

1 DAVID C. SHONKA
Acting General Counsel
2 CHARLES A. HARWOOD
Regional Director

3 TRACY S. THORLEIFSON
4 tthorleifson@ftc.gov
DAVID M. HORN
5 dhorn@ftc.gov
MIRY KIM
6 mkim@ftc.gov
Attorneys
7 Federal Trade Commission
915 Second Avenue, Suite 2896
8 Seattle, Washington 98174
(206) 220-6350 (phone)
9 (206) 220-6366 (facsimile)

10 Jennifer M. Brennan, Cal Bar No. 225473
jmbrennan@ftc.gov
11 10877 Wilshire Blvd., Suite 700
Los Angeles, CA 90024
12 (310) 824-4343

13 ATTORNEYS FOR PLAINTIFF

14 UNITED STATES DISTRICT COURT
15 FOR THE CENTRAL DISTRICT OF CALIFORNIA
16 SOUTHERN DIVISION

17 FEDERAL TRADE COMMISSION

18 Plaintiff,

19 v.

20 AMERICAN VETERANS RELIEF
21 FOUNDATION, INC., *et al.*,

22 Defendants.

Civil Action No. CV09 -3533 AHM (RNBx)

23 **STIPULATION CONCERNING**
24 **FINAL JUDGMENT AND**
25 **ORDER FOR PERMANENT**
26 **INJUNCTION**

23 Plaintiff Federal Trade Commission ("FTC" or "Commission") has
24 commenced this action by concurrently filing its Complaint, this Stipulation
25 Concerning Final Judgment and Order for Permanent Injunction, and the
26 [Proposed] Final Judgment and Order for Permanent Injunction ("Order") as to
27 defendants Jeffrey Duncan, Kathy Clinkenbeard, William Rose, Coalition of Police
28

2009 MAY 18 PM 4:09
CLEAN THE DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
SANTA ANA
BY: [Signature]

FILED

1 and Sheriffs, Inc. ("COPS"), Disabled Firefighters Fund ("DFP"), and American
2 Veterans Relief Foundation, Inc. ("AVRF"). The Complaint alleges that
3 defendants have engaged in deceptive acts or practices in connection with the
4 solicitation of charitable contributions by telephone in violation of Section 5(a) of
5 the FTC Act, 15 U.S.C. § 45(a) and the Commission's Telemarketing Sales Rules
6 ("TSR"), 16 C.F.R. Part 310.

7 The Commission and each defendant hereby stipulate and agree to the entry
8 of the Order to resolve all matters in dispute in this action between them and
9 without trial or adjudication of any issue of law or fact herein and without
10 defendants admitting liability for any of the matters alleged in the Complaint. The
11 parties further stipulate and agree that entry of the Order shall constitute a full,
12 complete, and final settlement of this action. Defendants waive service of the
13 Summons and Complaint.

14 The Commission and each defendant hereby consent to entry of the Order,
15 which shall constitute a final judgment and order in this matter, and which states as
16 follows:

17 FINDINGS

18
19 1. This is an action by the Commission under Section 13(b) of the FTC
20 Act, 15 U.S.C. §§ 53(b) and 57b, the Telemarketing Act, 15 U.S.C. §§ 6101-6108,
21 and the TSR, 16 C.F.R. Part 310. Pursuant to these statutes and regulations, the
22 Commission has the authority to seek the relief contained herein.

23 2. The Commission's complaint states a claim upon which relief may be
24 granted against defendants under Sections 5(a), 13(b), and 19 of the FTC Act, 15
25 U.S.C. §§ 45(a), 53(b), and 57b, the Telemarketing Act, 15 U.S.C. §§ 6101-6108,
26 and the TSR, 16 C.F.R. Part 310.

27 3. This Court has jurisdiction of the subject matter of this case and all
28 the parties hereto. Venue in the Central District of California is proper.

1 4. The alleged activities of defendants are in or affecting commerce, as
2 defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

3 5. The parties shall each bear their own costs and attorney's fees
4 incurred in this action and have waived all claims under the Equal Access to
5 Justice Act, 28 U.S.C. § 2412.

6 6. Defendants have waived all rights to seek appellate review or
7 otherwise challenge or contest the validity of this Order.

8 7. Defendants have waived and released any claims that they may have
9 against the Commission or its employees, agents, or representatives.

10 8. Entry of this Order is in the public interest.

11
12 **DEFINITIONS**

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

14 1. "And," as well as "or," have both conjunctive and disjunctive
15 meanings.

16 2. "Assisting others" includes, but is not limited to: (a) formulating or
17 providing, or arranging to formulate or provide, any telephone script or any other
18 solicitation materials; (b) formulating or mailing, or arranging to formulate or mail,
19 any solicitation, receipt, invoice, or any other materials sent to donors;
20 (c) providing or arranging to provide the names of donors; (d) arranging for
21 continuing affiliation between any person and any purported nonprofit organization
22 for the purpose of soliciting donations; (e) providing or arranging to provide
23 customer service functions including, but not limited to, receiving or responding to
24 donor questions or complaints, or accepting or handling any refund requests; or
25 (f) providing consultation services to any person engaged in fundraising or
26 telemarketing.

1 3. “Corporate defendants” means Coalition of Police and Sheriffs, Inc.,
2 Disabled Firefighters Fund, American Veterans Relief Foundation, Inc., and their
3 successors and assigns.

4
5 4. “Defendants” means all of the individual defendants and the corporate
6 defendants, individually, collectively, or in any combination.

7 5. “Donation” or “charitable contribution” means any donation or gift of
8 money or any other thing of value.

9 6. “Donor” or “consumer” means any person solicited to make a
10 charitable contribution.

11 7. “Fundraising” means a plan, program, or campaign which is
12 conducted to induce charitable contributions by mail, telephone, electronic mail, or
13 any other means.

14 8. “Individual defendants” means Jeffrey Duncan, Kathy Clinkenbeard,
15 and William Rose.

16 9. “Nonprofit organization” means any person that is, or is represented
17 to be, a nonprofit entity or that has, or is represented to have, a charitable purpose,
18 specifically including any entity that purports to benefit, either in whole or in part,
19 purported law enforcement, firefighting, or veterans’ organizations, personnel, or
20 programs, or individuals who suffer from an illness, injury, or handicap.

21 10. “Person” means a natural person, organization or other legal entity,
22 including a corporation, partnership, proprietorship, association, cooperative,
23 government agency, or any other group or combination acting as an entity.

24 11. “Solicitor” means any person who solicits a donation or charitable
25 contribution.

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

1 by use of one or more telephones and which involves more than one interstate
2 telephone call.

3
4 **ORDER**

5 **I. PROHIBITED PRACTICES – REPRESENTATIONS AND OMISSIONS**

6 IT IS ORDERED that defendants, their officers, agents, servants, employees,
7 independent contractors, and those persons in active concert or participation with
8 them who receive actual notice of this Order by personal service, or otherwise, are
9 hereby permanently restrained and enjoined from the following practices in
10 connection with engaging, participating, or assisting others in fundraising or
11 telemarketing, whether directly, indirectly, in concert with others, or through any
12 corporation, division or other device:

13 A. Making, or assisting others to make, expressly or by implication,
14 orally or in writing, any statement or representation of material fact that is false or
15 misleading including, but not limited to, any false or misleading representation:

16 1. That a donor's contribution, or any portion or amount of a
17 donor's contribution, will be used for any general or specific charitable purpose;

18 2. Concerning the organization, program, or benefits that a
19 donor's contribution will support, including but not limited to any false or
20 misleading representation that donated funds will be used to:

21 a. Assist veterans and/or the families of soldiers by
22 operating a specific, substantial charitable program that provides financial
23 assistance to the families of American soldiers fighting overseas; provides care
24 packages to veterans in Veterans Administration hospitals across the country; or
25 provides financial support to veterans' memorials;

26 b. Support police or sheriffs injured in the line of duty by
27 operating a specific, substantial charitable program that (1) assists qualified police
28 officers injured in the line of duty, and their families by paying mortgages, auto

1 loans, and medical bills, and other costs not covered by their departments; or

2 (2) provides a scholarship program to disabled officers and their families; or

3 c. Assist disabled firefighters by operating a specific,
4 substantial charitable program that assists qualified disabled firefighters injured in
5 the line of duty, especially during the interval between the injury and the onset of
6 official government benefits, by providing cash benefits to pay necessary living
7 expenses such as mortgages, rent, medical coverage, and costs not covered by their
8 departments; or provide death benefits to the families of firefighters killed in the
9 line of duty.

10 3. That a donor's contribution will directly benefit individuals or
11 groups in the donor's state or local area, or will otherwise be spent in the donor's
12 state or local area; or

13 4. Concerning a charitable organization's or telemarketer's
14 affiliation with any law enforcement, fire fighting, or veterans' organization or any
15 other person or entity; and

16 B. In connection with fundraising, failing to disclose in each script,
17 brochure, or other solicitation material, and failing to ensure that telemarketers
18 disclose during the initial telephone contact with any donor, and in any follow-up
19 contact:

20 1. How the donations raised through the fundraising will be
21 utilized for charitable purposes;

22 2. If asked by any consumer, the percentage or amount of any
23 charitable contribution that will go to a charitable organization or to any particular
24 charitable program;

25 3. That the solicitor is, or is employed by, a professional
26 fundraiser; and

27 4. The city and state of the nonprofit organization's principal
28 place of business.

1
2 **II. TELEMARKETING SALES RULE COMPLIANCE**

3 IT IS FURTHER ORDERED that defendants, their officers, agents,
4 servants, employees, independent contractors, and those persons in active concert
5 or participation with them who receive actual notice of this Order by personal
6 service or otherwise are hereby permanently restrained and enjoined from
7 violating, or assisting others in violating, any provision of the TSR, 16 C.F.R. Part
8 310, as currently promulgated or as it hereafter may be amended, including, but not
9 limited to:

10 A. Section 310.3(b) of the TSR, 16 C.F.R. § 310.3(b), by providing
11 substantial assistance or support to any seller or telemarketer when that person
12 knows or consciously avoids knowing that the seller or telemarketer is engaged in
13 any act or practice that violates Sections 310.3(a), (c) or (d), or Section 310.4 of
14 the Rule;

15 B. Section 310.3(a)(4) of the TSR, 16 C.F.R. § 310.3(a)(4), by making a
16 false or misleading statement to induce any person to pay for goods or services or
17 to induce a charitable contribution;

18 C. Section 310.3(d)(1) of the TSR, 16 C.F.R. § 310.3(d)(1), by
19 misrepresenting, directly or by implication, the nature, purpose, or mission of any
20 entity on behalf of which a charitable contribution is being requested;

21 D. Section 310.3(d)(3) of the TSR, 16 C.F.R. § 310.3(d)(3), by
22 misrepresenting, directly or by implication, the purpose for which any charitable
23 contribution will be used;

24 E. Section 310.3(d)(4) of the TSR, 16 C.F.R. § 310.3(d)(4), by
25 misrepresenting, directly or by implication, the percentage or amount of any
26 charitable contribution that will go to a charitable organization or to any particular
27 charitable program; and
28

1 F. Section 310.3(d)(6) of the TSR, 16 C.F.R. § 310.3(d)(6), by
2 misrepresenting, directly or by implication, a charitable organization's or
3 telemarketer's affiliation with, or endorsement or sponsorship by, any person or
4 government entity.
5

6 III. MONITORING COMPLIANCE OF TELEMARKETERS OR 7 FUNDRAISERS

8 IT IS FURTHER ORDERED that defendants, their officers, agents,
9 servants, employees, independent contractors, and those persons in active concert
10 or participation with them who receive actual notice of this Order by personal
11 service or otherwise, in connection with any business or other entity engaged in
12 fundraising or telemarketing, are hereby permanently restrained and enjoined from:

13 A. Failing to take reasonable steps sufficient to monitor and ensure that
14 all employees and independent contractors who are engaged in fundraising or
15 telemarketing or otherwise deal with the public comply with the Sections of this
16 Order titled "Prohibited Practices – Representations and Omissions" and
17 "Telemarketing Sales Rule Compliance;"

18 B. Failing to establish a procedure for receiving and responding to
19 consumer complaints;

20 C. Failing to ascertain the number and nature of consumer complaints
21 regarding transactions in which each employee or independent contractor is
22 involved;

23 D. Failing to investigate promptly and fully any complaint or inquiry
24 received about a solicitation by any employee or independent contractor and to
25 create and maintain a written record of the investigation and any results; and

26 E. Failing to take corrective action with respect to any employee or
27 independent contractor whom defendants determine is not complying with this
28

1 Order, which may include training, disciplining, or terminating any such employee
2 or independent contractor.

3 4 IV. SUSPENDED MONETARY JUDGMENT

5 IT IS FURTHER ORDERED that:

6 A. Judgment, in the form of equitable monetary relief, is hereby entered
7 against defendants Jeffrey Dean Duncan, Kathy Clinkenbeard, DFF, and COPS,
8 jointly and severally, in the amount of THIRTEEN MILLION, ONE HUNDRED
9 FORTY THOUSAND, FIVE HUNDRED THIRTY-EIGHT DOLLARS
10 (\$13,140,538); *provided, however*, that this judgment shall be suspended subject to
11 the conditions set forth in the Section of this Order titled "Right to Reopen;"

12 B. Judgment, in the form of equitable monetary relief, is hereby entered
13 against defendants William Rose, Kathy Clinkenbeard, and AVRF, jointly and
14 severally, in the amount of SIX MILLION, EIGHT HUNDRED FOUR DOLLARS
15 (\$6,000,804); *provided, however*, that this judgment shall be suspended subject to
16 the conditions set forth in the Section of this Order titled "Right to Reopen;"

17 C. All funds paid pursuant to this Order shall be deposited into a fund
18 administered by the Commission or its agent to be used for equitable relief,
19 including, but not limited to, consumer redress, and any attendant expenses for the
20 administration of such equitable relief fund. Defendants shall cooperate fully to
21 assist the Commission in identifying consumers who may be entitled to redress
22 pursuant to this Order. If the Commission determines, in its sole discretion, that
23 redress to consumers is wholly or partially impracticable or funds remain after
24 redress is completed, the Commission may apply any remaining funds for such
25 other equitable relief (including consumer education remedies) as it determines to
26 be reasonably related to defendants' practices alleged in the Complaint. Any funds
27 not used for such equitable relief shall be deposited to the United States Treasury
28 as disgorgement. Defendants shall have no right to challenge the Commission's

1 choice of remedies under this Section, and shall have no right to contest the
2 manner of distribution chosen by the Commission. This judgment for equitable
3 monetary relief is solely remedial in nature and is not a fine, penalty, punitive
4 assessment, or forfeiture;

5 D. In the event of any default on defendants' obligation to make payment
6 under this Section, interest, computed pursuant to 28 U.S.C. § 1961, as amended,
7 shall accrue from the date of default to the date of payment, and shall immediately
8 become due and payable;

9 E. Defendants relinquish all dominion, control, and title to the funds paid
10 to the fullest extent permitted by law. Defendants shall make no claim to or
11 demand return of the funds, directly or indirectly, through counsel or otherwise;

12 F. Defendants agree that the facts as alleged in the Complaint filed in
13 this action shall be taken as true without further proof in any bankruptcy case or
14 subsequent civil litigation pursued by the Commission to enforce its rights to any
15 payment or money judgment pursuant to this Order, including, but not limited to, a
16 nondischargeability complaint in any bankruptcy case. Defendants further
17 stipulate and agree that the facts alleged in the Complaint establish all elements
18 necessary to sustain an action pursuant to, and that this Order shall have collateral
19 estoppel effect for purposes of, Section 523(a)(2)(A) of the Bankruptcy Code, 11
20 U.S.C. § 523(a)(2)(A);

21 G. In accordance with 31 U.S.C. § 7701, defendants are hereby required,
22 unless they already have done so, to furnish to the Commission with taxpayer
23 identifying numbers (social security numbers or employer identification numbers),
24 which shall be used for purposes of collecting and reporting on any delinquent
25 amount arising out of their relationship with the government. Defendants Duncan,
26 Clinkenbeard, and Rose are further required, unless they already have done so, to
27 provide the Commission with clear, legible and full-size photocopies of all valid
28

1 driver's licenses they possess, which will be used for reporting and compliance
2 purposes; and

3 H. Proceedings instituted under this Section are in addition to, and not in
4 lieu of, any other civil or criminal remedies that may be provided by law, including
5 any other proceedings the Commission may initiate to enforce this Order.
6

7 V. RIGHT TO REOPEN

8 A. IT IS FURTHER ORDERED that, by agreeing to this Order,
9 defendants reaffirm and attest to the truthfulness, accuracy, and completeness of
10 the Financial Disclosure Forms and related materials transmitted to the FTC on
11 April 22, 2009(defendant Clinkenbeard) and April 24, 2009 (defendants Rose and
12 Duncan). Plaintiff's agreement to this Order is expressly premised upon the
13 truthfulness, accuracy, and completeness of defendants' representations regarding
14 their financial condition in the Financial Disclosure Forms referenced above,
15 which contain material information upon which plaintiff relied in negotiating and
16 agreeing to the terms of this Order.

17 B. If, upon motion by the Commission, this Court finds that any
18 defendant failed to disclose any material asset or source of income, or materially
19 misrepresented the value of any asset or source of income, or made any other
20 material misrepresentation in or omission from the Financial Disclosure Forms and
21 related materials, the Court shall enter judgment against that defendant, in favor of
22 the Commission, in the amount as set forth in Subsections A and B of the Section
23 titled "Suspended Monetary Judgment," and the entire amount of the judgment
24 shall become immediately due and payable.

25 C. In all other respects, this Order shall remain in full force and effect
26 unless otherwise ordered by the Court.

27 D. Proceedings instituted under this Section are in addition to, and not in
28 lieu of, any other civil or criminal remedies as may be provided by law, including

1 any other proceedings the Commission may initiate to enforce this Order. For
2 purposes of this Section, the defendants waive any right to contest any of the
3 allegations in the Commission's Complaint.
4

5 VI. CUSTOMER LISTS

6 IT IS FURTHER ORDERED that defendants are permanently restrained and
7 enjoined from selling, renting leasing, transferring, or otherwise disclosing the
8 name, address, telephone number, credit card number, bank account number,
9 e-mail address, or other identifying information of any person who paid money to
10 any of the defendants at any time prior to the entry of this Order, in connection
11 with fundraising. Provided, however, that defendants may disclose such
12 identifying information to a law enforcement agency or as required by any law,
13 regulation, or court order.
14

15 VII. COMPLIANCE MONITORING

16 IT IS FURTHER ORDERED that, for the purpose of (i) monitoring and
17 investigating compliance with any provision of this Order and (ii) investigating the
18 accuracy of any defendant's financial statements upon which the Commission's
19 agreement to this Order is expressly premised:

20 A. Within ten (10) days of receipt of written notice from a representative
21 of the Commission, defendants shall submit additional written reports, which are
22 true and accurate and sworn to under penalty of perjury; produce documents for
23 inspection and copying; appear for deposition; and provide entry during normal
24 business hours to any business location in any defendant's possession or direct or
25 indirect control to inspect the business or other entity's operation;

26 B. In addition, the Commission is authorized to use all other lawful
27 means, including but not limited to:
28

1 defendant is affiliated with, employed by, creates or forms, or performs services
2 for; a detailed description of the nature of the business or other entity; and a
3 detailed description of such defendant's duties and responsibilities in connection
4 with the business or other entity or employment; and

5 c. Any changes in such defendant's name or use of any
6 aliases or fictitious names;

7 2. Defendants shall notify the Commission of any changes in
8 structure of any corporate defendant or any business or other entity that any
9 defendant directly or indirectly controls, or has an ownership interest in, that may
10 affect compliance obligations arising under this Order, including but not limited to:
11 incorporation or other organization; a dissolution, assignment, sale, merger, or
12 other action; the creation or dissolution of a subsidiary, parent, or affiliate that
13 engages in any acts or practices subject to this Order; or a change in the corporate
14 entity's name or address, at least thirty (30) days prior to such change, *provided*
15 that, with respect to any proposed change in the corporate entity about which a
16 defendant learns less than thirty (30) days prior to the date such action is to take
17 place, such defendant shall notify the Commission as soon as is practicable after
18 obtaining such knowledge.

19 B. One hundred eighty (180) days after the date of entry of this Order
20 and annually thereafter for a period of three (3) years, defendants each shall
21 provide a written report to the FTC, which is true and accurate and sworn to under
22 penalty of perjury, setting forth in detail the manner and form in which they have
23 complied and are complying with this Order. This report shall include, but not be
24 limited to:

25 1. For each individual defendant:

26 a. Such defendant's then-current residence address, mailing
27 addresses, and telephone numbers;

1 b. Such defendant's then-current employment status
2 (including self-employment), including the name, addresses, and telephone
3 numbers of each business or other entity that such defendant is affiliated with,
4 employed by, or performs services for; a detailed description of the nature of the
5 business or other entity; and a detailed description of such defendant's duties and
6 responsibilities in connection with the business or other entity or employment; and

7 c. Any other changes required to be reported under
8 Subsection A of this Section.

9 2. For all defendants:

10 a. A copy of each acknowledgment of receipt of this Order,
11 obtained by defendant pursuant to the Section titled "Distribution of Order;" and

12 b. Any other changes required to be reported under
13 Subsection A of this Section.

14 C. Each defendant shall notify the Commission of the filing of a
15 bankruptcy petition by such defendant within fifteen (15) days of filing.

16 D. For the purposes of this Order, defendants shall, unless otherwise
17 directed by the Commission's authorized representatives, send by overnight
18 courier all reports and notifications required by this Order to the Commission, to
19 the following address:

20 Associate Director for Enforcement
21 Federal Trade Commission
22 600 Pennsylvania Avenue, N.W., Room NJ-2122
 Washington, D.C. 20580
 RE: *FTC v. Duncan, et al*

23 *Provided* that, in lieu of overnight courier, defendants may send such reports or
24 notifications by first-class mail, but only if defendants contemporaneously send an
25 electronic version of such report or notification to the Commission at:

26 DEBrief@ftc.gov.

1 E. For purposes of the compliance reporting and monitoring required by
2 this Order, the Commission is authorized to communicate directly with each
3 defendant.
4

5 IX. RECORD KEEPING PROVISIONS

6 IT IS FURTHER ORDERED that, for a period of six (6) years from the date
7 of entry of this Order, defendants, in connection with fundraising or telemarketing,
8 and their agents, employees, officers, corporations, and those persons in active
9 concert or participation with them who receive actual notice of this Order by
10 personal service or otherwise, are hereby restrained and enjoined from failing to
11 create and retain the following records:

12 A. Accounting records that reflect the cost of good or services sold,
13 revenues generated, and the disbursement of such revenues;

14 B. Personnel records accurately reflecting: the name, address, and
15 telephone number of each person employed in any capacity by any business or
16 other entity, including as an independent contractor; that person's job title or
17 position; the date upon which the person commenced work; and the date and
18 reason for the person's termination, if applicable;

19 C. Records accurately reflecting the names, addresses, and phone
20 numbers of each donor solicited by or on behalf of defendants, amounts paid, and
21 description of donations made, to the extent such information is obtained in the
22 ordinary course of business;

23 D. Complaints and refund requests (whether received directly, indirectly,
24 or through any third party) and any responses to those complaints or requests;

25 E. Copies of all telephone solicitation scripts, other solicitation materials,
26 and websites;
27
28

1 F. Records accurately reflecting the name, address, and telephone
2 number of each person that any defendant is "assisting" as that term is defined and
3 any contracts or other documents memorializing the relationship; and

4 G. All records and documents necessary to demonstrate full compliance
5 with each provision of this Order, including but not limited to, copies of
6 acknowledgments of receipt of this Order required by the Sections titled
7 "Distribution of Order" and "Acknowledgment of Receipt of Order" and all reports
8 submitted to the FTC pursuant to the Section titled "Compliance Reporting."

9 10 X. DISTRIBUTION OF ORDER

11 IT IS FURTHER ORDERED that, for a period of three (3) years from the
12 date of entry of this Order, defendants shall deliver copies of the Order as directed
13 below:

14 A. Corporate defendants: Each corporate defendant must deliver a copy
15 of this Order to (1) all of its principals, officers, directors, and managers; (2) all of
16 its employees, agents, fundraisers, and representatives who engage in conduct
17 related to the subject matter of the Order; and (3) any corporate entity resulting
18 from any change in structure set forth in Subsection A.2 of the Section titled
19 "Compliance Reporting." For current personnel, delivery shall be within five (5)
20 days of service of this Order upon such defendant. For new personnel, delivery
21 shall occur prior to them assuming their responsibilities. For any corporate entity
22 resulting from any change in structure set forth in Subsection A.2 of the Section
23 titled "Compliance Reporting," delivery shall be at least ten (10) days prior to the
24 change in structure.

25 B. Individual defendant as control person: For any business or other
26 entity that an individual defendant controls, directly or indirectly, or in which such
27 defendant has a majority ownership interest, such defendant must deliver a copy of
28 this Order to (1) all principals, officers, directors, and managers of that business or

1 other entity; (2) all employees, agents, and representatives of that business or other
2 entity who engage in conduct related to the subject matter of the Order; and (3) any
3 corporate entity resulting from any change in structure set forth in Subsection A.2
4 of the Section titled "Compliance Reporting." For current personnel, delivery shall
5 be within five (5) days of service of this Order upon such defendant. For new
6 personnel, delivery shall occur prior to them assuming responsibilities. For any
7 corporate entity resulting from any change in structure set forth in Subsection A.2
8 of the Section titled "Compliance Reporting," delivery shall be at least ten (10)
9 days prior to the change in structure.

10 C. Individual defendant as employee or non-control person: For any
11 business or other entity where an individual defendant is not a controlling person
12 of the business or other entity but otherwise engages in conduct related to the
13 subject matter of this Order, such defendant must deliver a copy of this Order to all
14 principals and managers of such business or other entity before engaging in such
15 conduct.

16 D. Defendants must secure a signed and dated statement acknowledging
17 receipt of the Order, within thirty (30) days of delivery, from all persons receiving
18 a copy of the Order pursuant to this Section.

19 20 **XI. ACKNOWLEDGMENT OF RECEIPT OF ORDER**

21 IT IS FURTHER ORDERED that, within five (5) business days after receipt
22 of this Order as entered by the Court, each defendant shall submit to the
23 Commission a truthful sworn statement acknowledging receipt of this Order.

24 25 **XII. RETENTION OF JURISDICTION**

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

XIII. ENTRY OF THIS JUDGMENT

IT IS FURTHER ORDERED that, as there is no reason for delay, the Clerk of this Court is hereby directed to enter this Order.

IT IS SO ORDERED.

SO STIPULATED:

Dated: 5/18, 2009

FEDERAL TRADE COMMISSION DEFENDANTS

Jennifer M. Brennan
Jennifer M. Brennan
Attorney for Plaintiff Federal Trade
Commission

Tracy S. Thorleifson
Tracy S. Thorleifson
David M. Horn
Miry Kim
Attorneys for Plaintiff
Federal Trade Commission

[Signature]
American Veterans Relief Foundation,
Inc.

[Signature]
Coalition of Police and Sheriffs, Inc.

[Signature]
Disabled Firefighters Fund

[Signature]
Jeffrey Dean Duncan, individually and
as a Director of Coalition of Police and
Sheriffs, Inc. and Disabled Firefighters
Fund

[Signature]
Kathy Chalkenbeard, individually

[Signature]
William Rose, individually and as a
Director of American Veterans Relief
Foundation, Inc.

[Signature]
Robert C. Moest
Attorney for Defendants