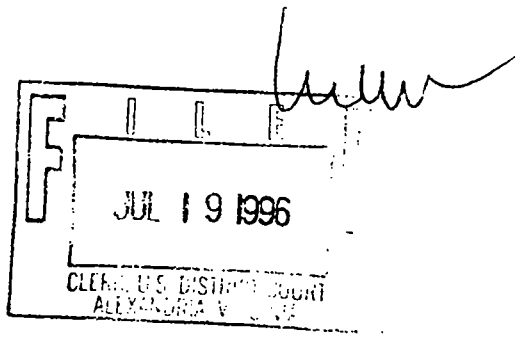


X960114

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division



\_\_\_\_\_ )  
**FEDERAL TRADE COMMISSION,** )  
 )  
**Plaintiff,** )  
 )  
**v.** )  
 )  
**GLOBAL PATENT RESEARCH SERVICES, INC.,** )  
**dba GLOBAL DEVELOPMENT SERVICES, INC.,** )  
**a corporation ("Global"),** )  
 )  
**and** )  
 )  
**KENNETH A. ROGERS, Individually,** )  
 )  
**Defendants.** )  
 \_\_\_\_\_ )

C.A. No.: 96676A  
(J. Bryan)

**STIPULATED ORDER FOR PERMANENT INJUNCTION AND FINAL RELIEF  
REGARDING DEFENDANTS GLOBAL PATENT RESEARCH SERVICES, INC.,  
DBA GLOBAL DEVELOPMENT SERVICES, INC., AND KENNETH A. ROGERS**

Plaintiff, Federal Trade Commission ("Commission"), has filed a Complaint for a permanent injunction and other relief pursuant to Section 13(b) of the Federal Trade Commission Act, ("FTC Act"), 15 U.S.C. § 53(b), charging Global Patent Research Services, Inc., dba Global Development Services, Inc. ("Global"), a corporation, and Kenneth A. Rogers ("Rogers"), individually ("Defendants"), with violations of Section 5(a) of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45(a).

Defendants and the Commission have agreed to entry of this Stipulated Order for Permanent Injunction and Final Relief ("Final Consent Judgment"). Defendants have consented to the entry of this Final Consent Judgment without trial or adjudication of any issue

20

of law or fact herein, and without the defendants admitting liability for the offenses alleged in the Complaint. Defendants and the Commission have requested the Court to enter this Final Consent Judgment.

**I. JURISDICTION AND VENUE**

Being advised of the premises, the Court accordingly finds:

A. This Court has jurisdiction over the subject matter of this case and has jurisdiction over defendants. Venue in the Eastern District of Virginia is proper, and the Complaint states a claim upon which relief may be granted against defendants under Sections 5 and 13(b) of the FTC Act;

B. The Commission has the authority under Section 13(b) of the FTC Act to seek the relief it has requested;

C. The Complaint states a claim upon which injunctive relief may be granted against defendants under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b). The Complaint seeks both permanent injunctive relief and consumer redress for alleged unfair or deceptive acts or practices by the defendants in connection with offering consumers, in exchange for substantial service fees, research, marketing and/or invention promotion services;

D. The activities of the defendants are in or affecting commerce, as defined in 15 U.S.C. § 44;

E. Defendants, while neither admitting nor denying any of the allegations of wrongdoing set forth in the Complaint, offer no opposition to the entry of this Final Consent Judgment;

F. Defendants have agreed to waive all rights to seek judicial review or otherwise challenge or contest the validity of this Final Consent Judgment. Defendants also have agreed to waive any claim that they 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 the entry of this Final Consent Judgment;

G. 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; and

H. Entry of this Final Consent Judgment is in the public interest.

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED as follows:**

## **II. DEFINITIONS**

For purposes of this Final Consent Judgment, the following definitions apply:

- A. "Client" shall mean any party that has entered into, or has been or is being solicited to enter into, an agreement with defendants for "invention promotion services."
- B. "Initial contact" shall mean the first contact between defendants and a prospective client, whether in person, by mail, by telephone, or by other means. Initial contact shall not include a telephone contact the purpose and content of which relates solely to scheduling an appointment.
- C. "Defendants" shall mean Global Patent Research Services,

Inc., dba Global Development Services, Inc., and Kenneth A. Rogers, or any combination of the foregoing, unless otherwise specified.

- D. "Invention promotion services" shall mean review, evaluation, research, patent, or marketing services in connection with an invention or idea, or any other contribution to the success or development of an invention or idea.

### **III. PROHIBITION AGAINST MISREPRESENTATIONS**

IT IS HEREBY ORDERED that defendants and their agents, employees, officers, independent contractors, attorneys, and those persons or entities in active concert or participation with them who receive actual notice of this order by personal service or otherwise, are hereby restrained and enjoined from making or assisting others in making, directly or by implication, any material false representation or material omission in connection with providing any invention promotion services, including, but not limited to, any misrepresentation that defendants' services are likely to result in financial gain for its customers. Provided, however, that nothing contained herein shall prohibit defendants from continuing to engage in their present business so long as they are in compliance with this Final Consent Judgment.

### **IV. AFFIRMATIVE DISCLOSURES**

IT IS FURTHER ORDERED that defendants and their agents, employees, officers, independent contractors, and those persons or entities in active concert or participation with them

who receive actual notice of this order by personal service or otherwise, shall furnish two copies of the Affirmative Disclosure Statement set forth in Appendix B ("Disclosure Statement") during the initial contact with prospective clients for the solicitation of any invention promotion services. The Disclosure Statement must be furnished as a separate document that contains no other information, and the disclosures therein must be made in a clear and conspicuous manner. In the initial contact with prospective clients, defendants shall request that each prospective client read, date, and sign both copies of the Disclosure Statement. Defendants shall not contract to provide invention promotion services to any client who does not sign and date both copies of the Disclosure Statement. Defendants shall provide one signed copy of the Disclosure Statement to the client and retain a second copy for defendants' records.

**IT IS FURTHER ORDERED** that defendants shall comply with the provisions of this Paragraph with respect to all clients with whom defendants have already had an initial contact as of the date of entry of this Final Consent Judgment. Provided, however, this Final Consent Judgment does not require defendants to furnish the Disclosure Statement to past clients, defined herein as clients who owe no further payments to defendants, but who are still receiving invention promotion services.

**IT IS FURTHER ORDERED** that defendants shall retain a signed copy of each Disclosure Statement for five (5) years from its date of execution by a client.

**V. MONITORING AND RECORD KEEPING PROVISIONS**

IT IS FURTHER ORDERED that, for a period of three (3) years from the date of entry of this Final Consent Judgment, defendants and their agents, employees, officers, independent contractors, and those persons or entities in active concert or participation with them who receive actual notice of this order by personal service or otherwise, in connection with any business where

- (1) defendant Rogers is the majority owner of the business, or otherwise directly or indirectly manages or controls the business, and where
- (2) the business engages in, or assists others who are engaged in, the business of selling invention promotion services,

are hereby restrained and enjoined from failing to create, and from failing to retain for a period of three years following the date of such creation, unless otherwise specified:

A. Books, records and accounts that, in reasonable detail, accurately and fairly reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;

B. Records accurately reflecting: the name, address, and phone number of each person that any of the above-referenced businesses employ in any capacity, including as an independent contractor; their job title or position; the date upon which the person commenced work; and the date and reason for termination, if applicable. The businesses subject to this Paragraph shall retain

such records for any such person who was terminated for a period of two years following the date of termination;

C. Records containing the names, addresses, phone numbers, dollar amounts paid, and quantity and description of services purchased for all consumers to whom any of the above-referenced businesses have sold, invoiced or shipped any goods or services, or from whom any of the above-referenced businesses accepted money or other items of value;

D. Records that reflect, for every consumer complaint or refund request, whether received directly or indirectly or through any third party:

- (1) the consumer's name, address, telephone number and the dollar amount paid by the consumer;
- (2) the written complaint, if any, and the date of the complaint;
- (3) the basis of the complaint, including the name of any salesperson complained against, and the nature and result of any investigation conducted as to the validity of any complaint;
- (4) each response and the date of the response;
- (5) any final resolution and the date of the resolution; and
- (6) in the event of a denial of a refund request made by a complainant, the reason for such denial;

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

F. Records reflecting all contracts, agreements or correspondence with any sales company, advertising company, or customer lead provider.

VI.

IT IS FURTHER ORDERED that, for a period of three (3) years from the date of entry of this Final Consent Judgment, defendant Rogers shall:

A. Provide a copy of this Final Consent Judgment to, and obtain a signed and dated acknowledgment of receipt of same from, each officer or director, each individual serving in a management capacity, all personnel involved in responding to consumer complaints or inquiries, and all sales personnel, whether designated as employees, consultants, independent contractors or otherwise, immediately upon employing or retaining such persons, for any business where

- (1) defendant Rogers is the majority owner of the business, or otherwise directly or indirectly manages or controls the business, and where
- (2) the business engages in, or assists others who are engaged in, the business of selling invention promotion services; and

B. Maintain, and upon reasonable notice make available to representatives of the Commission, the original signed and dated acknowledgments of the receipt of copies of this Final Consent Judgment, as required in the above Subsection (A) of this Paragraph.



VII.

IT IS FURTHER ORDERED that for a period of three (3) years from the date of entry of this Final Consent Judgment, for purposes of determining or securing compliance with this Final Consent Judgment, defendants, their successors, and assigns shall permit representatives of the Commission, within seven business days of receipt of written notice from the Commission to the Law Offices of Martin McMahon:

A. Access during normal office hours to any office, or facility storing documents, of Global Development Services or any business where:

- (1) defendant Rogers is the majority owner of the business, or otherwise directly or indirectly manages or controls the business, and where
- (2) the business engages in, or assists others who are engaged in, the business of selling invention promotion services.

In providing such access, defendants shall permit representatives of the Commission to inspect and copy all documents relevant to any matter contained in this Final Consent Judgment.

**VIII. EMPLOYMENT NOTIFICATION**

IT IS FURTHER ORDERED that for a period of three (3) years from the date of entry of this Final Consent Judgment:

A. Defendant Rogers shall notify the Commission by registered mail, within ten days of the date of entry of this Final Consent Judgment, of his current employment status, including the

names, business addresses, and telephone numbers of any current employers, and, thereafter, shall notify the Commission by registered mail of any changes in his employment status within 30 days of such changes, in order that compliance with the provisions of this Final Consent Judgment can be monitored;

B. In the event that defendant Rogers is or becomes affiliated in any capacity with any business that engages in, or assists others who are engaged in, the business of selling invention promotion services, defendant Rogers shall notify the Commission by registered mail of the business's address and telephone number, the nature of its activities, and the nature of his own duties, management authority, and ownership interest in connection with the business. Defendant Rogers shall comply with the requirements imposed in this subsection: (a) within 30 days of entry of this Final Consent Judgment, if defendant Rogers is affiliated with a business to which this subsection applies on the date that this Final Consent Judgment is entered; and (b) within 30 days of defendant Rogers' becoming affiliated with any business to which this subsection applies, if he becomes affiliated with such a business after the date that this Final Consent Judgment is entered;

C. For the purposes of this Final Consent Judgment, written notifications to the Commission shall be mailed to:

Associate Director  
Division of Service Industry Practices  
Bureau of Consumer Protection  
Federal Trade Commission, Room 200  
6th St. and Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

D. For the purposes of this Final Consent Judgment, written notifications to the defendants shall be mailed to:

Law Offices of Martin McMahon  
Attn: Martin McMahon  
Ninth Floor  
Connecticut Building  
1150 Connecticut Avenue, N.W.  
Washington, D.C. 20036

E. For the purposes of this Paragraph VIII, "employment" includes the performance of services as an employee, consultant, or independent contractor; and "employers" include any individual or business for which defendant Rogers performs services as an employee, consultant, or independent contractor.

**IX. PROHIBITION ON THE SALE OF CLIENT NAMES**

IT IS FURTHER ORDERED that defendants and their agents, employees, officers, independent contractors, attorneys, and those persons or entities in active concert or participation with them who receive actual notice of this order by personal service or otherwise, are hereby permanently restrained and enjoined from selling, renting, leasing, transferring, or disclosing the name, address, telephone number, or other identifying information of any person who paid any monies to defendants, at any time prior to entry of this order, in exchange for research, patent, marketing, and/or invention promotion services from defendants.

**X. CONSUMER REDRESS**

IT IS FURTHER ORDERED that:

A. In order to provide consumer redress and for paying any attendant expenses of administering the redress fund, within seven (7) business days after receiving notice of the entry of this Final

Judgment, defendants shall assign and transfer to the FTC or its designated agent, all of their rights, title, and interest in the sum of nine hundred fifty thousand dollars (\$950,000) of the funds in the following accounts at the institutions indicated:

	<u>Name/Institution</u>	<u>Account #</u>	<u>Approximate Amount</u>
1.	Global Development Services (Fairfax Bank & Trust Company)	#8100764	\$16,962.03
2.	Global Development Services (Fairfax Bank & Trust Company)	#8103011	\$606,103.47
3.	Global Development Services (Fairfax Bank & Trust Company)	#571090174	\$233,790.92
4.	Kenneth A. Rogers Certificate of Deposit (Fairfax Bank & Trust Company)	#8335	\$101,240.43
5.	Kenneth A. Rogers Certificate of Deposit (Fairfax Bank & Trust Company)	#8342	\$101,240.43
7.	Kenneth A. Rogers Safe Deposit Box (Fairfax Bank & Trust Company)	#8260	\$50,000.00
8.	Kenneth A. Rogers (Central Fidelity National Bank)	#7921164267	\$1,793.00
9.	Kenneth A. Rogers Safe Deposit Box (Central Fidelity National Bank)	#1145	\$50,000.00
10.	Investors Service Center (Security Bank Corporation)	#101900276-12	\$3,530.75

11. Investors Service  
Center/Certificate of  
Deposit (Security Bank  
Corporation)

#101900276-12 \$208,211.00

Defendants shall execute reasonable and necessary documents to effect the assignment and transfer of nine hundred fifty thousand dollars (\$950,000) of the funds in these accounts to the FTC or its designated agent. The funds payable by defendants pursuant to this judgment shall be paid into a redress fund administered by the Commission and used to provide partial refunds of fees paid to defendants by persons who may have been injured as a result of defendants' acts or practices prior to the entry of this Final Consent Judgment. If the Commission determines that redress is wholly or partially impracticable, any funds not so used shall be remitted to the United States Treasury. The Commission agrees to utilize the letter attached as Appendix C hereto to inform persons who may have been injured by defendants' acts or practices concerning consumer redress. Defendants shall be notified as to how the funds are disbursed, but shall have no right to contest the amount of or the manner of distribution chosen by the Commission. Defendants have no further obligations to those former or current clients who obtain redress subject to this Final Consent Judgment.

B. After assignment of the funds in the amount of nine hundred fifty thousand dollars (\$950,000) to the FTC, the FTC agrees that the remaining sums in the above listed accounts are the property of the defendants.

C. In addition to Subsections (A) and (B), above, defendants shall pay to the Commission a sum of fifty thousand dollars

(\$50,000) in five monthly installments of ten thousand dollars (\$10,000). To secure the payment thereof, defendants shall pledge all office equipment including computers that are located in defendants' office in Manassas, Virginia [some of which are presently physically in Tysons Corner, Virginia]. The first installment payment is due on the first day of the month following the month in which the Commission approves this Final Consent Judgment, and judgment is entered herein. Subsequent payments shall be due on the first of the month. If payment is not received by the tenth of the month, the Commission may declare a default and notify the defendants in writing at the Law Offices of Martin McMahon and take all necessary measures to foreclose on the collateral pledged herein.

#### **XI.**

**IT IS FURTHER ORDERED** that, within five days of receiving notice that this Final Consent Judgment has been entered, defendant Rogers shall submit to the Commission a truthful sworn statement, in the form shown on Appendix A, that shall reaffirm and attest to the truth, accuracy, and completeness of his personal financial statements and of the financial statement of defendant Global, which statements shall have been previously submitted to the Commission. The Commission's agreement to this Final Consent Judgment is expressly premised upon the truthfulness, accuracy, and completeness of defendants' financial condition as represented in the financial statements referenced above, which contain material information upon which the Commission relied in negotiating and

agreeing to this Final Consent Judgment. If, upon motion by the Commission, the Court finds that any of the above-referenced financial statements failed to disclose any material asset, materially misrepresented the value of any asset, or made any other material misrepresentation or omission of fact, the Commission may request that the Final Consent Judgment herein be reopened to allow the Commission to modify defendants' monetary liability. Provided, however, that in all other respects this Final Consent Judgment 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 Commission may institute to enforce the Final Consent Judgment. Solely for the purposes of this Paragraph, defendants waive any right to contest any of the allegations in the Complaint filed in this matter.

**XII. LIFTING OF ASSET FREEZE**

**IT IS FURTHER ORDERED** that the freeze of the defendants' bank accounts and assets therein imposed in the temporary restraining order entered in this proceeding against defendants shall be lifted upon the payment of nine hundred fifty thousand dollars (\$950,000) to the Federal Trade Commission or its designated agent pursuant to Paragraph X.

**XIII. RETENTION OF JURISDICTION**


**IT IS FURTHER ORDERED** that the Court retains jurisdiction of this matter for all purposes including the construction,

modification, and enforcement of this Final Consent Judgment.


**STIPULATED AND AGREED TO BY:**

**FOR THE PLAINTIFF:**

Dated: July 17, 1996

  
\_\_\_\_\_  
David C. Fix  
Peter W. Lamberton  
Michelle Chua  
Federal Trade Commission  
6th & Pennsylvania Ave., N.W.  
Room 200  
Washington, D.C. 20580


Dated: 7/18/96

  
\_\_\_\_\_  
Dennis E. Szybala  
VA Bar No. 22785  
Office of the U.S. Attorney  
2100 Jamieson Avenue  
Alexandria, VA 22314

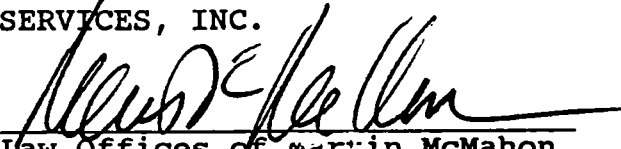
Attorneys for Plaintiff

**FOR THE DEFENDANTS:**

Dated: 6/26/96

  
\_\_\_\_\_  
Kenneth A. Rogers  
Individually, and as an officer  
of Defendant GLOBAL DEVELOPMENT  
SERVICES, INC.

Dated: 6/26/96

  
\_\_\_\_\_  
Law Offices of Martin McMahon  
Malea Kiblan  
VA Bar No. 24603  
Martin McMahon  
Ninth Floor  
Connecticut Building  
1150 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Attorneys for Defendant KENNETH  
A. ROGERS, Individually



Dated: June 26, 1996

Basil J. Mezines  
Basil J. Mezines  
Jacob A. Stein  
Stein, Mitchell & Mezines  
1100 Connecticut Avenue, N.W.  
Suite 1100  
Washington, D.C. 20036

Plato Cacheris  
Plato Cacheris  
VA Bar No. 4603  
Philip T. Inglima  
John F. Hundley  
VA Bar No. 36166  
Cacheris & Treanor  
1100 Connecticut Avenue, N.W.  
Suite 730  
Washington, D.C. 20036

Attorneys for Defendant GLOBAL  
DEVELOPMENT SERVICES, INC.

IT IS SO ORDERED.

A.V.B. Jr.  
The Honorable Albert V. Bryan, Jr.  
UNITED STATES DISTRICT JUDGE

Issued at 2:15, p.m.

Dated: 7/19, 1996

A. Todd Coffey, Tester  
Norman W. Meyer, Jr., Clerk  
By Norman W. Meyer, Jr.  
Deputy Clerk

APPENDIX A

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division

<hr/>	
FEDERAL TRADE COMMISSION,	)
	)
Plaintiff,	)
	)
v.	)
	)
GLOBAL PATENT RESEARCH SERVICES, INC.,	)
dba GLOBAL DEVELOPMENT SERVICES, INC.,	)
a corporation ("Global"),	)
	)
and	)
	)
KENNETH A. ROGERS, Individually,	)
	)
Defendants.	)
<hr/>	

C.A. No.: 96676A  
(J. Bryan)

DECLARATION OF KENNETH A. ROGERS

1. My name is Kenneth A. Rogers. I am a citizen of the United States and am over the age of 18. I reside in Nokesville, Virginia. I have knowledge of the matters discussed in this declaration.

2. I am a defendant in ETC v. Global Patent Research Services, Inc., et al., CV-96-676-A (United States District Court, Eastern District of Virginia).

3. The information contained in the financial statements executed by me on \_\_\_\_\_, 1996, and \_\_\_\_\_, 1996, and previously provided to the Federal Trade Commission, was true, accurate, and complete when executed.

I hereby declare under penalty of perjury that the foregoing is true and correct.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Kenneth A. Rogers

**Appendix B**

**AFFIRMATIVE DISCLOSURE STATEMENT**

Before doing business with Global Development Services, you should be aware that:

Since Global's inception in January 15, 1994, hundreds of clients have purchased Global's Patent and/or Product Promotion services. To date, no Global clients have received profits of any kind from their invention products as a result of Global's services.

Since January 15, 1994, Global has recommended further research, patenting, and product promotion services to the vast majority of all clients who submit their ideas to Global. Global does not, at any stage, perform any evaluation or assessment of the market potential, patentability, technical feasibility, or merit of the ideas submitted to Global.

Global has sold thousands of product research reports to clients. None of the product research reports address the specific market potential, patentability, technical feasibility, or merit of the client's idea.

Ninety nine percent of all patents filed for and/or obtained by Global's patent attorneys on behalf of Global clients are Design Patents, which protect only the external appearance of ideas, and not Utility Patents, which protect the utility or function of the idea. For a large number of ideas, design patents are not appropriate and provide extremely limited legal protection.

The marketing or licensing of a new product is an extremely high-risk venture, with a success rate of under one percent.

\_\_\_\_\_  
Dated:

\_\_\_\_\_  
Client's Signature

Appendix C

FTC V. GLOBAL PATENT RESEARCH SERVICES, INC. DBA  
GLOBAL DEVELOPMENT SERVICES, INC., AND KENNETH A. ROGERS  
c/o Gilardi & Co.  
P.O. Box 5100, Larkspur, CA 94977-5100  
415-461-4094

[Date]

Dear Global Development Services Customer:

In May 1996, the Federal Trade Commission ("FTC") sued Global Development Services, Inc. ("Global"), and its Director of Operations, Kenneth A. Rogers, alleging that the defendants engaged in unfair and deceptive trade practices in the sale of invention promotion services. In June 1996, Global and Rogers agreed to a consent judgment under which they have paid the FTC \$1 million to settle the civil litigation, without admitting any liability as to the alleged offenses.

The settlement money is being used to provide partial refunds to customers who paid fees for Global Development Services' Research Report Agreement, Patent Agreement, and/or Patent/Product Promotion Agreement. Customers who have already received a full refund of their fees directly from Global Development Services are not eligible for a share of the settlement fund. Customers who have already received a partial refund of their fees directly from Global are entitled to a proportionate share of the settlement fund.

If you are a customer of Global Development Services and you paid a fee for any of Global's services, you are entitled to claim from this consumer redress fund a partial refund of that fee. Since we do not know how many customers will actually claim a refund, we cannot predict how much your refund will be.

To claim your refund, you must fill out the information required on the reverse side of this letter and return it to us in the enclosed envelope postmarked no later than [date]. If your address is different from that shown on the claim form, please write your correct address on the lines provided.

If you choose to exercise your right to a partial refund, you will relinquish any and all claims you have against Global, its officers, agents and employees. This release will be set forth on the back of the check that you receive.

Sincerely,

Gilardi & Co.  
Claims Administration Center

Gilardi & Co. is the only Claims Administration Center authorized by the Federal Trade Commission to mail notices and claim forms and process and pay claims for the FTC v. Global Patent Research Services, Inc., et al. Redress Fund. You are not required to pay anything to receive a refund. If any other company or individual contacts you and requests that you send them money or information in return for a refund from Global Development Services, Inc., please immediately call Gilardi & Co. at [telephone].

PRIVACY ACT NOTICE

This information is being collected in order to make a distribution of funds paid to the Federal Trade Commission in connection with a final consent judgment and order entered by the United States District Court in the Eastern District of Virginia pursuant to 15 U.S.C. § 53(b). In addition, this information may be disclosed to other government agencies. Failure to provide the requested information could delay processing or, in some cases, make it impossible for us to process your claim.