

**UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

MISTY STAFFORD, individually and d/b/a

No. 3:CV 05-0215

and

WILLIAM R. STAFFORD, Individually,

Defendants.

**FINAL JUDGMENT UPON DEFAULT, INCLUDING PERMANENT
INJUNCTION, REDRESS, AND OTHER EQUITABLE RELIEF**

2. Defendants owned and operated National Home Assemblers ("NHA"), located in Bradford County, Pennsylvania. Beginning in 2002,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

consumer injury was at least four million four hundred forty-nine thousand two hundred twenty-nine dollars (\$4,449,229).

6. Through their attorney, Defendants waived personal service of the Summons and Complaint.

7. Defendants had actual knowledge of this action. Defendants

9. Defendants' activities, as alleged in the Complaint, are in or affecting commerce as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

10. On June 16, 2005, the Court entered an order of default against Defendants pursuant to Federal Rules of Civil Procedure 16 and 37 and to Local Rule 16, as a sanction for their failure to cooperate in this litigation. The Staffords have not contacted their attorney since before May 5, 2005; they have left the area without advising their attorney of where they were going or how they could be

represented. These defendants have attempted to settle this case but have not been successful.

the plaintiff requested to the court the FTC can state objection to it and it

PERMANENT INJUNCTION, REDRESS, AND OTHER EQUITABLE RELIEF
and related pleadings on or about June 28, 2005.

12. The factual allegations in the Commission's Complaint are taken as true against Defendants. Those allegations and the evidence supporting them

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13. Defendants are likely to continue to engage in the acts and practices

in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise.

18. This action is the “commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit’s police or regulatory power,” as set forth in 11 U.S.C. § 362(b)(4). Any bankruptcy petition,

19. Any bankruptcy petition, voluntary or involuntary, does not divest this Court of jurisdiction to enter this Judgment.

- B. Misrepresenting that the work required by the employment or business opportunity or relationship is simple and requires no special skills.

III.

**PROHIBITED ACTIVITIES OF DEFENDANT
WILLIAM R. STAFFORD**

IT IS FURTHER ORDERED that Defendant William R. Stafford is permanently restrained and enjoined from engaging or participating in, or assisting

others who are engaging or participating in, with or without compensation or remuneration of any kind, any solicitation of, or contracting with, persons for any at-home employment or business opportunity. This prohibition includes, but is not limited to, (i) initiating or receiving such solicitations or entering into such contracts; (ii) operating or managing any person who initiates or receives such solicitations or enters into such contracts; (iii) owning or serving as an officer or director of a person that initiates or receives such solicitations; or (iv) otherwise working as an employee or independent contractor with, or serving as a consultant to, a person that initiates or receives such solicitations or enters into such

opportunity” means a relationship in which an individual produces goods or provides services from his or her residence for any other person.

IV.

PROHIBITION ON TRANSFERRING BUSINESS INFORMATION

IT IS FURTHER ORDERED that Defendants, whether acting directly or through any corporation, partnership, sole proprietorship, limited liability company, subsidiary, division, or other device, and their successors, assigns,

~~partners, agents, and employees, and those persons or entities in active concert or~~



in connection with their activities doing business as National Home Assemblers; (2) to an accountant for purposes of preparing and filing required tax returns for calendar years 2004 and 2005; (3) to the FTC for purposes of administering the redress program described in Section V below: and (4) to a law enforcement

agency or as required by law, regulation, or court order.

V.

MONETARY RELIEF AND CONSUMER REDRESS

- A. **IT IS FURTHER ORDERED** that judgment is hereby entered against Defendants, Misty Stafford and William R. Stafford, jointly and severally, in favor of the FTC, for equitable monetary relief in the amount of four million four hundred forty-nine thousand two hundred twenty-nine dollars (\$4,449,229), the minimum consumer injury in this matter.
- B. In partial satisfaction of this judgment,
1. Except as otherwise provided in this Section, the Receiver appointed in the STIPULATED PRELIMINARY INJUNCTION WITH ASSET FREEZE, ACCOUNTING AND APPOINTMENT OF PERMANENT RECEIVER, as amended,

(Stipulated Preliminary Injunction) entered February 14, 2005,
shall take possession of all property of Defendants.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

forty-nine thousand two hundred twenty-nine dollars (\$4,449,229) monetary relief, plus interest and allowable costs, fees, and other litigation expenses ("Sum Awarded Plaintiff"), plus the costs of liquidating and administering the Receivership Defendant (including the Receiver's fees and expenses allowed by the Court). This provision, however, shall not be interpreted to prevent the Receiver from liquidating all property of the Receivership Defendant.

4. Within ten (10) days after the liquidation in subsection 3 above

and after the Court has set the costs of the Receivership Defendant, the Receiver shall transfer to the Commission sufficient funds to pay the Sum Awarded Plaintiff; **PROVIDED, HOWEVER,** that if the property of the Receivership Defendant is insufficient to pay all of the Sum Awarded Plaintiff, the Receiver shall deliver to the Commission all property of the Receivership Defendant remaining after payment of the costs of the Receivership Defendant.

5. Any property of the Receivership Defendant remaining after payment of the Sum Awarded Plaintiff and the costs of the Receivership Defendant shall be delivered to Defendants' attorney for delivery to Defendants.
6. Nothing in this Final Judgment shall preclude the Commission from collecting any deficiency of the Receivership Defendant through any lawful means.
7. The facts as alleged in the complaint filed in this action shall be taken as true, without further proof, in any subsequent litigation filed by the Commission to collect any unpaid amount or otherwise enforce its rights pursuant to this Order

including a nondischargeability action filed by or on behalf of the Commission in any bankruptcy case.

- C. All funds paid pursuant to this Order shall be deposited into a fund administered by the Commission or, in the Commission's sole discretion, by its agent, to be used for equitable relief, including but not limited to consumer redress, and any attendant expenses for the administration of such equitable relief. In the event that direct redress to consumers is wholly or partially impracticable or funds remain

after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to defendants' practices alleged in the Complaint. Any funds not used for such

... available public information disseminated to the United States...

dissemination. Defendants shall have no right to challenge the

RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of ten (10) years from the date of entry of this Final Judgment, Defendants and their agents, employees, corporations, successors, and assigns, and those persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise, are hereby restrained and enjoined from failing to ~~create and retain the following records for any business in which Defendants~~

together or individually, hold 50% or more of the ownership interest or of which they are an officer, director, or general partner:

- A. Accounting records that reflect the cost of goods or services sold,

description of items or services purchased, to the extent such information is obtained in the ordinary course of business;

D. *Complaints and refund requests (whether received directly, indirectly,*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1. Defendants, individually and separately, shall notify the Commission of the following:
 - a. Any changes in his or her residence, mailing address(es), or telephone number(s), within ten (10) days of the date of such change;
 - b. Any changes in his or her employment status (including self-employment status), and any change in his or her ownership of any business entity, within ten (10) days of such change. The notice shall include the name and address of each business that the Defendant is affiliated with, are employed by, creates, forms, or performs services for; a statement of the nature of the business; ~~and a statement of Defendant's duties and~~

responsibilities in connection with the business or employment; and
 - c. Any changes in Defendant's name or use of aliases or fictitious business names.
2. Defendants shall notify the Commission of any changes in business structure of any business entity that either Defendant

directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Order, including but not limited to dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of a bankruptcy petition; or a change in business name or address at least

thirty (30) days before such change, **PROVIDED,**

HOWEVER, that with respect to any proposed change in a business about which Defendants learn less than thirty (30)

days before the date such action is to take place, Defendants shall notify the Commission as soon as is practicable after obtaining such knowledge.

with this Final Judgment. This report shall include but not be limited

to:

1. Separately, for each defendant:

a. The then-current residence address, mailing addresses,

and telephone numbers of the Defendant:

b. The then-current employment and business addresses

and telephone numbers of the Defendant, a description of

the business activities of each employer or business, and

the title and responsibilities of the Defendant for each

Director, East Central Region
Federal Trade Commission
Eaton Center, Suite 200
1111 Superior Avenue
Cleveland, OH 44114

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- D. For purposes of the compliance reporting and monitoring required by this Final Judgment, the Commission is authorized to communicate directly with Defendants unless Defendants provide the FTC, in

[REDACTED]

[REDACTED]

through whom the FTC may communicate.

possession or direct or indirect control to inspect the business operation;

P. In addition, the Commission is authorized to monitor compliance with

[REDACTED]

this Final Judgment by all other lawful means, including but not limited to the following:

1. Obtaining discovery from any person, without further leave of Court, using the procedures set forth in Federal Rules of Civil Procedure 30, 31, 33, 34, 36, and 45;
2. Posing as consumers and suppliers to Defendants, their employees, or any entity managed or controlled in whole or in

of the FTC Act, 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things, testimony, or information relevant to unfair or deceptive acts or practices in or affecting commerce within the meaning of 15 U.S.C. § 45(a)(1).

X.

DISTRIBUTION OF JUDGMENT BY DEFENDANTS

IT IS FURTHER ORDERED that, for seven (7) years from the date of entry of this Judgment as directed below:

- A. Defendants as Control Persons: For any business that Defendants control, together or individually, directly or indirectly, or in which they have a majority ownership interest, together or individually, Defendants must deliver a copy of this Final Judgment to all principals, officers, directors, and managers of that business. Defendants must also deliver copies of this Final Judgment to all employees, agents, and representatives of that business who engage in conduct related to the subject matter of this Final Judgment. For current personnel, delivery shall be within five (5) days of service of this Final Judgment upon Defendants. For new personnel, delivery shall occur before they assume their responsibilities.

- B. Defendants as employees or non-control persons: For any business in which Defendants, together or jointly, are not controlling persons but otherwise engage in conduct related to the subject matter of this Judgment, Defendants must deliver a copy of this Final Judgment to all principals and managers of such business before engaging in such conduct.
- C. Defendants must secure a signed and dated statement acknowledging receipt of the Final Judgment, within thirty (30) days of delivery, from all persons receiving a copy of the Final Judgment pursuant to this Section.

XI.

INDEPENDENCE OF OBLIGATIONS

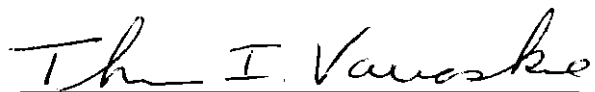
IT IS FURTHER ORDERED that the expiration of any requirement imposed by this Final Judgment shall not affect any other requirement created by this Final Judgment.

XII.

RETENTION OF JURISDICTION

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

ENTERED this 14th day of September, 2005.



THOMAS I. VANASKIE, Chief Judge
United States District Court
Middle District of Pennsylvania