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MAR 29 2005

CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION AT SANTA ANA  
DEPUTY

BY  
UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

FEDERAL TRADE COMMISSION,  
Plaintiff,

Case No. SA CV04-0474 CJC (JWJx)

v.

NATIONAL CONSUMER COUNCIL,  
INC., et al.,

STIPULATED FINAL JUDGMENT  
AND [PROPOSED] ORDER FOR  
PERMANENT INJUNCTION AND  
MONETARY RELIEF AGAINST  
DEFENDANT MARY BETH  
HARPER

Defendants.

NO HEARING REQUESTED

1 Plaintiff Federal Trade Commission ("FTC" or "Commission"), pursuant to  
2 Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.  
3 § 53(b) and § 57, filed a Complaint alleging violations of Section 5(a) of the FTC  
4 Act, 15 U.S.C. § 45(a), of the Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part  
5 310, of Subtitle A of Title V of the Gramm-Leach-Bliley Act ("GLB Act"), 15  
6 U.S.C. §§ 6801 through 6809, and of the FTC's Consumer Financial Information  
7 Rule ("Privacy Rule"), 16 C.F.R. Part 313. The Complaint sought an injunction and  
8 other equitable relief. Concurrently, the Commission filed an *ex parte* application  
9 for a Temporary Restraining Order with Asset Freeze, Appointment of Temporary  
10 Receiver, and Order to Show Cause Why a Preliminary Injunction Should Not Issue  
11 And a Permanent Receiver Should Not Be Appointed ("TRO").

12 On May 3, 2004, the Court granted the *ex parte* Application, appointed Robb  
13 Evans and Associates LLC as Temporary Receiver over Defendants **NATIONAL**  
14 **CONSUMER COUNCIL, INC.**, an Arizona corporation ("NCC-AZ");  
15 **NATIONAL CONSUMER COUNCIL, INC.**, a California corporation ("NCC-  
16 CA"); **NATIONAL CONSUMER COUNCIL, INC.**, a Nevada corporation  
17 ("NCC-NV"); **LONDON FINANCIAL GROUP; NATIONAL CONSUMER**  
18 **DEBT COUNCIL, LLC; SOLIDIUM, LLC; J.P. LANDIS, LLC; FINANCIAL**  
19 **RESCUE SERVICES, INC.; SIGNATURE EQUITIES, LLC; M&L**  
20 **SPRINGFIELD TRUST; PC HAILEY TRUST and VIA LIDO TRUST** and  
21 instituted an asset freeze. On May 14, 2004, by stipulation of the parties, and order  
22 of the Court, Defendant **UNITED CONSUMERS LAW GROUP** was made part of  
23 the Receivership.

24 On May 21, 2004 the Court entered Stipulated Preliminary Injunctions and  
25 Orders ("PI") against all of the Defendants which continued the TRO's injunctive  
26 provisions and asset freeze and appointed Robb Evans and Associates, LLC, as the  
27 Permanent Receiver over **NCC-AZ; NCC-CA; NCC-NV; LONDON FINANCIAL**  
28 **GROUP; NATIONAL CONSUMER DEBT COUNCIL, LLC; SOLIDIUM,**

1 **LLC; J.P. LANDIS, LLC; FINANCIAL RESCUE SERVICES, INC.;**  
2 **SIGNATURE EQUITIES, LLC; UNITED CONSUMERS LAW GROUP;**  
3 **M&L SPRINGFIELD TRUST; PC HAILEY TRUST and VIA LIDO TRUST.**

4 Now plaintiff Commission and Defendant MARY BETH HARPER  
5 (“HARPER”), negotiating through their respective counsel, have agreed to a  
6 settlement of this action.

7 Accordingly, the Commission and Defendant HARPER consent to entry of  
8 this Stipulated Final Judgment and [Proposed] Order for Permanent Injunction and  
9 Monetary Relief Against Defendant MARY BETH HARPER (“Order”) without  
10 adjudication of any issue of fact or law. The parties further agree that entry of this  
11 Order in the docket by the Court will constitute notice to them of the terms and  
12 conditions of the Order. Plaintiff and Defendant HARPER, having requested the  
13 Court to enter this Order, the Court hereby finds and orders as follows:

14  
15 **FINDINGS OF FACT**

16 1. Defendant HARPER was properly served with the Complaint,  
17 Summons and TRO in this matter.

18 2. Defendant HARPER consented to the entry of the PI against her and  
19 against Defendant FINANCIAL RESCUE SERVICES, INC. (“FRS”), and was  
20 properly served with the PI in this matter.

21 3. This Court has jurisdiction over the subject matter of the case and  
22 personal jurisdiction over Defendant HARPER. Venue in the Central District of  
23 California is proper.

24 4. The alleged actions of Defendant HARPER are in or affecting  
25 commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

26 5. The Complaint states a claim upon which relief can be granted against  
27 Defendant HARPER under Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C.  
28 §§ 45(a) and 53(b); under the TSR, 16 C.F.R. Part 310; under Subtitle A of Title V

1 of the GLB Act, 15 U.S.C. §§ 6801 through 6809, and under the Privacy Rule, 16  
2 C.F.R. Part 313.

3 6. Plaintiff has the authority under Sections 13(b) and 19 of the FTC Act,  
4 15 U.S.C. § 53(b) and § 57, to seek the relief it has requested.

5 7. Defendant HARPER has not admitted to liability as to the charges in  
6 the Complaint, and her consent to entry of this permanent injunction shall not be  
7 interpreted to constitute an admission that she has engaged in any violations of any  
8 law or regulations.

9 8. Defendant HARPER waives all rights to seek judicial review or  
10 otherwise challenge or contest the validity of this Order.

11 9. Defendant HARPER waives any claim that she may hold against the  
12 Commission, its employees, representatives or agents.

13 10. Defendant HARPER waives any claim that she may hold under the  
14 Equal Access to Justice Act, 28 U.S.C. § 2412 (as amended), concerning the  
15 prosecution of this action to the date of this Order, and any rights to attorneys' fees  
16 that may arise under said provision of law.

17 11. All parties shall bear their own costs and attorneys' fees.

18 12. Defendant HARPER enters into this Order freely and without coercion,  
19 and acknowledges that she understands the provisions of this Order and is prepared  
20 to abide by its terms.

21 13. This Order is remedial in nature and shall not be construed as the  
22 payment of a fine, penalty, punitive assessment, or forfeiture.

23 14. Entry of this Order is in the public interest.  
24

## 25 DEFINITIONS

26 1. "Assets" means any legal or equitable interest in, right to, or claim to,  
27 any real and personal property, including but not limited to chattel, goods,  
28 instruments, equipment, fixtures, general intangibles, effects, leaseholds, mail or

1 other deliveries, inventory, checks, notes, accounts, credits, receivables, and all cash,  
2 wherever located.

3 2. "**Document**" is synonymous in meaning and equal in scope to the usage  
4 of the term in Federal Rule of Civil Procedure 34(a), and includes writings,  
5 drawings, graphs, charts, photographs, audio and video recordings, electronic mail  
6 ("email"), computer records, and other data compilations from which information  
7 can be obtained and translated, if necessary, through detection devices into  
8 reasonably usable form. A draft or non-identical copy is a separate "document"  
9 within the meaning of the term.

10 3. "**Defendant**" means **MARY BETH HARPER** by whatever names she  
11 might be known, including but not limited to Mary Elizabeth Scholz, Mary Beth  
12 Scurlock, Mary Elizabeth Beard, Mary Elizabeth Austin, Mary Beth Beard or Mary  
13 Beth Austin.

14 4. "**Corporate Defendants**" or "**Receivership Defendants**" means  
15 Defendants **NCC-AZ; NCC-CA; NCC-NV; LONDON FINANCIAL GROUP;**  
16 **NATIONAL CONSUMER DEBT COUNCIL, LLC; SOLIDIUM, LLC;**  
17 **UNITED CONSUMERS LAW GROUP, A PROFESSIONAL CORP.; J.P.**  
18 **LANDIS, LLC; FINANCIAL RESCUE SERVICES, INC.; SIGNATURE**  
19 **EQUITIES, LLC; M&L SPRINGFIELD TRUST; PC HAILEY TRUST; and**  
20 **VIA LIDO TRUST**, their affiliates, subsidiaries, successors and assigns and any  
21 other corporations or businesses under the control of any of them.

22 5. The terms "**and**" and "**or**" have both conjunctive and disjunctive  
23 meanings to make the meaning more inclusive than exclusive.

24 6. "**Person**" means any individual, natural person, organization, or other  
25 legal entity, including a corporation, partnership, proprietorship, association,  
26 cooperative, government or governmental subdivision or agency, or any other group  
27 or combination acting as an entity. For purposes of this Order, a "consumer" is a  
28 person.

1 7. **“Debtor”** means any person indebted to a creditor or creditors.

2 8. **“Debt negotiation”** means:

3 a. the business or practice of receiving, in return for consideration,  
4 or the scheduled receipt, of a debtor’s monies, or evidences thereof, for the  
5 purpose of distribution among certain specified creditors in payment, or partial  
6 payment, of the debtor’s obligations; or

7 b. the business or practice of acting or offering or attempting to act  
8 as an intermediary between a debtor and his creditors for the purpose of  
9 settling, negotiating, or in any way altering the terms of payment of any debt  
10 of a debtor.

11 9. **“Credit-related products, programs or services”** means any product,  
12 program or service which is advertised, offered for sale, or sold to consumers as a  
13 method by which consumers may establish or obtain any extension of credit or credit  
14 device, including, but not limited to, credit cards, loans, or financing, or as a method  
15 to consolidate or liquidate debts.

16 10. **“Assisting others”** means knowingly providing any of the following  
17 goods or services to another person or entity:

18 a. performing customer service functions, including, but not limited  
19 to, receiving or responding to consumer complaints; or

20 b. formulating or providing, or arranging for the formulation or  
21 provision of, any telephone sales script or any other marketing material; or

22 c. providing names of, or assisting in the generation of, potential  
23 customers; or

24 d. performing marketing services of any kind.

25 11. The **“Telemarketing Sales Rule”** means the FTC Rule entitled  
26 “Telemarketing Sales Rule,” 16 C.F.R. § 310.

27 12. **“Telemarketing”** means a plan, program, or campaign which is  
28 conducted to induce the purchase of goods or services or a charitable contribution,

1 by use of one or more telephones and which involves more than one interstate  
2 telephone call. The term does not include the solicitation of sales through the  
3 mailing of a catalog which: contains a written description or illustration of the goods  
4 or services offered for sale; includes the business address of the seller; includes  
5 multiple pages of written material or illustrations; and has been issued not less  
6 frequently than once a year, when the person making the solicitation does not solicit  
7 customers by telephone but only receives calls initiated by customers in response to  
8 the catalog and during those calls takes orders only without further solicitation. For  
9 purposes of the previous sentence, the term "further solicitation" does not include  
10 providing the customer with information about, or attempting to sell, any other item  
11 included in the same catalog which prompted the customer's call or in a substantially  
12 similar catalog.

13 13. "**Outbound telephone call**" means a telephone call initiated by a  
14 telemarketer to induce the purchase of goods or services or to solicit a charitable  
15 contribution.

16 14. "**Telemarketer**" means any person who, in connection with  
17 telemarketing, initiates or receives telephone calls to or from a customer or donor.

18 15. In connection with telemarketing, a "**customer**" means any person who  
19 is or may be required to pay for goods or services offered through telemarketing.

20 16. "**Representatives**" means successors, assigns, officers, agents, servants  
21 and employees of Defendant and those persons in active concert or participation with  
22 them who receive actual notice of this Order by personal service or otherwise.

23 17. "**Material**" means likely to affect a person's choice of, or conduct,  
24 regarding, goods, services or a charitable contribution.

25 18. "**Clearly and Conspicuously**" or "**Clear and Conspicuous**" means  
26 that:

27 a. in print communications, that the message shall be in a type size  
28 and location sufficiently noticeable for an ordinary consumer to read and

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

3 b. in communications disseminated orally, that the message shall be  
4 delivered in a volume and cadence sufficient for an ordinary consumer to hear  
5 and comprehend it;

6 c. in communications made through an electronic medium (such as  
7 television, video, radio, and interactive media such as the Internet, online  
8 services and software), that the message shall be presented simultaneously in  
9 both the audio and visual portions of the communication;

10 d. in any communication presented solely through visual or audio  
11 means, that the message may be made through the same means in which the  
12 communication is presented:

13 i. Any audio message shall be delivered in a volume and cadence  
14 sufficient for an ordinary consumer to hear and comprehend it,  
15 and

16 ii. Any visual message shall be of a size and shade, with a degree of  
17 contrast to the background against which it appears and shall  
18 appear on the screen for a duration and in a location, sufficiently  
19 noticeable for an ordinary consumer to read and comprehend it;

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

23 19. "**Established business relationship**" means a relationship between the  
24 seller and a person based on: (a) the person's purchase, rental, or lease of the  
25 seller's goods or services or a financial transaction between the person and seller,  
26 within the eighteen months immediately preceding the date of the telemarketing call;  
27 or (b) the person's inquiry or application regarding a product or service offered by  
28 the seller, within the three months immediately preceding the date of a telemarketing



1 call.

2 20. **“National Do Not Call Registry”** means the National Do Not Call  
3 Registry maintained by the Federal Trade Commission pursuant to 16 C.F.R.  
4 § 310.4(b)(1)(iii)(B).

5  
6 **ORDER**

7 **I.**

8 **PROHIBITION AGAINST MATERIAL MISREPRESENTATIONS**

9 **IT IS FURTHER ORDERED** that Defendant, her successors, assigns,  
10 officers, agents, servants, employees, and attorneys, and those persons or entities in  
11 active concert or participation with any of them who receive actual notice of this  
12 Order by personal service or otherwise, whether acting directly or through any  
13 corporation, subsidiary, division, or other device, in connection with the advertising,  
14 marketing, promoting, offering for sale, or sale of any good or service, are hereby  
15 permanently restrained and enjoined from misrepresenting, or assisting others in  
16 misrepresenting, expressly or by implication, orally or in writing, any fact material to  
17 a consumer's decision to buy or accept the good or service, including but not limited  
18 to the ability to reduce the amount owed by a debtor to a creditor or Defendant's  
19 ability to have a positive effect on the debtor's credit report or credit history.

20  
21 **II.**

22 **PROHIBITION AGAINST MATERIAL OMISSIONS**

23 **IT IS FURTHER ORDERED** that Defendant, her successors, assigns,  
24 officers, agents, servants, employees, and attorneys, and those persons or entities in  
25 active concert or participation with any of them who receive actual notice of this  
26 Order by personal service or otherwise, whether acting directly or through any  
27 corporation, subsidiary, division, or other device, in connection with the advertising,  
28 promotion, offering for sale or sale of debt negotiation services or credit-related

1 products, programs or services, are hereby permanently restrained and enjoined from  
2 failing to disclose, clearly and conspicuously, prior to the time when a consumer  
3 purchases a service from Defendant all information material to a consumer's decision  
4 to buy any debt negotiation services or credit related products, programs or services,  
5 including but not limited to the following information:

6 A. That while the consumer is using the product, program or services, late  
7 fees, penalties, and interest will continue to accrue on the consumer's debt until the  
8 consumer's creditors accept a settlement offer and the settlement is paid;

9 B. That while the consumer is using the product, program or services, the  
10 consumer's creditors may still sue to collect on his debts, and further, once a  
11 judgment has been obtained, the creditors may garnish the consumer's wages;

12 C. That while the consumer is using the product, program or services, the  
13 consumer's creditors may raise the interest rates applicable to his debt;

14 D. That to the extent that Defendant may be able to obtain a favorable  
15 settlement with a consumer's creditor of the consumer's debt, the consumer is  
16 required to treat that debt savings as income for purposes of federal and state income  
17 taxes; and

18 E. That a debt settled for less than the full amount of the amount owed  
19 may result in a negative notation on the consumer's credit report.

20  
21 **III.**

22 **PROHIBITION AGAINST**  
23 **ABUSIVE TELEMARKETING PRACTICES**

24 **IT IS FURTHER ORDERED** that, in connection with telemarketing,  
25 Defendant is hereby permanently restrained and enjoined from engaging in, or  
26 causing other persons to engage in, violations of the Telemarketing Sales Rule,  
27 including but not limited to:

28 A. Initiating any outbound telephone call to a person's telephone number

1 on the National Do Not Call Registry to induce the purchase of goods or services  
2 unless the seller proves:

- 3 1. The seller has obtained the express agreement, in writing, of such  
4 person to place calls to that person. Such written agreement shall  
5 clearly evidence such consumer's authorization that calls made  
6 by or on behalf of a specific party may be placed to that person,  
7 and shall include the telephone number to which the calls may be  
8 placed and the signature of that person; or
- 9 2. The seller has an established business relationship with such  
10 person and that person has not stated that he does not wish to  
11 receive outbound telephone calls from the seller; or

12 B. Abandoning any outbound telephone call to a person by failing to  
13 connect the call to a representative within two (2) seconds of the person's completed  
14 greeting, unless the following four (4) conditions are met:

- 15 1. Defendant employs technology that ensures abandonment of no  
16 more than three (3) percent of all calls answered by a person,  
17 measured per day per calling campaign;
- 18 2. For each telemarketing call placed, Defendant allows the  
19 telephone to ring for at least fifteen (15) seconds or four (4) rings  
20 before disconnecting an unanswered call;
- 21 3. Whenever a representative is not available to speak with the  
22 person answering the call within two (2) seconds after the  
23 person's completed greeting, the seller or telemarketer promptly  
24 plays a recorded message that states the name and telephone  
25 number of the seller on whose behalf the call was placed; and
- 26 4. Defendant retains records, in accordance with 16 C.F.R. § 310.5  
27 (b)-(d), establishing compliance with the preceding three  
28 conditions; and

1 C. Initiating any outbound telephone call to a telephone number within a  
2 given area code without first paying the required annual fee for access to the  
3 telephone numbers, within that area code, that are on the National Do Not Call  
4 Registry;

5 *Provided, however,* that if the Commission promulgates rules that modify or  
6 supersede the Telemarketing Sales Rule, in whole or part, Defendant shall comply  
7 fully and completely with all applicable requirements thereof, on and after the  
8 effective date of any such rules.

9  
10 **IV.**

11 **MONITORING TELEMARKETING COMPLIANCE**

12 **IT IS FURTHER ORDERED** that, in connection with any business that  
13 Defendant directly or indirectly manages, controls or has a majority ownership  
14 interest in, that engages in telemarketing, or assists others engaged in telemarketing,  
15 Defendant is hereby permanently restrained and enjoined from:

16 A. Failing to take reasonable steps to ensure that all employees and  
17 independent contractors engaged in telemarketing comply with Paragraph III of this  
18 Order. Such steps shall include:

- 19 1. Establishing a procedure for receiving and responding to  
20 consumer complaints of violations of the TSR or this Order; and  
21 2. Ascertaining the number and nature of consumer complaints in  
22 which each employee or independent contractor is involved;

23 B. Failing promptly to investigate fully any consumer complaint received  
24 by any business to which this Paragraph applies; and

25 C. Failing to take corrective action with respect to any telemarketer whom  
26 Defendant determines is not complying with this Order, which may include training,  
27 disciplining, and/or terminating such sales person;

28 *Provided, however,* that this Paragraph does not authorize or require

1 Defendant to take any action that violates any federal, state, or local law.  
2

3 V.

4 PROHIBITION ON VIOLATING  
5 THE GRAMM-LEACH-BLILEY ACT

6 IT IS FURTHER ORDERED that, when acting as or on behalf of a financial  
7 institution, Defendant is hereby restrained and enjoined from violating any provision  
8 of Subtitle A of Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801-6809,  
9 and implementing regulations promulgated by the Commission at 16 C.F.R. Parts  
10 313 and 314.  
11

12 VI.

13 SUSPENDED JUDGMENT

14 IT IS FURTHER ORDERED that judgment is hereby entered, jointly and  
15 severally, against Defendant HARPER in the amount of **\$17,825,000.00 (seventeen**  
16 **million, eight hundred twenty-five thousand dollars)**, *provided*, however, that all  
17 of this amount except for the value of any assets described in Subparagraph VII.A.,  
18 below, shall be suspended subject to the conditions set forth in Paragraph VIII of this  
19 Order.  
20

21 VII.

22 DISGORGEMENT AND CONSUMER RESTITUTION

23 IT IS FURTHER ORDERED that:

24 A. As partial satisfaction of the monetary judgment ordered in Paragraph  
25 VI, above, Defendant HARPER has agreed to the appointment of Robb Evans and  
26 Associates LLC as Permanent Receiver over Financial Rescue Services Consumer  
27 Services, Inc. ("FRC Services Inc."), Financial Rescue Support Services, Inc. ("FR  
28 Support Inc."), Magical Age Arts & Entertainment Company, Inc. ("Magical Age

1 Inc.”), and M&M Enterprises, Inc. (“M&M Inc.”), with all of the same rights, duties  
2 and powers as set forth in the May 21, 2004, PI which appointed Robb Evans and  
3 Associates LLC as Permanent Receiver over all of the other Corporate Defendants in  
4 this matter. Defendant Harper waives any interest she might have in all accounts  
5 held in the name of FRC Services Inc., FR Support Inc., Magical Age Inc. or M&M  
6 Inc. The balances in those accounts shall be credited against the amount of the  
7 suspended judgment owed by Defendant as set forth in Paragraph VI. For purposes  
8 of this Paragraph, and any subsequent proceedings to enforce payment, including but  
9 not limited to a non-dischargeability complaint filed in a bankruptcy proceeding,  
10 Defendant waives any right to contest any of the allegations set forth in the  
11 Complaint filed in this matter or the amount of the payment referenced in this  
12 Paragraph;

13 B. Defendant’s personal accounts and any other assets which were frozen  
14 pursuant to the orders entered in this case, shall be unfrozen upon the entry of this  
15 Order;

16 C. Defendant hereby assigns and transfers to the Commission all claims  
17 and causes of action that she may now have, whether known or unknown, or which  
18 she may acquire at a future date, relating to coverage and liability arising out of this  
19 specific litigation only, *FTC v. National Consumer Council, et al.*, SACV04-0474  
20 CJC (JWJx), against any corporate insurance policy;  
21 *provided*, that nothing in this section shall be interpreted as precluding Defendant  
22 from making a claim against any policy for reimbursement of reasonable defense  
23 fees and costs as may be permitted by the policy;

24 D. All funds paid pursuant to this Paragraph shall be deposited into a fund  
25 administered by the Commission or its agent to be used for equitable relief,  
26 including but not limited to restitution and any attendant expenses for the  
27 administration of any restitution fund. In the event that direct restitution to  
28 consumers is wholly or partially impracticable or funds remain after restitution is

1 completed, the Commission may apply any remaining funds for such other equitable  
2 relief (including consumer information remedies) as it determines to be reasonably  
3 related to the practices alleged in the Complaint. Any funds not used for such  
4 equitable relief shall be deposited to the Treasury as disgorgement. The  
5 Commission shall have full and sole discretion to:

- 6 1. Determine the criteria for participation by individual claimants in  
7 any consumer restitution program implemented pursuant to this  
8 Order;
- 9 2. Determine the manner and timing of any notices to be given to  
10 consumers regarding the existence and terms of such programs;  
11 and
- 12 3. Delegate any and all tasks connected with such restitution  
13 program to any individual, partnerships, or corporations; and pay  
14 reasonable fees, salaries, and expenses incurred thereby from the  
15 payments made pursuant to this Order;

16 E. Defendant expressly waives any rights she may possess to litigate the  
17 issue of disgorgement. Defendant acknowledge and agree that all money paid  
18 pursuant to this Order is irrevocably paid to the Commission for purposes of  
19 settlement between Plaintiff and Defendant; and

20 F. Defendant shall have no right to challenge the Commission's choice of  
21 remedies under this Paragraph.

## 22 VIII.

### 23 TERMINATION OF SUSPENSION

24 **IT IS FURTHER ORDERED** that the Commission's agreement to, and the  
25 Court's approval of, this Order is expressly premised upon the truthfulness,  
26 accuracy, and completeness of Defendant's financial condition, as represented in the  
27 financial statement dated May 15, 2004, including attachments, in her asset  
28

1 deposition on June 9, 2004, and in any other documents submitted by Defendant,  
2 including all supplements to those financial statements, all of which the Commission  
3 relied upon in negotiating and agreeing to the terms of this Order. If, upon motion  
4 by the Commission to the Court, the Court finds that Defendant, in any of the  
5 above-referenced financial statements and information, failed to disclose any asset  
6 with a value in excess of \$1,000, materially misrepresented the value of any asset, or  
7 made any other material misrepresentation or omission, the suspension of the  
8 monetary judgment will be terminated and the entire judgment amount of  
9 \$17,825,000, which represents the approximate amount of consumer monetary  
10 injury, will become immediately due and payable, less any payments already made.  
11 For purposes of this Paragraph, and any subsequent proceedings to enforce payment,  
12 including but not limited to a non-dischargeability complaint filed in a bankruptcy  
13 proceeding, Defendant waives any right to contest any of the allegations set forth in  
14 the Complaint filed in this matter or the \$17,825,000 judgment referenced in  
15 Paragraph VI, above.

## 16 IX.

### 17 CUSTOMER LISTS

18  
19 **IT IS FURTHER ORDERED** that Defendant, her officers, agents, servants,  
20 employees, and attorneys, and all other persons or entities in active concert or  
21 participation with them who receive actual notice of this Order by personal service  
22 or otherwise, are permanently restrained and enjoined from selling, renting, leasing,  
23 transferring, or otherwise disclosing the name, address, telephone number, credit  
24 card number, bank account number, e-mail address, or other identifying information  
25 of any person who paid any money to any of the Defendants in this litigation, *FTC v.*  
26 *National Consumer Council, Inc., et al*, SACV04-0474 CJC (JWJx), or paid money  
27 to any of the Corporate Defendants, at any time prior to entry of this order, in  
28 connection with telemarketing or with the advertising, promotion, offering for sale or



1 sale of debt negotiation services. *Provided, however,* that such identifying  
2 information may be disclosed to a law enforcement agency or as required by any  
3 law, regulation, or court order.

4  
5 **X.**

6 **COMPLIANCE MONITORING**

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

9 A. Within ten (10) days of receipt of written notice from a representative of  
10 the Commission, Defendant shall submit additional written reports, sworn to under  
11 penalty of perjury; produce documents for inspection and copying; appear for  
12 deposition; and/or provide entry during normal business hours to any business  
13 location in Defendant's possession or direct or indirect control for the purpose of  
14 inspecting the business operation;

15 B. In addition, the Commission is authorized to monitor compliance with  
16 this Order by all other lawful means, including but not limited to the following:

- 17 1. Obtaining discovery from any person, without further leave of  
18 court, using the procedures prescribed by Fed. R. Civ. P. 30, 31,  
19 33, 34, 36, and 45;
- 20 2. Posing as consumers and suppliers to Defendant's employees, or  
21 any other entity managed or controlled in whole or in part by  
22 Defendant, without the necessity of identification or prior notice;  
23 and

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

28 *Provided, however,* that nothing in this Order shall limit the Commission's

1 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15  
2 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony,  
3 or information relevant to unfair or deceptive acts or practices in or affecting  
4 commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

5  
6 **XI.**

7 **COMPLIANCE REPORTING BY DEFENDANT**

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

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

11 1. Defendant shall notify the Commission of the following:

12 a. Any changes in her residence, mailing addresses, and  
13 telephone numbers, within ten (10) days of the date of such  
14 changes;

15 b. Any changes in her employment status (including self-  
16 employment), and any changes in the ownership of, or  
17 interest in, any business entity, within ten (10) days of the  
18 date of such change. Such notice shall include the name  
19 and address of each business that she is affiliated with,  
20 employed by, creates or forms, or performs services for; a  
21 statement of the nature of the business; and a statement of  
22 her duties and responsibilities in connection with the  
23 business or employment; and

24 c. Any changes in Defendant's name or use of any aliases or  
25 fictitious names; and

26 2. Defendant shall notify the Commission of any changes in  
27 corporate structure of any business entity that she directly or indirectly  
28 controls, or has an ownership interest in, that may affect compliance

1 obligations arising under this Order, including but not limited to a dissolution,  
2 assignment, sale, merger, or other action that would result in the emergence of  
3 a successor entity; the creation or dissolution of a subsidiary, parent, or  
4 affiliate that engages in any acts or practices subject to this Order; the filing of  
5 a bankruptcy petition; or a change in the corporate name or address, at least  
6 thirty (30) days prior to such change, *provided* that, with respect to any  
7 proposed change in the corporation about which Defendant learns less than  
8 thirty (30) days prior to the date such action is to take place, she shall notify  
9 the Commission as soon as is practicable after obtaining such knowledge.

10 B. One hundred eighty (180) days after the date of entry of this Order,  
11 Defendant shall provide a written report to the Commission, sworn to under penalty  
12 of perjury, setting forth in detail the manner and form in which she has complied and  
13 is complying with this Order. This report shall include, but not be limited to:

- 14 1. Her then-current residence address, mailing addresses, and  
15 telephone numbers;
- 16 2. Her then-current employment and business addresses and  
17 telephone numbers, a description of the business activities of  
18 each such employer or business, and her title and responsibilities  
19 for each such employer or business;
- 20 3. A copy of each acknowledgment of receipt of this Order,  
21 obtained pursuant to Paragraph XIII, below; and
- 22 4. Any other changes required to be reported under Subparagraph A  
23 of this Paragraph XI, above.

24 C. For the purposes of this Order, Defendant shall, unless otherwise  
25 directed by the Commission's authorized representatives, mail all written  
26 notifications to the Commission to:

27 Assistant Regional Director  
28 Western Region, Los Angeles  
Federal Trade Commission

1 10877 Wilshire Blvd, Suite 700  
2 Los Angeles, CA 90024  
3 Re: FTC v. National Consumer Council, et al.  
4 Case No. CV-04-0474 CJC (JWJx)

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

7 **XII.**

8 **RECORD KEEPING PROVISIONS**

9 **IT IS FURTHER ORDERED** that, for a period of eight (8) years from the  
10 date of entry of this Order, Defendant and her agents, employees, officers,  
11 corporations, successors, and assigns, and those persons in active concert or  
12 participation with any of them who receive actual notice of this Order by personal  
13 service or otherwise, in connection with any business where Defendant is the  
14 majority owner of the business or directly or indirectly manages or controls the  
15 business, are hereby restrained and enjoined from failing to create and retain the  
16 following records:

- 17 A. Accounting records that reflect the cost of goods or services sold,  
18 revenues generated, and the disbursement of such revenues;
- 19 B. Personnel records accurately reflecting: the name, address, email (if  
20 any) and telephone number of each person employed in any capacity by  
21 such business, including as an independent contractor; that person's job  
22 title or position; the date upon which the person commenced work; and  
23 the date and reason for the person's termination, if applicable;
- 24 C. Customer files containing the names, addresses, phone numbers, dollar  
25 amounts paid, quantity of items or services purchased, and description  
26 of items or services purchased, to the extent such information is  
27 obtained in the ordinary course of business;
- 28 D. Complaints and refund requests (whether received directly, indirectly or

1 through any third party) and any responses to those complaints or  
2 requests;

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

5 F. All records and documents necessary to demonstrate full compliance  
6 with each provision of this Order, including but not limited to, copies of  
7 acknowledgments of receipt of this Order, required by Paragraph XIII,  
8 below, and all reports submitted to the FTC pursuant to Paragraph XI,  
9 above.

10  
11 **XIII.**

12 **DISTRIBUTION OF ORDER BY DEFENDANT**

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

16 A. For any business that she controls, directly or indirectly, or in which she  
17 has a majority ownership interest, she must deliver a copy of this Order  
18 to all principals, officers, directors, and managers of that business.

19 Defendant must also deliver copies of this Order to all employees,  
20 agents, and representatives of that business who engage in conduct  
21 related to the subject matter of the Order. For current personnel,  
22 delivery shall be within (5) days of service of this Order upon each of  
23 the Defendants. For new personnel, delivery shall occur prior to them  
24 assuming their responsibilities.

25 B. For any business where Defendant is not a controlling person of a  
26 business but she otherwise engages in conduct related to the subject  
27 matter of this Order, she must deliver a copy of this Order to her  
28 immediate supervisor or manager of such business before engaging in

1 such conduct.

2 C. Defendant must secure a signed and dated statement acknowledging  
3 receipt of the Order, within thirty days of delivery, from all persons  
4 receiving a copy of the Order pursuant to this Paragraph.  
5

6 **XIV.**

7 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

8 **BY DEFENDANT**

9 **IT IS FURTHER ORDERED** that, within five (5) business days of receipt  
10 of this Order as entered by the Court, Defendant must submit to the Commission a  
11 truthful sworn and notarized statement, or a sworn declaration pursuant to 28 U.S.C.  
12 § 1746, acknowledging receipt of this Order.  
13

14 **XV.**

15 **SEVERABILITY**

16 **IT IS FURTHER ORDERED** that the provisions of this Order are separate  
17 and severable from one another. If any provision is stayed or determined to be  
18 invalid, all of the remaining provisions shall remain in full force and effect.  
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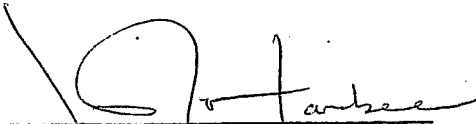
**XVI**

**RETENTION OF JURISDICTION**

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

**SO STIPULATED:**

Dated: March 29, 2004<sup>5</sup>

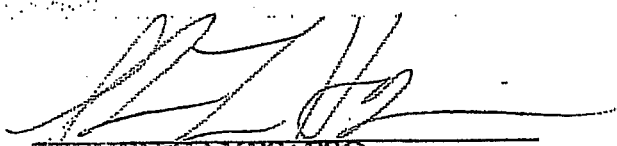
  
Jennifer Larabee  
Faye Chen Bamouw  
Raymond McKown  
Kenneth Abbe  
Attorneys for Plaintiff  
Federal Trade Commission

Dated: December 29, 2004

  
MARY BETH HARPER, defendant

**APPROVED AS TO FORM:**

Dated: December 27, 2004

  
STEVEN HAYES, ESQ.  
Attorney for Defendant

**IT IS SO ORDERED**, this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, at \_\_\_\_\_ m.

\_\_\_\_\_  
Cormac J. Carney  
United States District Court Judge