1	ALDEN F. ABBOTT	KARL S. KRONENBERGER
2	General Counsel	Bar No. 226112
		LIANA CHEN
3	ROBERTA DIANE TONELLI	Bar No. 296965
4	Cal. Bar No. 278738 EMILY COPE BURTON	Kronenberger Rosenfeld, LLP 150 Post Street, Suite 520
5	Cal. Bar No. 221127	San Francisco, CA 94108
6	Federal Trade Commission	karl@krinternetlaw.com
6	901 Market Street, Suite 570	liana@krinternetlaw.com
7	San Francisco, CA 94103	Tel: (415) 955-1155 Ext. 114
8	rtonelli@ftc.gov; eburton@ftc.gov Tel: (415) 848-5100	Fax: (415) 955-1158
9	Fax: (415) 848-5184	Attorneys for Defendants
10		AH MEDIA GROUP, LLC, HENRY
	Attorneys for Plaintiff	BLOCK, ALAN SCHILL and
11	FEDERAL TRADE COMMISSION	ZANELO, LLC
12		
13		
14		
15	UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA	
		CI OF CALIFORNIA
16	FEDERAL TRADE COMMISSION,	Case No.: 19-cv-04022-JD
17		
18	Plaintiff,	Hon. James Donato
19	V.	[Proposed] STIPULATED ORDER FOR
20	AH MEDIA GROUP, LLC, HENRY	PERMANENT INJUNCTION AND
	BLOCK, ALAN SCHILL, and ZANELO, LLC	MONETARY JUDGMENT AGAINST
21		AH MEDIA GROUP, LLC AND HENRY BLOCK
22	Defendants.	HENRI BLOCK
23		
24		
25	Plaintiff, Federal Trade Commission (	"Commission"), filed its Amended
	Complaint for Permanent Injunction and Other Equitable Relief in this matter, pursuant	
26	1 ····································	1
27		1
28		[PROPOSED] STIPULATED ORDER FOR PERMANENT
	INJUNCT	TION AND MONETARY JUDGMENT (AH MEDIA/BLOCK)
		19-cv-04022-JD

to Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, Section 5 of the Restore Online Shoppers' Confidence Act ("ROSCA"), 15 U.S.C. § 8404, and Section 918(c) of the Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. § 16930(c). The Commission and Defendants AH Media Group, LLC, and Henry Block (collectively, "Stipulating Defendants"), stipulate to the entry of this Stipulated Order for Permanent Injunction and Monetary Judgment ("Order") to resolve all matters in dispute in this action between them.

THEREFORE, IT IS ORDERED as follows:

#### **FINDINGS**

A. This Court has jurisdiction over this matter.

B. The Amended Complaint charges that Defendants participated in deceptive and unfair acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), Section 4 of the Restore Online Shoppers' Confidence Act ("ROSCA"), 15 U.S.C. § 8403, and Section 907(a) of the Electronic Fund Transfer Act ("EFTA"), 15 U.S.C. § 1693e(a), and Section 1005.10(b) of Regulation E, 12 C.F.R. § 1005.10(b), in the marketing and sale online of skin care products and weight loss supplements.

C. Stipulating Defendants neither admit nor deny any of the allegations in the Amended Complaint, except as specifically stated in this Order. Only for purposes of this action, the Stipulating Defendants admit the facts necessary to establish jurisdiction.

D. Stipulating Defendants waive any claim they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear their own costs and attorney fees.

E. Stipulating Defendants waive all rights to appeal or otherwise challenge or contest the validity of this Order.

#### **DEFINITIONS**

For purposes of this Order, the following definitions apply:

1

2

2

A. "**Billing Information**" means any data that enables any person to access a customer's account, such as a credit card, checking, savings, share or similar account, utility bill, mortgage loan account, or debit card.

B. "Charge," "Charged," or "Charging," means any attempt to collect money or other consideration from a consumer, including but not limited to causing Billing Information to be submitted for payment, including against a consumer's credit card, debit card, bank account, phone bill, or other account.

C. "Clear(ly) and Conspicuous(ly)" means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:

1. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure is made in only one means;

2. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood;

3. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for ordinary consumers to easily hear and understand it;

4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable;

5. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the representation that requires the

.

1 disclosure appears;

2 The disclosure must comply with these requirements in each medium 6. through which it is received, including all electronic devices and face-to-face 3 4 communications;

5 7. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication; and 6

7 8. When the representation or sales practice targets a specific audience, such as children, the elderly, or the terminally ill, "ordinary consumers" includes 8 9 reasonable members of that group.

10 D. "Corporate Defendant" means AH Media Group, LLC by whatever other names it may be known, and its subsidiaries, affiliates, successors, and assigns, and any 12 fictitious business entities or business names created or used by these entities.

13 E. "Individual Defendant" means Henry Block and his officers, agents, 14 employees, and attorneys.

F. "Negative Option Feature" means, in an offer or agreement to sell or provide any good or service, a provision under which the consumer's silence or failure to take affirmative action to reject a good or service or to cancel the agreement is interpreted by the seller or provider as acceptance or continuing acceptance of the offer.

"Preauthorized Electronic Fund Transfer," as defined by the Electronic G. Fund Transfer Act, 15 U.S.C. § 1693a(10), means an electronic fund transfer authorized in advance to recur at substantially regular intervals.

"Preliminary Injunction" means the Stipulated Preliminary Injunction as H. to Defendants entered on August 28, 2019 (Dkt. #52).

"Receiver" means Robb Evans & Associates LLC, appointed as Receiver Ι pursuant to Section XIV of the Preliminary Injunction.

4

11

15

16

17

18

19

20

28

1 J. "Receivership Entities" means the Corporate Defendant and its subsidiaries, affiliates, successors, and assigns, including but not limited to, KA Ketterlin, 2 3 LLC; AE Hart, LLC; Understated Investments, LLC; JBE Investments, LLC; ANS Investments, LLC; SAM Investments, LLC; ESM Investments, LLC; MOOD 4 5 Investments, LLC; EEG Investments, LLC; AMES Investments, LLC; LAB Investments, 6 LLC; ELANN Investments, LLC; KDUR Investments, LLC; BEAN Investments, LLC; 7 PIAZ Investments, LLC; AMB Investments, LLC; KMD Investments, LLC; CCB I 8 Investment, LLC; LE Limited, LLC; GALB Investments, LLC; PYPER Investments, 9 LLC; PEEPS Investments, LLC; SES Investments, LLC; Maddy Investments, LLC; 10 CHAZ Investments, LLC; LWA Investments, LLC; SCW Investments, LLC; KJA 11 Investments, LLC; MCH Investments, LLC; TWP Investments, LLC; Colette Limited, 12 LLC; MPM Health, LLC; GRL Health, LLC; SW Health, LLC; KGW Health, LLC; HSK Health, LLC; AAM Health, LLC; BJM Health, LLC; KJL Health, LLC; AAH Health, 13 LLC; RWM Health, LLC; LJL Health, LLC; SMW Health, LLC; BAS Health, LLC; 14 NMG Health, LLC; GWV Health, LLC; SWC Health, LLC; TCO Health, LLC; MBR 15 Health, LLC; MAG Health, LLC; EMB Health, LLC; JMD Health, LLC; CBC Health, 16 17 LLC; CLM Health, LLC; LAZ Health, LLC; JMO Health, LLC; ZB Health, LLC; BS Health, LLC; IJG Health, LLC; BSB Health, LLC; RAZ Health, LLC; TCM Health, 18 19 LLC; KJW Health, LLC; and CAG Health, LLC. 20

K. "**Stipulating Defendants**" means the Individual Defendant and the Corporate Defendant, individually, collectively, or in any combination.

#### ORDER

21

22

23

24

25

26

27

28

### I. BAN RELATING TO NEGATIVE OPTION FEATURES

**IT IS THEREFORE ORDERED** that Stipulating Defendants, whether acting directly or through an intermediary, are permanently restrained and enjoined from promoting or offering for sale any good or service with a Negative Option Feature.

5

1	II. PROHIBITED BUSINESS ACTIVITES		
2	IT IS FURTHER ORDERED that Stipulating Defendants, their officers, agents,		
3	employees, and attorneys, and all other persons in active concert or participation with any		
4	of them, who receive actual notice of this Order, whether acting directly or indirectly, in		
5	connection with promoting or offering for sale any good or service, are permanently		
6	restrained and enjoined from:		
7	A. Misrepresenting or assisting others in misrepresenting, expressly or by		
8	implication, any fact material to consumers concerning any good or service, such as:		
9	1. Any cost to the consumer to purchase, receive, use, or return the		
10	initial good or service;		
11	2. That the consumer will not be Charged for any good or service;		
12	3. That a good or service is offered on a "free," "sample," "bonus,"		
13	"gift," "no obligation," "discounted" basis, or words of similar import, denoting or		
14	implying the absence of an obligation on the part of the recipient of the offer;		
15	4. That the consumer can obtain a good or service for a processing,		
16	service, shipping, handling, or administrative fee with no further obligation;		
17	5. The purpose(s) for which the consumer's Billing Information will be		
18	used;		
19	6. The date by which the consumer will incur any obligation or be		
20	Charged;		
21	7. That a transaction has been authorized by the consumer;		
22	8. Any material aspect of the nature or terms of a refund, cancellation,		
23	exchange, or repurchase policy for the good or service;		
24	9. any material restrictions, limitations, or conditions to purchase,		
25	receive, or use any good or service; or		
26			
27	6		
28	[PROPOSED] STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK) 19-cv-04022-JD		

1 10. any material aspect of the performance, efficacy, nature, or central
 2 characteristics of a good or service.

B. Before a customer consents to pay for such good or service, failing to disclose, or assisting others in failing to disclose, in a Clear and Conspicuous manner, expressly or by implication, all material terms and conditions of any offer, including:

1.

3.

3

4

5

6

7

8

9

11

12

13

14

21

22

23

27

28

The total cost or price of the good or service;

2. The amount, timing, and manner of all fees, Charges or other amountsthat a consumer will be Charged or billed, including but not limited to the date of theCharge, and whether it will be a credit card or checking account Charge; and

10

The mechanism for consumers to stop a Charge.

C. Before a customer consents to pay for such good or service, failing to disclose, or assisting others in failing to disclose, in a Clear and Conspicuous manner, expressly or by implication, all material terms and conditions of any refund and cancellation policy, such as:

15 1. The specific steps and means by which such requests must be16 submitted;

17 2. The customer service telephone number or numbers that a customer
18 must call to cancel and return goods or services;

19 3. The email address, web address, or street address to which such
20 requests must be directed;

4. Any mechanism that customers must use to return any goods or services, including any requirement for specific tracking methods or delivery confirmation for a package;

5. If there is any policy of not making refunds or cancellations, including
any requirement that a product will not be accepted for return or refund unless it is
unopened and in re-sellable condition, a statement regarding this policy; and

7

6. The duration of Corporate Defendant's refund and cancellation policy, including the date that it begins to run.

3 **OBTAINING EXPRESS INFORMED CONSENT** III. 4 **IT IS FURTHER ORDERED** that Stipulating Defendants, their officers, agents, 5 employees, and attorneys, and all other persons in active concert or participation with any 6 of them, who receive actual notice of this Order, whether acting directly or indirectly, in 7 connection with promoting or offering for sale any good or service, are permanently 8 restrained and enjoined from failing to obtain a consumer's express informed consent by causing Billing Information to be submitted for payment, or collecting or attempting to 9 10 collect payment for goods or services, without the consumer's express verifiable 11 authorization, which shall include: (a) the customer's signature, including an electronic or 12 digital form of signature that is recognized as a valid signature under federal law; or (b) 13 express oral authorization that is audio-recorded and made available to the customer and the customer's bank or other billing entity, and that evidences clearly both the customer's 14 authorization of payment and the customer's receipt of the following information: (i) The 15 16 number of debits, charges, or payments (if more than one); (ii) the date(s) the debit(s), 17 charge(s), or payment(s) will be submitted for payment; (iii) the amounts of the debit(s), 18 charge(s), or payment(s); (iv) the customer's name; (v) the customer's Billing Information identified with sufficient specificity such that the customer understands what 19 account will be used to collect payment; (vi) identification of the seller's name, physical 2021 address, and telephone number; and (vii) the date of the customer's oral authorization.

# IV. PREAUTHORIZED ELECTRONIC FUND TRANSFERS IT IS FURTHER ORDERED that Stipulating Defendants, their officers, agents,

employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with promoting or offering for sale any good or service, are permanently

28

22

23

1

2

8

restrained and enjoined from:

A. Failing to timely obtain written authorization signed or similarly authenticated by the consumer for any Preauthorized Electronic Fund Transfer from a consumer's account before initiating any Preauthorized Electronic Fund Transfer; or

B. Failing to timely provide the consumer a copy of a valid written
 authorization signed or similarly authenticated by the consumer for any Preauthorized
 Electronic Fund Transfer.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

## V. MONETARY JUDGMENT AND PARTIAL SUSPENSION IT IS FURTHER ORDERED that:

A. Judgment in the amount of SIXTY-SEVEN MILLION DOLLARS (\$67,000,000) is entered in favor of the Commission against Stipulating Defendants, jointly and severally, as equitable monetary relief. The liability of Stipulating Defendants for the judgment shall be joint and several with any and all other Defendants named in the Complaint against whom the Court may enter judgment, jointly and severally, for equitable monetary relief.

B. In partial satisfaction of this judgment:

 Stipulating Defendant Henry Block shall pay to Plaintiff ONE MILLION FORTY-FIVE THOUSAND DOLLARS (\$1,045,000). By his signature below, Stipulating Defendant Henry Block confirms that \$700,000 is currently held by his undersigned counsel in a client trust account for no purpose other than payment to the Commission. In complying with this subsection, Stipulating Defendant Henry Block is ordered, within 10 days of entry of this Order, to transfer to the Commission the \$700,000 in the client trust account, and to pay an additional \$345,000 (for a total of \$1,045,000), to the Commission in accordance with instructions that have been provided by a representative of the Commission.

9

1	2. To the extent not already done under the Temporary Restraining Order or	
2	Preliminary Injunction, all financial institutions holding accounts in the	
3	name of, or for the benefit of Stipulating Defendants shall, within 10	
4	business days from receipt of a copy of this order, transfer as directed	
5	below all funds (except as specified in Subsection iv below), if any, in	
6	such accounts, including, but not limited to:	
7	i. First National Bank shall, within 10 business days from receipt of a	
8	copy of this Order, transfer to the Receiver all funds, if any, in	
9	account number ending x3654 in the name of Henry Block.	
10	ii. Ally Bank shall, within 10 business days from receipt of a copy of	
11	this Order, transfer to the Receiver all funds, if any, in account	
12	number x3216, in the name of Henry Block.	
13	iii. Wells Fargo Bank shall, within 10 business days from receipt of a	
14	copy of this Order, transfer to the Receiver all funds, if any, in	
15	account number x6703, in the name of H. Block Investments.	
16	iv. Wells Fargo Bank shall, within 10 business days from receipt of a	
17	copy of this Order, transfer to the Receiver the amount of	
18	\$1,412.75 from account number x7055, in the name of South	
19	Broadway Auto Group, Inc.	
20	v. First National Bank shall, within 10 business days from receipt of a	
21	copy of this Order, transfer to the Receiver all funds, if any, in	
22	account number x3372, in the name of Block Asset Management.	
23	C. Upon the payments and asset transfers identified in this Section V, the	
24	remainder of this judgment as to Stipulating Defendants is suspended, subject to the	
25	Subsections below.	
26		
27	10	
28	[PROPOSED] STIPULATED ORDER FOR PERMANENT	
	INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK) 19-cv-04022-JD	

1	D. The Commission's agreement to the suspension of part of the judgment is	
2	expressly premised upon the truthfulness, accuracy, and completeness of Stipulating	
3	Defendants' sworn financial statements and related documents (collectively, "financial	
4	representations") submitted to the Commission, namely:	
5	1. Henry Block's July 31, 2019 sworn Financial Statement of Individual	
6	Defendant, including attachments, as revised on September 12, 2019;	
7	2. Henry Block's July 28, 2019 Cryptocurrency Financial Statement;	
8	3. AH Media Group LLC's July 31, 2019 sworn Corporate Financial	
9	Disclosure Form, including attachments;	
10	4. Affidavit for Assets of Defendants AH Media Group, LLC and Henry	
11	Block, dated July 31, 2019;	
12	5. Affidavit of Henry Block Regarding Spousal Property, dated August 12,	
13	2019; and	
14	6. Affidavit of Henry Block Regarding Dynamic Body Solutions 1 LLC	
15	Account, dated August 23, 2019.	
16	E. The suspension of the judgment will be lifted as to any Stipulating	
17	Defendant if, upon motion by the Commission, the Court finds that the Stipulating	
18	Defendant failed to disclose any material asset, materially misstated the value of any	
19	asset, or made any other material misstatement or omission in the financial	
20	representations identified above.	
21	F. If the suspension of the judgment is lifted, the judgment becomes	
22	immediately due as to that Stipulating Defendant in the amount specified in Subsection A	
23	above (which the parties stipulate only for purposes of this Section represents the	
24	consumer injury alleged in the Amended Complaint), less any payment previously made	
25	pursuant to this Section, plus interest computed from the date of entry of this Order.	
26	G. Stipulating Defendants relinquish dominion and all legal and equitable right,	
27	11	
28	[PROPOSED] STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK)	

J J 1 2 title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.

H. The facts alleged in the Amended Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission, including in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.

I. The facts alleged in the Amended Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.

J. Stipulating Defendants acknowledge that their Taxpayer Identification Numbers (Social Security Numbers or Employer Identification Numbers), which Stipulating Defendants previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

K. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Amended Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Stipulating Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

12

27 28

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

#### VI. <u>CUSTOMER INFORMATION</u>

**IT IS FURTHER ORDERED** that Stipulating Defendants, their officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, are permanently restrained and enjoined from directly or indirectly:

A. Failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress. Stipulating Defendants represent that they have provided all redress information in their possession or control to the Commission. If a representative of the Commission requests in writing any information related to redress, Stipulating Defendants must provide it, in the form prescribed by the Commission, within 14 days.

B. 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), that any Defendant obtained prior to entry of this Order in connection online transactions promoting or offering for sale any good or service with a Negative Option Feature.

C. Failing to destroy such customer information in all forms in their possession, custody, or control within 30 days after receipt of written direction to do so from a representative of the Commission.

*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 law, regulation, or court order.

#### VII. <u>COOPERATION</u>

**IT IS FURTHER ORDERED** that Stipulating Defendant must fully cooperate with representatives of the Commission in this case and in any investigation related to or

associated with the transactions or the occurrences that are the subject of the Amended Complaint. Stipulating Defendant must provide truthful and complete information, evidence, and testimony. Individual Defendant must appear and Corporate Defendant 4 must cause its officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings that a Commission representative may reasonably request upon 5 days written notice, or other reasonable notice, at such 6 places and times as a Commission representative may designate, without the service of a 8 subpoena.

1

2

3

5

7

9

10

11

12

13

14

15

17

#### **RECEIVERSHIP TERMINATION** VIII.

IT IS FURTHER ORDERED that the appointment of the Receiver over the Defendants pursuant to Section XIV of the Preliminary Injunction is hereby continued as modified by this Section.

The Receiver is directed and authorized to accomplish the following within A. one hundred and twenty (120) days after entry of this Order, but any party or the Receiver may request that the Court extend the Receiver's term for good cause:

16 1. Complete the process of taking custody, control, and possession of all assets of Receivership Entities, pursuant to Sections XV.B and XV.C of the Preliminary Injunction: 18

19

20

21

22

23

24

25

26

27

28

2. Complete the liquidation of all assets of Receivership Entities.

3. Prepare and submit a final report describing the Receiver's activities pursuant to this Order, and a final application for compensation and expenses; and

Distribute to Plaintiff, by wire transfer pursuant to directions provided 4. by counsel for the Commission, or as otherwise agreed to in writing by counsel for the Commission, all remaining assets of the receivership estate in this matter at the conclusion of the Receiver's duties and after payment of allowed compensation and expenses to the Receiver.

14

B. Upon completion of the above tasks, the duties of the Receiver shall terminate.

#### ; ||

1

2

#### IX. DISSOLUTION OF ASSET FREEZE

**IT IS FURTHER ORDERED** that the freeze on assets of Defendants imposed pursuant to the Temporary Restraining Order entered on July 18, 2019 (Dkt. #26) and the Preliminary Injunction entered on August 28, 2019 (Dkt. #52), is modified to permit the payments and other transfers identified in Section V above. Upon completion of all payments and other obligations identified in Sections V and VIII above, the asset freeze is dissolved as to Stipulating Defendants. A financial institution shall be entitled to rely upon a letter from a representative of the Commission stating that the freeze on a Stipulating Defendant's assets has been lifted.

#### X. ORDER ACKNOWLEDGEMENTS

**IT IS FURTHER ORDERED** that Stipulating Defendants obtain acknowledgments of receipt of this Order:

A. Each Stipulating Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 5 years after entry of this Order, the Individual Defendant for any business that such Individual Defendant, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and each Corporate Defendant, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order and all agents and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Stipulating Defendant delivered a copy of this Order, that Stipulating Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

#### XI. <u>COMPLIANCE REPORTING</u>

**IT IS FURTHER ORDERED** that Stipulating Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Stipulating Defendant must submit a compliance report, sworn under penalty of perjury.

1. Each Stipulating Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Stipulating Defendant; (b) identify all of that Stipulating Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant in this matter (which each Individual Defendant must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that Stipulating Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify all business activities, including any business for which that Individual Defendant performs services whether as an employee or otherwise and any

ieth

entity in which that Individual Defendant has any ownership interest; and (c) describe in detail the Individual Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership;

B. For 10 years after entry of this Order, each Stipulating Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

Each Stipulating Defendant must report any change in: (a) any
 designated point of contact; or (b) the structure of any Corporate Defendant or any entity
 that Stipulating Defendant has any ownership interest in or controls directly or indirectly
 that may affect compliance obligations arising under this Order, including: creation,
 merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages
 in any acts or practices subject to this Order.

Additionally, each Individual Defendant must report any change in:
 (a) name, including aliases or fictitious name, or residence address; or (b) title or role in any business activity, including any business for which the Individual Defendant performs services, whether as an employee or otherwise, and any entity in which Individual Defendant has any ownership interest, and identify the name, physical address, and any Internet address of the business or entity.

C. Each Stipulating Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Stipulating Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: \_\_\_\_\_" and supplying the date, signatory's full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: *FTC v. AH Media Group, LLC, et al.*, FTC Matter No. X190034.

#### XII. <u>RECORDKEEPING</u>

**IT IS FURTHER ORDERED** that Stipulating Defendants must create certain records for 10 years after entry of the Order, and retain each such record for 5 years. Specifically, Stipulating Defendants for any business that such Stipulating Defendant, individually or collectively with any other Defendant in this matter, is a majority owner or controls directly or indirectly, must create and retain the following records:

A. Accounting records showing the revenues from all goods or services sold;

B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;

C. Records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;

D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

E.

A copy of each unique advertisement or other marketing material.

#### XIII. <u>COMPLIANCE MONITORING</u>

**IT IS FURTHER ORDERED** that, for the purpose of monitoring Stipulating Defendants' compliance with this Order, including the financial representations upon which part of the judgment was suspended and any failure to transfer assets as required by this Order:

[PROPOSED] STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK) 19-cv-04022-JD

A. Within 14 days of receipt of a written request from a representative of the Commission, each Stipulating Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission is authorized to
 communicate directly with each Stipulating Defendant. Stipulating Defendants must
 permit representatives of the Commission to interview any employee or other person
 affiliated with any Stipulating Defendant who has agreed to such an interview. The
 person interviewed may have counsel present.

C. The Commission may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Stipulating Defendants or any individual or entity affiliated with Stipulating Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning Individual
Defendant Henry Block, pursuant to Section 604(1) of the Fair Credit Reporting Act, 15
U.S.C. § 1681b(a)(1).

1	
2	
3	XIV. <u>RETENTION OF JURISDICTION</u>
4	IT IS FURTHER ORDERED that this Court retain jurisdiction of this matter for
5	purposes of construction, modification, and enforcement of this Order.
6	<b>SO ORDERED</b> this day of, 2020.
7	
8	
9	
10	Honorable James Donato United States District Judge
11	Office States District Judge
12	
13	SO STIPULATED AND AGREED:
14	
15	FEDERAL TRADE COMMISSION
16	
17	Finil Com Bater Datas 5/00/2020
18 19	Roberta A. Tonelli Date: 5/06/2020
20	Emily Cope Burton Federal Trade Commission, Western Region
20	901 Market Street, Suite 570
22	San Francisco, CA 94103 (415) 848-5111
23	rtonelli@ftc.gov
24	eburton@ftc.gov Attorneys for Plaintiff
25	Federal Trade Commission
26	
27	20
28	[PROPOSED] STIPULATED ORDER FOR PERMANENT
	INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK)
	19-cv-04022-JD

1 2 3 FOR STIPULATING DEFENDANTS: 4 5 An. Date: 3-26-20 6 Karl Kronenberger 7 Liana Chen 8 Kronenberger Rosenfeld, LLP 150 Post Street, Ste 520 9 San Francisco, CA 94108 10 karl@krinternetlaw.com liana@krinternetlaw.com 11 (415) 955-1155 Ext. 114 12 Attorneys for Defendants 13 14 STIPULATING DEFENDANTS: 1.5 16 Date: 03 26 20Date: 03 26 2017 18 AH Media Group, LLC by Henry Block, Manager 19 20 21 Henry Block, individually 22 23 24 25 26 27 21 28 [PROPOSED] STIPULATED ORDER FOR PERMANENT INJUNCTION AND MONETARY JUDGMENT (AH MEDIA/BLOCK) 19-cv-04022-JD