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9 Attorneys for Plaintiff
10 FEDERAL TRADE COMMISSION

11 **UNITED STATES DISTRICT COURT**
12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
13 **WESTERN DIVISION**

14 FEDERAL TRADE COMMISSION,)
15 Plaintiff,) No. 2:02 CV 4569 MMM(AJWx)
16 v.)
17 HEALTHCARE CLAIMS NETWORK, INC.,) **STIPULATED FINAL JUDGMENT AND**
a California corporation, doing) **ORDER FOR PERMANENT INJUNCTION**
18 business as MED DATA SOLUTIONS and) **AND OTHER EQUITABLE RELIEF**
SOUTHERN CALIFORNIA BILLING) **AS TO DEFENDANTS HEALTHCARE**
19 SERVICES,) **CLAIMS NETWORK, INC. AND**
20 STANFORD MILLER, individually and) **CHARLES G. LLOYD**
doing business as MEDICAL CLAIMS)
21 NETWORK,)
22 CHARLES G. LLOYD, individually and)
doing business as MED DATA)
23 SOLUTIONS, and as an officer of)
HEALTHCARE CLAIMS NETWORK, INC.,)
24 a California corporation, and)
25 ANNE MILLER, individually and)
doing business as MED DATA)
26 SOLUTIONS, and as an officer of)
HEALTHCARE CLAIMS NETWORK, INC.,)
27 a California corporation,)
28 Defendants.)

1 Plaintiff, the Federal Trade Commission ("Commission"),
2 commenced this action on June 11, 2002 by filing its Complaint for
3 Injunctive and Other Equitable Relief pursuant to Section 13(b) of
4 the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b),
5 charging that Defendants Charles G. Lloyd, Anne Miller, and
6 Healthcare Claims Network, Inc., d/b/a Med Data Solutions, Southern
7 California Billing Services, Medical Claims Network, and Probillers,
8 were engaged in deceptive acts or practices in violation of Section
9 5 of the FTC Act, 15 U.S.C. § 45, in connection with the advertising,
10 telemarketing, offering for sale, and sale of work-at-home medical
11 billing employment opportunities. The Commission amended its
12 complaint on February 24, 2003 to name Stanford Miller, individually
13 and doing business as Medical Claims Network, as a defendant, and to
14 remove Medical Claims Network and Probillers as d/b/a's for defendant
15 Healthcare Claims Network, Inc. ("Amended Complaint").

16 The Commission and Defendants Healthcare Claims Network, Inc.
17 and Charles G. Lloyd ("Defendants" as defined in this Order), hereby
18 stipulate to entry of this Stipulated Final Judgment and Order for
19 Permanent Injunction and Other Equitable Relief as to Defendants
20 Healthcare Claims Network, Inc. and Charles G. Lloyd ("Order").

21 **NOW THEREFORE,** the Commission and Defendants having requested
22 the Court to enter this Order,

23 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

24 **FINDINGS**

25 1. This is an action by the Commission instituted under
26 Sections 5 and 13(b) of the FTC Act, 15 U.S.C. §§ 45 and 53(b).
27 The Amended Complaint seeks permanent injunctive relief against
28 Defendants in connection with the advertising, offering for sale,

1 and sale of work-at-home medical billing employment opportunities,
2 and equitable monetary relief in the form of consumer redress
3 and/or disgorgement.

4 2. This Court has jurisdiction over the subject matter of
5 this action and the parties.

6 3. Venue is proper as to all parties in the Central District
7 of California.

8 4. The Commission's Amended Complaint states claims upon
9 which relief may be granted against Defendants under Sections 5(a)
10 and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 53(b).

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

13 6. The activities of Defendants, as alleged in the Amended
14 Complaint, are in or affecting commerce, as defined in Section 4 of
15 the FTC Act, 15 U.S.C. § 44.

16 7. Defendants have entered into this Order freely and
17 without coercion. Defendants further acknowledge that they have
18 read the provisions of this Order and are prepared to abide by
19 them.

20 8. The Commission and Defendants stipulate and agree to this
21 Order, without trial or final adjudication of any issue of fact or
22 law, to settle and resolve all matters in dispute between them
23 arising from the Amended Complaint up to the date of entry of this
24 Order.

25 9. Defendants waive all rights to seek judicial review or
26 otherwise challenge or contest the validity of this Order.
27 Defendants further waive and release any claim that any of them may
28 have against the Federal Trade Commission, its employees, agents or

1 representatives, or against the Receiver, Robb Evans, or his
2 employees, agents or representatives, or against the assets of the
3 receivership estate.

4 10. Defendants have agreed that this Order does not entitle
5 Defendants to seek or to obtain attorneys' fees as a prevailing
6 party under the Equal Access to Justice Act, 28 U.S.C. § 2412, as
7 amended, and Defendants further waive any claim that any of them
8 may have under said provision of law. Each settling party shall
9 bear its own costs and attorneys' fees.

10 11. This Order is in addition to, and not in lieu of, any
11 other civil or criminal remedies that may be provided by law.

12 12. Entry of this Order is in the public interest.

13 13. Pursuant to Federal Rule of Civil Procedure 65(d) the
14 provisions of this Order are binding upon Defendants, their
15 officers, agents, servants, employees, corporations, successors and
16 assigns, and upon those persons or entities in active concert or
17 participation with them who receive actual notice of this Order by
18 personal service or otherwise.

19 **DEFINITIONS**
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1 2. "Assisting others" means providing any of the following
2 goods or services to any person or entity: (a) formulating or
3 providing, or arranging for the formulation or provision of, any
4 good or service related to Medical Billing or any Work-At-Home
5 Opportunity; (b) formulating or providing, or arranging for the
6 formulation or provision of, any telephone sales script or any
7 other marketing material; (c) hiring, recruiting, or training
8 personnel; (d) advising or consulting others on the commencement or
9 management of a business venture; (e) providing names of, or
10 assisting in the generation of, potential customers; (f) performing
11 customer service functions, including but not limited to, receiving
12 or responding to consumer complaints; (g) performing marketing or
13 telemarketing services of any kind; or (h) acting as an officer or
14 director of a business entity.

15 3. "Customer" means any person who is or may be required to
16 pay for goods or services offered through telemarketing.

17 4. "Defendants" means (1) Charles G. Lloyd, individually, as
18 an officer of Healthcare Claims Network, Inc., and doing business
19 as Med Data Solutions; and (2) Healthcare Claims Network, Inc.,
20 doing business as Med Data Solutions and Southern California
21 Billing Services, and all of them, by whatever names each might be
22 known, whether acting directly or through any person, corporation,
23 affiliate, division, agent, employee, consultant, independent
24 contractor or other device.

25 5. "Document" is synonymous in meaning and equal in scope to
26 the usage of the term in Federal Rule of Civil Procedure 34(a), and
27 includes writings, drawings, graphs, charts, photographs, audio and
28 video recordings, electronic mail ("e-mail"), computer records, and

1 **I. BAN ON CERTAIN ACTIVITIES**

2 **IT IS ORDERED** that Defendants, whether directly or indirectly,
3 or through any corporation, business entity, or person under their
4 control, are hereby permanently restrained and enjoined from
5 engaging, participating, or assisting others in the advertising,
6 promoting, telemarketing, offering for sale, or sale of any Medical
7 Billing Work-At-Home Opportunity. Nothing in this Order shall be
8 read as an exception to this Section.

9 **II. PROHIBITED BUSINESS ACTIVITIES**

10 **IT IS FURTHER ORDERED** that, in connection with the
11 advertising, promotion, offering for sale, sale or distribution of
12 any item, product, good, service, business opportunity, employment
13 opportunity, or Work-At-Home Opportunity, Defendants and their
14 officers, agents, servants, employees, successors and assigns, and
15 any other person or entity through which any of them does business,
16 and any other person or entity in active concert or participation
17 with them who receives actual notice of this Order by personal
18 service or otherwise, are hereby permanently restrained and
19 enjoined from:

20 A. Misrepresenting, expressly or by implication, that they
21 have job openings or work-at-home positions to fill;

22 B. Misrepresenting, expressly or by implication, that work-
23 at-home positions are available in particular geographic areas;

24 C. Misrepresenting, expressly or by implication, that they
25 will furnish consumers with clients or the names and addresses of
26 doctors who are likely to use consumers to process medical claims
27 from home;

28 D. Misrepresenting, expressly or by implication, that they

1 have established relationships with doctors or any other potential
2 employers;

3 E. Misrepresenting, expressly or by implication, that
4 consumers are likely to earn a specific level of earnings
5 processing medical claims;

6 F. Misrepresenting, expressly or by implication, the wage or
7 salary for any job or work-at-home position;

8 G. Misrepresenting, expressly or by implication, that
9 consumers can readily obtain refunds upon request;

10 H. Misrepresenting, expressly or by implication, the terms
11 and conditions of any refund or guarantee policy;

12 I. Failing to disclose in a clear and conspicuous manner,
13 prior to charging a consumer for any good or service, all material
14 terms, conditions, and limitations of any refund or guarantee
15 policy, or any policy of non-refundability;

16 J. Misrepresenting, expressly or by implication, any
17 material fact regarding any item, product, good, or service sold or
18 offered for sale;

19 K. Violating the Telemarketing Sales Rule ("TSR"), 16 C.F.R.
20 Part 310, including any amendments thereto; and

21 L. Assisting others who violate any provision of Subsections
22 A-K of this Section II.

23 **III. PROHIBITIONS REGARDING CONSUMER INFORMATION**

24 **IT IS FURTHER ORDERED** that Defendants and their officers,
25 agents, servants, employees, corporations, successors and assigns,
26 and any other person or entity through which any of them does
27 business, and any other person or entity in active concert or
28 participation with them who receives actual notice of this Order by

1 nature, existence or value of any asset;

2 B. Defendant Charles G. Lloyd is liable for payment of
3 equitable monetary relief in the amount of ten thousand dollars
4 (\$10,000.00), which shall be transferred to an escrow account
5 maintained by David P. Christianson, Esq. before the entry of this
6 Order. Within seven (7) days after entry of this Order, David P.
7 Christianson, Esq. shall transfer the ten thousand dollars
8 (\$10,000) to the Commission by wire transfer, cashier's check, or
9 certified check, as directed by the Commission. The monetary
10 relief ordered herein does not constitute full compensation for the
11 monetary harm alleged in the Amended Complaint in this action, and
12 is not accepted as such;

13 C. Any and all funds paid pursuant to Subsections A or B of
14 this Section IV and/or Subsection A of Section V of this Order
15 shall be deposited into a fund administered by the Commission or
16 its agent to be used for equitable relief, including but not
17 limited to consumer redress and any attendant expenses for the
18 administration of any redress fund. In the event that direct
19 redress to consumers is wholly or partially impracticable or funds
20 remain after redress is completed, the Commission may apply any
21 remaining funds for such other equitable relief (including consumer
22 information remedies) as it determines to be reasonably related to
23 the Defendants' practices alleged in the Amended Complaint. Any
24 funds not used for such equitable relief shall be deposited to the
25 Treasury as disgorgement. Defendants shall have no right to
26 challenge the Commission's choice of remedies under this
27 Subsection;

28 D. Defendants are hereby required, in accordance with 31

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1 Appendices A and B hereto, that shall acknowledge receipt of this
2 Order and shall reaffirm and attest to the truthfulness, accuracy
3 and completeness of the financial statements submitted to the
4 Commission by Defendants, including that of Charles G. Lloyd dated
5 May 28, 2003.

6 The Commission's agreement to this Order is expressly premised
7 on the truthfulness, accuracy and completeness of such financial
8 statements. If, upon motion by the Commission, the Court finds
9 that any such financial statement contains any material
10 misrepresentation or omission, the suspended judgment entered in
11 Subsection A of Section IV of this Order shall become immediately
12 due and payable by Defendants, and interest computed at the rate
13 prescribed under 28 U.S.C. § 1961, as amended, shall immediately
14 begin to accrue on the unpaid balance; *provided, however,* that in
15 all other respects this Order shall remain in full force and effect
16 unless otherwise ordered by the Court; and, *provided further,* that
17 proceedings instituted under this provision would be in addition
18 to, and not in lieu of, any other civil or criminal remedies as may
19 be provided by law, including but not limited to contempt
20 proceedings, or any other proceedings that the Commission or the

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1 additional written reports, sworn to under penalty of perjury;
2 produce documents for inspection and copying; appear for
3 deposition; and/or provide entry during normal business hours to
4 any business location in such Defendant's possession or direct or
5 indirect control to inspect the business operation;

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

9 1. obtaining discovery from any person, without further
10 leave of Court, using the procedures prescribed by Fed. R. Civ. P.
11 30, 31, 33, 34, 36, and 45; and

12 2. posing as consumers and suppliers to Defendants,
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1 **IX. COMPLIANCE REPORTING BY DEFENDANTS**

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

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

6 1. Each Defendant shall notify the Commission of the
7 following:

8 (a) Any changes in Defendant's residence, mailing
9 addresses, and telephone numbers, within ten (10) days of the date
10 of such change;

11 (b) Any changes in Defendant's employment status
12 (including self-employment) within ten (10) days of the date of
13 such change. Such notice shall include the name and address of
14 each business that Defendant is affiliated with, employed by, or
15 performs services for; a statement of the nature of the business;
16 and a statement of Defendant's duties and responsibilities in
17 connection with the business; and

18 (c) Any changes in Defendant's name or use of any
19 aliases or fictitious names; and

20 2. Defendants shall notify the Commission of any
21 changes in corporate structure that may affect compliance
22 obligations arising under this Order, including but not limited to
23 a dissolution, assignment, sale, merger, or other action that would
24 result in the emergence of a successor corporation; the creation or
25 dissolution of a subsidiary, parent, or affiliate that engages in
26 any acts or practices subject to this Order; the filing of a
27 bankruptcy petition; or a change in the corporate name or address,
28 at least thirty (30) days prior to such change, *provided* that, with

1 respect to any proposed change in the corporation about which
2 Defendant learns less than thirty (30) days prior to the date such
3 action is to take place, Defendant shall notify the Commission as
4 soon as is practicable after obtaining such knowledge;

5 B. One hundred eighty (180) calendar days after the date of
6 entry of this Order, each Defendant shall submit a written report
7 to the Commission, sworn to under penalty of perjury, setting forth
8 in detail the manner and form in which they have complied and are
9 complying with this Order. This report shall include but not be
10 limited to:

11 1. Any changes required to be reported pursuant to
12 Subsection A above; and

13 2. A copy of each acknowledgment of receipt of this
14 Order obtained by Defendant pursuant to Section XI of this Order;

15 C. For the purposes of this Order, Defendants shall, unless
16 otherwise directed by the Commission's authorized representatives,
17 mail all written notifications to the Commission to:

18 Regional Director
19 Federal Trade Commission
20 55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
Re: FTC v. Healthcare Claims Network, Inc., *et al.*

21 D. For purposes of the compliance reporting required by this
22 Section, the Commission is authorized to communicate directly with
23 Defendants.

24 X. RECORD KEEPING PROVISIONS

25 IT IS FURTHER ORDERED that, for a period of eight (8) years
26 from the date of entry of this Order, in connection with any
27 business where any Defendant is the majority owner of the business
28 or directly or indirectly manages or controls the business,

1 Defendants and their agents, employees, officers, corporations,
2 successors, and assigns, and those persons in active concert or
3 participation with them who receive actual notice of this Order by
4 personal service or otherwise, are hereby restrained and enjoined
5 from failing to create and retain the following records:

6 A. Accounting records that reflect the cost of goods or
7 services sold, revenues generated, and the disbursement of such
8 revenues;

9 B. Personnel records accurately reflecting: the name,
10 address, and telephone number of each person employed in any
11 capacity by such business, including as an independent contractor;
12 that person's job title or position; the date upon which the person
13 commenced work; and the date and reason for the person's
14 termination, if applicable;

15 C. Customer files containing the names, addresses, phone
16 numbers, dollar amounts paid, quantity of items or services
17 purchased, and description of items or services purchased, to the
18 extent such information is obtained in the ordinary course of
19 business;

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

23 E. Copies of all sales scripts, training materials,
24 advertisements, or other marketing materials.

25 **XI. DISTRIBUTION OF ORDER BY DEFENDANTS**

26 **IT IS FURTHER ORDERED** that, for a period of five (5) years
27 from the date of entry of this Order, Defendants shall deliver a
28 copy of this Order to all principals, officers, directors,

1 managers, and employees under Defendants' control for any business
2 that (1) employs or contracts for personal services from Defendant
3 and (2) has responsibilities with respect to the subject matter of
4 this Order. Defendants shall secure from each such person a signed
5 and dated statement acknowledging receipt of the Order within
6 thirty (30) days after the date of service of the Order or the
7 commencement of the employment relationship.

8 **Marg**

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1 Claims Network, Inc., and Healthcare Claims Network, Inc., doing
2 business as Med Data Solutions and Southern California Billing
3 Services.

4

5 **SO STIPULATED:**

6

_____ Dated: _____.

7 KATHERINE ROMANO SCHNACK
8 FEDERAL TRADE COMMISSION
9 55 East Monroe Street, Suite 1860
10 Chicago, Illinois 60603
11 (312) 960-5634 [Ph.]
12 (312) 960-5600 [Fax]
13 Attorney for Plaintiff FEDERAL TRADE COMMISSION

11

_____ Dated: _____.

12 CHARLES G. LLOYD
13 DEFENDANT

13

_____ Dated: _____.

14 HEALTHCARE CLAIMS NETWORK, INC.
15 DEFENDANT

16 By: Charles G. Lloyd
17 President, CEO, and Owner

17 **APPROVED AS TO FORM:**

18

_____ Dated: _____.

19 DAVID P. CHRISTIANSON, ESQ.
20 19200 Von Karman Ave., Suite 600
21 Irvine, California 92612
22 (949) 622-5413
23 FAX (949) 622-5414
24 Attorney for Defendants CHARLES G. LLOYD and HEALTHCARE CLAIMS
25 NETWORK, INC.

23

24

25 **IT IS SO ORDERED.**

26

27 Dated: _____

27

Honorable Margaret M. Morrow
United States District Judge

28

1 Presented by:

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3 _____
Katherine Romano Schnack
FEDERAL TRADE COMMISSION
4 55 East Monroe Street, Suite 1860
Chicago, Illinois 60603
5 (312) 960-5634 [Ph.]
(312) 960-5600 [Fax]

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Attorney for Plaintiff
7 FEDERAL TRADE COMMISSION

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APPENDIX A

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 2:02 CV 4569 MMM (AJWx)

_____)
FEDERAL TRADE COMMISSION,)
)
Plaintiff,)
)
v.) **AFFIDAVIT OF**
)

1 _____ . A true and correct copy of the Order that I
2 received is appended to this Affidavit.

3 4. I reaffirm and attest to the truthfulness, accuracy and
4 completeness of the Financial Statement of Defendant Charles G.
5 Lloyd that I executed on or about _____ [date] _____, submitted to the
6 Federal Trade Commission.

7 I declare under penalty of perjury under the laws of the
8 United States that the foregoing is true and correct. Executed on
9 _____, at _____.
10 [Date] [City, State]

11 _____
12 Charles G. Lloyd

13 State of _____, City of _____

14 Subscribed and sworn to before me
15 this _____ day of _____.

16 _____
17 Notary Public
18 My Commission Expires:
19 _____

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APPENDIX B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 2:02 CV 4569 MMM (AJWx)

_____)	
FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	AFFIDAVIT OF DEFENDANT
)	HEALTHCARE CLAIMS NETWORK, INC.
HEALTHCARE CLAIMS NETWORK, INC.,)	
et al.,)	
)	
Defendants.)	
_____)	

Charles G. Lloyd, being duly sworn, hereby states and affirms as follows:

1. My name is Charles G. Lloyd. I am a citizen of the United States and am over the age of eighteen. I am the president, CEO, and 100 percent owner of Healthcare Claims Network, Inc., a California corporation, which is a defendant in the above-captioned civil action. I have personal knowledge of the facts set forth in this Affidavit.

2. My current business address is _____ . My current business telephone number is _____. My current residential address is _____. My current residential telephone number is _____.

3. On _____, I received a copy of the Stipulated Final Judgment and Order for Permanent Injunction and

1 Other Equitable Relief as to Defendants Healthcare Claims Network,
2 Inc. and Charles G. Lloyd ("Order"), which was signed by the
3 Honorable Margaret M. Morrow and entered by the Court on
4 _____. A true and correct copy of the Order that I
5 received is appended to this Affidavit.

6 I declare under penalty of perjury under the laws of the
7 United States that the foregoing is true and correct. Executed on
8 _____, at _____.
9 [Date] [City, State]

10 _____
11 Healthcare Claims Network, Inc., a
12 California corporation, by
13 Charles G. Lloyd,
14 President, CEO, and Owner

15 State of _____, City of _____

16 Subscribed and sworn to before me
17 this ____ day of _____.

18 _____
19 Notary Public
20 My Commission Expires:

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