

**UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA**

**FEDERAL TRADE COMMISSION,**

Plaintiff,

v.

**SEAN CANTKIER, SCOT LADY, JEFFREY  
ALTMIRE, MICHAEL HALLER, LISA  
ROYE, ALAN LESTOURGEON, KEAN LEE  
LIM, and GREG RIVERA,**

Defendants.

**Case No. 1:09-cv-00894-BAH**

**STIPULATED FINAL ORDER FOR PERMANENT INJUNCTION AND SETTLEMENT  
OF CLAIMS AS TO DEFENDANT SCOT LADY**

On May 14, 2009, Plaintiff Federal Trade Commission ("FTC"), pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), filed a Complaint for Permanent Injunction and Other Equitable Relief against One or More Unknown Parties Misrepresenting Their Affiliation with the Making Home Affordable Program. On June 18, 2009, the FTC filed its Amended Complaint naming Sean Cantkier, Scot Lady, Jeffrey Altmire, Michael Haller, Lisa Roye, Alan LeSturgeon, Kean Lee Lim, and Greg Rivera as defendants. On March 12, 2010, the FTC filed its Second Amended Complaint. The FTC and Defendant Scot Lady hereby stipulate to the entry of this Final Order for Permanent Injunction and Settlement of Claims ("Order").

**FINDINGS**

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

1. This is an action by the FTC instituted under Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b). The Second Amended Complaint seeks both permanent injunctive relief and consumer redress for Defendant Scot Lady's alleged deceptive acts or practices in connection with the marketing and sale of mortgage loan modification and foreclosure relief services.
2. The FTC has the authority under Section 13(b) of the FTC Act to seek the relief it has requested, and the Second Amended Complaint states a claim upon which relief can be granted against Defendant Scot Lady.
3. This Court has jurisdiction over the subject matter of this case and has jurisdiction over Defendant Scot Lady. Venue in the District of Columbia is proper.
4. The activities of Defendant Scot Lady, as alleged in the Second Amended Complaint, are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
5. The parties stipulate and agree to entry of this Order, without trial or final adjudication of any issue of fact or law, to settle and resolve all matters in dispute arising from the conduct alleged in the Second Amended Complaint to the date of entry of this Order. This settlement does not settle or resolve any matters not alleged in the Second Amended Complaint. This Order is for settlement purposes only, and does not constitute and shall not be interpreted to constitute an admission by Defendant Scot Lady or a finding that the law has been violated as alleged in the Second Amended Complaint, or that the facts alleged in the Second Amended Complaint, other than the jurisdictional facts or as provided in Section VI.D. of this Order, are true.
6. Defendant Scot Lady waives all rights to seek judicial review or otherwise challenge or contest the validity of this Order. Defendant Scot Lady also waives any claim that he

may have held under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action to the date of this Order. Each settling party shall bear its own costs and attorneys fees.

7. This action and the relief awarded herein are in addition to, and not in lieu of, other remedies as may be provided by law, including both civil and criminal remedies.
8. Entry of this Order is in the public interest.

#### **DEFINITIONS**

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

1. ***“Assisting others”*** includes, but is not limited to, providing any of the following goods or services to another person:
  - A. performing customer service functions, including, but not limited to, receiving or responding to consumer complaints;
  - B. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including, but not limited to, any telephone sales script, direct mail solicitation, or the design, text, or use of images of any Internet website, email, or other electronic communication;
  - C. formulating or providing, or arranging for the formulation or provision of, any marketing support material or service, including but not limited to, web or Internet Protocol addresses or domain name registration for any Internet websites, affiliate marketing services, or media placement services;
  - D. providing names of, or assisting in the generation of, potential customers;
  - E. performing marketing, billing, or payment services of any kind; and

- F. acting or serving as an owner, officer, director, manager, or principal of any entity.
2. ***“Competent and reliable evidence”*** means tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
3. ***“Consumer”*** means any natural person.
4. ***“Customer”*** means any person who has paid, or may be required to pay, for products, services, plans, or programs offered for sale or sold by any other person.
5. ***“Credit”*** means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.
6. ***“Debt relief product or service”*** means any product, service, plan, or program represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt or obligation, including but not limited to a tax debt or obligation, between a person and one or more unsecured creditors or debt collectors, including but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector.
7. ***“Financial related product or service”*** means any product, service, plan, or program represented, expressly or by implication, to:
- A. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, credit, debit, or stored value cards;
- B. improve, or arrange to improve, any consumer’s credit record, credit history, or credit rating;



- C. provide advice or assistance to any consumer with regard to any activity or service the purpose of which is to improve a consumer's credit record, credit history, or credit rating;
  - D. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving, a loan or other extension of credit;
  - E. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving a debt relief product or service; or
  - F. provide any consumer, arrange for any consumer to receive, or assist any consumer in receiving any service represented, expressly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt or obligation, including but not limited to a tax debt or obligation, between a consumer and one or more secured creditors, servicers, or debt collectors.
8. ***"Federal homeowner relief or financial stability program"*** means any program (including its sponsoring agencies, telephone numbers, and Internet websites) operated or endorsed by the United States government to provide relief to homeowners or stabilize the economy, including but not limited to:
- A. the Making Home Affordable Program;
  - B. the Financial Stability Plan;
  - C. the Troubled Asset Relief Program and any other program sponsored or operated by the United States Department of the Treasury;
  - D. the HOPE for Homeowners program, any program operated or created pursuant to the Helping Families Save Their Homes Act, and any other program sponsored or operated by the Federal Housing Administration; or

- E. any program sponsored or operated by the United States Department of Housing and Urban Development (“HUD”), the HOPE NOW Alliance, the Homeownership Preservation Foundation, or any other HUD-approved housing counseling agency.
9. **“For-profit ”** means any activity organized to carry on business for the profit of the entity engaging in the activity or that of its members.
10. **“Material fact”** means any fact that is likely to affect a person’s choice of, or conduct regarding, goods or services.
11. **“Mortgage assistance relief product or service”** means any product, service, plan, or program, offered or provided to the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to assist the consumer with any of the following:
- A. stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the consumer’s a dwelling, any repossession of the consumer’s dwelling, or otherwise saving the consumer’s dwelling from foreclosure or repossession;
  - B. negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;
  - C. obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;
  - D. negotiating, obtaining, or arranging any extension of the period of time within which the consumer may (i) cure his or her default on a dwelling loan, (ii)

reinstate his or her dwelling loan, (iii) redeem a dwelling, or (iv) exercise any right to reinstate a dwelling loan or redeem a dwelling;

- E. obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling; or
- F. negotiating, obtaining, or arranging (i) a short sale of a dwelling, (ii) a deed-in-lieu of foreclosure, (iii) or any other disposition of a dwelling loan other than a sale to a third party that is not the dwelling loan holder.

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

- 12. "*Person*" means a natural person, organization, or other legal entity, including a corporation, partnership, proprietorship, association, cooperative, or any other group or combination acting as an entity.

#### **ORDER**

#### **BAN ON MORTGAGE ASSISTANCE RELIEF PRODUCTS AND SERVICES**

- I. **IT IS THEREFORE ORDERED** that Defendant Scot Lady, whether acting directly or through any other person, is permanently restrained and enjoined from:
  - A. Advertising, marketing, promoting, offering for sale, or selling any mortgage assistance relief product or service; and
  - B. Assisting others engaged in advertising, marketing, promoting, offering for sale, or selling any mortgage assistance relief product or service.

**PROHIBITED MISREPRESENTATIONS RELATING TO FINANCIAL RELATED PRODUCTS OR SERVICES**

**II. IT IS FURTHER ORDERED** that Defendant Scot Lady and his officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale or sale of any financial related product or service, are hereby permanently restrained and enjoined from:

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

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

- a. closing costs or other fees;**
- b. the payment schedule, the monthly payment amount(s), or other payment terms, or whether there is a balloon payment; interest rate(s), annual percentage rate(s), or finance charge; the loan amount, the amount of credit, the draw amount, or outstanding balance; the loan term, the draw period, or maturity; or any other term of credit;**
- c. the savings associated with the credit;**

- d. the amount of cash to be disbursed to the borrower out of the proceeds, or the amount of cash to be disbursed on behalf of the borrower to any third parties;
  - e. whether the payment of the minimum amount specified each month covers both interest and principal, and whether the credit has or can result in negative amortization;
  - f. that the credit does not have a prepayment penalty or that no prepayment penalty and/or other fees or costs will be incurred if the consumer subsequently refinances; and
  - g. that the interest rate(s) or annual percentage rate(s) are fixed rather than adjustable or adjustable rather than fixed;
2. Any person's ability to improve or otherwise affect a consumer's credit record, credit history, or credit rating or ability to obtain credit;
  3. That any person can improve any consumer's credit record, credit history, or credit rating by permanently removing negative information from the consumer's credit record, credit history, or credit rating, even where such information is accurate and not obsolete;
  4. Any aspect of any debt relief product or service, including but not limited to, the amount of savings a consumer will receive from purchasing, using, or enrolling in such debt relief product or service; the amount of time before which a consumer will receive settlement of the consumer's debts; or the reduction or cessation of collection calls;
  5. That a consumer will receive legal representation;

6. That they themselves provide the product, service, plan, or program;
  7. That any person providing a testimonial has purchased, received, or used the product, service, plan, or program; and
  8. That the experience represented in a testimonial of the product, service, plan, or program represents the person's actual experience resulting from the use of the product, service, plan, or program under the circumstances depicted in the advertisement;
- B. Advertising or assisting others in advertising credit terms other than those terms that actually are or will be arranged or offered by a creditor or lender.

**PROHIBITED MISREPRESENTATIONS RELATING TO ANY PRODUCTS OR SERVICES**

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

- A. Any material aspect of the nature or terms of any refund, cancellation, exchange, or repurchase policy, including, but not limited to, the likelihood of a consumer

- obtaining a full or partial refund, or the circumstances in which a full or partial refund will be granted to the consumer;
- B. That any person is affiliated with, endorsed or approved by, or otherwise connected to any other person; government entity; any federal homeowner relief or financial stability program; public, non-profit, or other non-commercial program; or any other program;
  - C. The total costs to purchase, receive, or use, or the quantity of, the product, service, plan, or program;
  - D. Any material restriction, limitation, or condition on purchasing, receiving, or using the product, service, plan, or program;
  - E. That any person has implemented reasonable and appropriate measures to protect consumers' non-public personal information against unauthorized access; or
  - F. Any material aspect of the performance, efficacy, nature, or characteristics of the product, service, plan, or program.

**SUBSTANTIATION FOR BENEFIT, PERFORMANCE, AND EFFICACY CLAIMS FOR FINANCIAL RELATED PRODUCTS OR SERVICES**

**IV. IT IS FURTHER ORDERED** that Defendant Scot Lady and his officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, marketing, promotion, offering for sale, or sale of any financial related product or service are hereby permanently restrained and enjoined from making any representation or

assisting others in making any representation, expressly or by implication, about the benefits, performance, or efficacy of any financial related product or service, unless at the time such representation is made, Defendants possess and rely upon competent and reliable evidence that substantiates that the representation is true.

**PROHIBITION ON DISCLOSING CUSTOMER INFORMATION**

**V. IT IS FURTHER ORDERED** that the Settling Defendants and their successors, assigns, officers, agents, servants, employees, and attorneys, and those persons or entities in active concert or participation with any of them who receive actual notice of this Order by personal service, facsimile transmission, email, or otherwise, whether acting directly or through any corporation, subsidiary, division, or other device, are permanently restrained and enjoined from:

- A. disclosing, using, or benefitting from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account) of any person that any Settling Defendant obtained prior to entry of this Order in connection with the advertising, marketing, promotion, offering for sale or sale of any mortgage assistance relief service or any debt relief service, and
- B. failing to dispose of such customer information in all forms in his possession, custody, or control within thirty (30) days after entry of this Order. Disposal shall be by means that protect against unauthorized access to the customer information, such as by burning, pulverizing, or shredding any papers, and by erasing or



destroying any electronic media, to ensure that the customer information cannot practicably be read or reconstructed.

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

### **MONETARY JUDGMENT**

**VI. IT IS FURTHER ORDERED that:**

- A. Judgment is hereby entered against Defendant Scot Lady in the amount of **SEVEN HUNDRED TEN THOUSAND FOUR HUNDRED FIFTEEN DOLLARS (\$710,415); *provided, however,*** that this judgment shall be suspended, subject to Section VII of this Order;
- B. Any funds received by the FTC pursuant to this Section shall be deposited into a fund administered by the FTC or its agent to be used for equitable relief, including but not limited to consumer redress and any attendant expenses for the administration of any redress funds. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the FTC may apply any remaining funds for such other equitable relief, including but not limited to consumer information remedies, as the FTC determines to be reasonably related to the practices alleged in the Complaint. Any funds not used for such equitable relief shall be deposited to the U.S. Treasury as equitable disgorgement. Defendant Scot Lady shall have no right to challenge the FTC's choice of remedies or the manner of distribution.

- C. Defendant Scot Lady relinquishes all dominion, control, and title to the funds paid to the fullest extent permitted by law. Defendant Scot Lady shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise.
- D. Defendant Scot Lady agrees that the facts as alleged in the Second Amended Complaint filed in this action shall be taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued by the FTC to enforce its rights to any payment or money judgment pursuant to this Order, including but not limited to a nondischargeability complaint in any bankruptcy case. Defendant Scot Lady further stipulates and agrees that the facts alleged in the Second Amended Complaint establish all elements necessary to sustain an action by the FTC pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and that this Order shall have collateral estoppel effect for such purposes. Nothing in this Order shall have precedential or preclusive effect as to any claims or issue asserted by any third party in any other proceeding.
- E. The judgment entered pursuant to this Section is equitable monetary relief, solely remedial in nature, and not a fine, penalty, punitive assessment or forfeiture.
- F. Upon request, Defendant Scot Lady is hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the FTC his tax identification numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.
- G. Pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a consumer report

concerning Defendant Scot Lady to the FTC, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

**RIGHT TO REOPEN**

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

**COMPLIANCE MONITORING**

**VIII. IT IS FURTHER ORDERED** that, for the purpose of monitoring and investigating compliance with any provision of this Order:

A. Within ten (10) days of receipt of written notice from a representative of the FTC, Defendant Scot Lady shall submit additional written reports, which are true and accurate and sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and provide entry during normal business

hours to any business location in his possession or direct or indirect control to inspect the business operation;

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

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, 45 and 69;
2. having its representatives pose as consumers and suppliers to Defendant Scot Lady, his employees, or any other entity managed or controlled in whole or in part by him, without the necessity of identification or prior notice; and

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

*Provided however*, that nothing in this Order shall limit the FTC's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

#### **COMPLIANCE REPORTING**

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

A. For a period of five (5) years from the date of entry of this Order, Defendant Scot Lady shall notify the FTC of the following:

1. Any changes in his residence, mailing addresses, and telephone numbers, within ten (10) days of the date of such change;
2. Any changes in his employment status (including self-employment), and any change in his ownership in any business entity, within ten (10) days of the date of such change. Such notice shall include the name and address of each business that he is affiliated with, employed by, creates or forms, or performs services for; a detailed description of the nature of the business; and a detailed description of his duties and responsibilities in connection with the business or employment; and
3. Any changes in his name or use of any aliases or fictitious names within ten (10) days of the date of such change;
4. Any changes in structure of any business entity that he directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to: incorporation or other organization; a dissolution, assignment, sale, merger, or other action; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; or a change in the business name or address, at least thirty (30) days prior to such change, *provided that*, with respect to any such change in the business entity about which he learns less than thirty (30) days prior to the

date such action is to take place, he shall notify the FTC as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Order and annually thereafter for a period of five (5) years, Defendant Scot Lady shall provide a written report to the FTC, which is true and accurate and sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Order. This report shall include, but not be limited to:

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

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

D. For the purposes of this Order, Defendant Scot Lady shall, unless otherwise directed by the FTC's authorized representatives, send by overnight courier (not

the U.S. Postal Service) all reports and notifications to the FTC that are required by this Order to:

Associate Director for Enforcement  
Bureau of Consumer Protection  
Federal Trade Commission  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580  
RE: FTC v. Scot Lady, X090049.

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

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

#### **RECORDKEEPING**

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

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the

person commenced work; and the date and reason for the person's termination, if applicable;

- C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly or indirectly, such as through a third party,) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Order, including but not limited to, copies of acknowledgments of receipt of this Order required by the Sections titled "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports submitted to the FTC pursuant to the Section titled "Compliance Reporting."

#### **DISTRIBUTION OF ORDER**

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

- A. Defendant Scot Lady as control person: For any business that Defendant Scot Lady controls, directly or indirectly, or in which he has a majority ownership interest, he must deliver a copy of this Order to (1) all principals, officers, directors, and managers of that business; (2) all employees, agents, and representatives of that business who engage in conduct related to the subject



matter of the Order; and (3) any business entity resulting from any change in structure set forth in Subsection A.4 of the Section titled "Compliance Reporting." For current personnel, delivery shall be within five (5) days of service of this Order upon Defendant Scot Lady. For new personnel, delivery shall occur prior to them assuming their responsibilities. For any business entity resulting from any change in structure set forth in Subsection A.4 of the Section titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the change in structure.

- B. Defendant Scot Lady as employee or non-control person: For any business where Defendant Scot Lady is not a controlling person of a business but otherwise engages in conduct related to the subject matter of this Order, he must deliver a copy of this Order to all principals and managers of such business before engaging in such conduct.
- C. Defendant Scot Lady must secure a signed and dated statement acknowledging receipt of the Order, within thirty (30) days of delivery, from all persons receiving a copy of the Order pursuant to this Section.

#### **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

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

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**RETENTION OF JURISDICTION**

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

**SO STIPULATED:**



LAWRENCE HODAPP  
GREGORY A. ASHE  
RONALD ISAAC  
Federal Trade Commission

Attorneys for Plaintiff

  
SCOT LADY, Defendant

MICHAEL MALLOW  
MICHAEL THURMAN  
Loeb & Loeb

Attorneys for Defendant Scot Lady

**IT IS SO ORDERED**, this 16th day of August, 2011.



**BERYL A. HOWELL**  
United States District Judge