	CITY/COUNTY TAX	5.40
06/26/09	VISA PAYMENT	VISA PAYMENT Acct: *****5780	-362.61
<b>Balance Due:</b>			<b>0.00</b>

If payment by credit card, I agree to pay the above total charge amount according to the card issuer agreement.

x \_\_\_\_\_



**QUALITY INN & SUITES (MD021)**

7200 BALTIMORE AVENUE  
COLLEGE PARK, MD 20740 USA

Phone: (301) 276-1000

Fax: (301) 276-1111

Room: 104

Arrival Date: 06/23/09

Departure Date: 06/26/09

Account: MD021 - 309888

Frequent Traveler ID:

Approval Number: 31323C

Card Type: VI

Date: 6/26/2009

Card Number: \*\*\*\*\*5780

Total: 362.61

WILLIAM ISELY  
964 WALNUT CREEK RD.  
FRANKLIN, NC 28734 US

If payment by credit card, I agree to pay the above total charge amount according to the card issuer agreement.

x \_\_\_\_\_

Thank you for your business.

June 27, 2009

Received from William H. Isely two hundred dollars (\$200) for help driving round trip (1033.4 miles)- Franklin NC via Johnson City to Washington DC (College Pk) for William H. Isely to be able to attend his FTC trial, docket 9330, June 24, 2009 through June 26, 2009

*James A. Ferranti* 3<sup>1</sup>  
" )

James Ferranti 6/27/09 date





## **Destruction of Gemtronics due to Abuse of Power by Complaint Counsel**

By the abuse of power in bringing unwarranted charges against the Respondent and the subsequent adverse publicity given the respondent, his business was destroyed. This was a clear case of abuse of power which continued through to the end and was so grievous that it deserves compensation.

The year before charging the Respondent, as admitted by her chief investigator under cross examination, the Complaint Counsel knew the proper person managing the web site [www.agaricus.net](http://www.agaricus.net) was one with email addresses of [gotto@takesun.com](mailto:gotto@takesun.com) and [gotto@agaricus.net](mailto:gotto@agaricus.net). The first warning letter was sent to the web site located in Brazil, but when no assets could be located in the United States, as stated by the chief investigator, the case was crafted against the Respondent, based on dubious circumstantial evidence and conjecture.

The Complaint Counsel had the responsibility to conduct a sufficiently accurate investigation before bringing charges, but she did not do so as admitted by her chief investigator. Apparently no attempt was made to determine the identity of the person with the email addresses of [gotto@takesun.com](mailto:gotto@takesun.com) or [gotto@agaricus.net](mailto:gotto@agaricus.net), or even call the phone number for Takesun, given on the home page. The only excuse given was that the FTC lacked resources. It was more likely the Complaint Counsel did not want to uncover any further evidence that would clear the Respondent. Other clues were not followed up, like the account name TAKESUNPORT to which one Undercover purchase was charged. Even though the respondent's counsel had requested any disclosure on the investigation bearing on the case, the complaint counsel chose to conceal that the evidence they had lead to others rather than the respondent.

The FTC charter limits its authority to the regulation of national commerce, including marketing, advertising and sales, yet the counsel brought the complaint as if the FTC's authority also included foreign commerce. If the counsel had been sincere in her stated goal to, "Shut down the web site", she would have persued the path of the **US Safe Web Act**, but she did not do so. The counsel concealed from the Respondent and his counsel that her investigation had first targeted George Otto as the one likely responsible for [www.agaricus.net](http://www.agaricus.net). She stated she did not know if he even existed when in fact her investigation of him had gone as far as to determine he had no assets in the US.

The complaint counsel relied on shoddy information, like the names shown on WHOIS as being associated with the website [www.agaricus.net](http://www.agaricus.net). The information she introduced as evidence stated on its face that it was not necessarily correct or up to date. With only a surface investigation she did not learn that a name associated with a website per WHOIS can be anyone and does not show control of the website. When the Respondent's Counsel acquired a letter from the registrar of the Website

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giving correct ownership information, and later a deposition with the same information, and gave them to the complaint Counsel, she chose to continue into the trial, ignoring this sworn evidence.

The complaint Counsel negotiated to get a settlement only to extract information from the respondent, and when that was successful, she reneged on her earlier offers, saying that the Commission would not have approved. In every offer she made, she insisted the Respondent send a letter to his past customers, signing for the Brazilian company as if he had some authority to do so.

The complaint Counsel entered her own testimony into the case records and made claims that were faulted by her own evidence, like the Respondent being the only source of RAAX11 in the US.

The complaint Counsel tried to introduce evidence during the trial which was not allowed by the ALJ when she admitted it was not covered by the complaint. She was directed in writing by the ALJ not to bring it into the trial again, but she did so anyway in her post-trial written documentation.

As the case progressed and the complain counsel was unable to marshal any credible evidence against the respondent, she turned to the strategy of claiming the respondent was untruthful on the basis of apparent inconsistencies in his testimony. The testimony given by the respondent covered his activities over an eight year period with many changes in his operations and involving several websites with very similiar sounding names. Getting an accurate grasp of the respondent's activities over the eight year period would have taken a great deal of study and more testimony than was taken. Dealing instead with what she had, the complaint counsel created in her mind a simplified model wherein lay the inconsistencies. Several times she confused the similar sounding web sites as at one point in the respondent's deposition she brought the questioning to a standstill by asking about agaricus.com which is a Japanese website unrelated to the case. The statements that Gemtronics Inc. registered with the FDA were taken from a letter which the respondent did not review and not from any of his testimony. That he had used RAAX11 himself 4 years before it was invented was also taken from a letter the respondent had not seen. The confusion regarding the date on which the respondent had complained to G. Otto about the use of his name came about because the respondent had complained on more than one occasion about the use of his name, first about the misuse on agaricus.net which was first discovered in March.. Several weeks later the respondent discovered it had been used on more than one website and complained again in the email that was put into evidence. Another source of confusion of the complaint counsel was that there were a number of shopping carts, that also evolved with time, particularly when RAAX11 was first offered and the respondent moved all his activities away from agaricus.net.

As compensation for the unwarranted destruction of his business, Respondent requests as an additional award, the sum of his net profits for the last 5 years of his business; see IRS attachments.

10-7-2009  
(date) signed William W. Sedy

\$36,902.11













[REDACTED FROM THE PUBLIC RECORD]

[REDACTED FROM THE PUBLIC RECORD]

[REDACTED FROM THE PUBLIC RECORD]

[REDACTED FROM THE PUBLIC RECORD]



[REDACTED FROM THE PUBLIC RECORD]