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14 FEDERAL TRADE COMMISSION

15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA

17 _____) Case No. CV 13-06794 CAS (CWx)
18 FEDERAL TRADE COMMISSION,)
19)
20 Plaintiff,) [proposed] Stipulated Order for
21 v.) Permanent Injunction and Monetary
22) Judgment
23 APPLIED MARKETING SCIENCES,)
24 LLC, a Nevada limited liability)
25 company, et al.,)
26 Defendants.)
27)
28)

1 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”) filed its
2 Complaint For Permanent Injunction and Other Equitable Relief (“Complaint”),
3 pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15
4 U.S.C. § 53(b). The Commission and Defendants Applied Marketing Sciences,
5 LLC, Standard Registration Corporation, Worldwide Information Systems,
6 Incorporated, and Liam Moran (“Defendants”), stipulate to the entry of this
7 Stipulated Order for Permanent Injunction and Monetary Judgment (“Order”) to
8 resolve all matters in dispute in this action between them.
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12 THEREFORE, IT IS ORDERED as follows:

13 FINDINGS

- 14
- 15 1. This Court has jurisdiction over this matter.
 - 16 2. The Complaint charges that Defendants participated in deceptive acts or
17 practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, in the
18 advertising, marketing, promoting, offering for sale, or selling of
19 prize promotions.
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 - 21 3. Defendants neither admit nor deny any of the allegations in the
22 Complaint, except as specifically stated in this Order. Only for purposes of this
23 action, Defendants admit the facts necessary to establish jurisdiction.
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1 4. Defendants waive any claim that they may have under the Equal Access
2 to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through
3 the date of this Order, and agree to pay their own costs and attorney fees.
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5 5. Defendants waive all rights to appeal or otherwise challenge or contest
6 the validity of this Order.
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8 DEFINITIONS

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

10 1. "Corporate Defendants" means Applied Marketing Sciences; Standard
11 Registration Corporation, also d/b/a Consolidated Research Authority and CRA;
12 Worldwide Information Systems, Incorporated, also d/b/a Specific Monitoring
13 Service, SMS, Specific Reporting Services, SRS, Universal Information Services,
14 UIS, Compendium Sampler Services, CSS; and their successors and assigns,
15 as well as any subsidiaries, and any fictitious business entities or business names
16 created or used by these entities.
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20 2. "Defendants" means the Individual Defendant and the Corporate
21 Defendants, individually, collectively, or in any combination.
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23 3. "Individual Defendant" means Liam O. Moran, by whatever names he
24 may be known.
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26 4. "Prize Promotion" means: (1) a sweepstakes or other game of chance;
27 or (2) an oral or written express or implied representation that a person has won,
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1 has been selected to receive, or may be eligible to receive, or enter a contest to
2 receive, a prize or purported prize, whether in the form of money, merchandise, or
3 anything of value.
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5 I. BAN ON PRIZE PROMOTION

6 IT IS ORDERED that Defendants, whether acting directly or indirectly, are
7 permanently restrained and enjoined from advertising, marketing, promoting,
8 offering for sale, or selling, or assisting in the advertising, marketing, promoting,
9 offering for sale, or selling of any prize promotion.
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12 II. PROHIBITION AGAINST MISREPRESENTATIONS
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1 III. MONETARY JUDGMENT AND PARTIAL SUSPENSION

2 IT IS FURTHER ORDERED

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1 all documents necessary or appropriate for the transfer of the property to a new
2 buyer(s);

3 2. If, after nine (9) months from the date of the entry of this Order,
4 all interests in 204 Court Avenue have not been sold, Individual Defendant shall
5 immediately retain an auction company and direct it to sell all remaining interests
6 in the property at a public auction, provided that, Individual Defendant first obtains
7 from counsel for the FTC written approval of the auction company and of the
8 terms that Individual Defendant establishes for the auction, which approval shall
9 not be unreasonably withheld;
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11 3. Individual Defendant shall be responsible for timely
12 payment of all taxes, fees, association dues, and all other attendant expenses
13 related to the maintenance and ownership of 204 Court Avenue until such time as
14 the property is sold or auctioned. Individual Defendant further is required to
15 continue and to maintain in full force insurance coverage on the property;
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17 4. All net proceeds from the sale shall be retained by the seller.
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unreasonably withheld, shall be paid to the

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1 G. Defendants relinquish dominion and all legal and equitable right, title,
2 and interest in all assets transferred pursuant to this Order and may not seek the
3 return of any assets.
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5 H. The facts alleged in the Complaint will be taken as true, without further
6 proof, in any subsequent civil litigation by or on behalf of the Commission,
7 including in a proceeding to enforce its rights to any payment or monetary
8 judgment pursuant to this Order, such as a nondischargeability complaint in any
9 bankruptcy case.
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12 I. The facts alleged in the Complaint establish all elements necessary to
13 sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the
14 Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral
15 estoppel effect for such purposes.
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17 J. Defendants acknowledge that their Taxpayer Identification Numbers
18 (Social Security Number previously submitted, or Employer Identification
19 Numbers), which Defendants must submit to the Commission, may be used for
20 collecting and reporting on any delinquent taxes.
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1 administration of any redress fund. If a representative of the Commission decides
2 that direct redress to consumers is wholly or partially impracticable or money
3 remains after redress is completed, the Commission may apply any remaining
4 money for such other equitable relief (including consumer information remedies)
5 as it determines to be reasonably related to Defendants' practices alleged in the
6 Complaint. Any money not used for such equitable relief is to be deposited to the
7 U.S. Treasury as disgorgement. Defendants have no right to challenge any actions
8 the Commission or its representatives may take pursuant to this Subsection.
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12 L. The freeze on the assets of Defendants pursuant to Section II of the
13 Stipulated Preliminary Injunction entered in this action on September 30, 2013, is
14 modified to permit the payments and other transfers of assets identified in this
15 Section. Upon completion of
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1 A. failing to provide sufficient customer information to enable the
2 Commission to efficiently administer consumer redress. If a representative of the
3 Commission requests in writing any information related ~~does~~, Defendants
4 must provide it, in the form prescribed by the Commission, within 14 days;

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6 B. disclosing, using, or benefiting from customer information, including
7 the name, address, telephone number, email address, social security number, other
8 identifying information, or any data that enables access to a customer's account
9 (including a credit card, bank account, ~~or~~ other financial account), that any
10 Defendant obtained prior to entry of this ~~order~~, in connection with the advertising,
11 marketing, promoting, offering for sale, or selling of prize promotions;

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

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17 Provided, however, that customer information need not be disposed of, and
18 may be disclosed, to the extent requested by a government agency or required by
19 law, regulation, or court order.

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23 V. RECEIVERSHIP

24 IT IS FURTHER ORDERED that the appointment of Robb Evans & Robb
25 Evans and Associates, LLC, as Permanent Equity Receiver ("Receiver") for
26 Corporate Defendants and any of their subsidiaries, affiliates, divisions, or sales or
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customer service operations, and any other business entities or business names
created or used by these entities, with the power of an equity receiver-mentitiesei /CS0 C

1 information to the Receiver that the Receiver deems necessary to exercising the
2 authority and discharging the responsibilities of the Receiver under this Order.

3 VII. ORDER ACKNOWLEDGMENTS

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5 IT IS FURTHER ORDERED that Defendants obtain acknowledgments of
6 receipt of this Order:

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

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12 B. For 5 years after entry of this Order, Individual Defendant for any
13 business that he, individually or collectively with any other Defendant, is the
14 majority owner or controls directly or indirectly, and each Corporate Defendant,
15 must deliver a copy of this Order to: (1) principals, officers, directors, and LLC
16 managers and members; (2) all employees, agents, and representatives who
17 participate in conduct related to the subject matter of this Order; and (3) any
18 business entity resulting from any change in structure as set forth in the Section
19 titled Compliance Reporting. Delivery must occur within 7 days of entry of this
20 Order for current personnel. For all others, delivery must occur before they
21 assume their responsibilities.
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1 C. From each individual or entity to which a Defendant delivered a copy
2 of this Order, that Defendant must ~~not~~, within 30 days, a signed and dated
3 acknowledgment of receipt of this Order.
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5 VIII. COMPLIANCE REPORTING

6 IT IS FURTHER ORDERED that Defendants make timely submissions to
7 the Commission:
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9 A. One year after entry of the Order, each Defendant must submit a
10 compliance report, sworn under penalty of perjury.
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12 1. Each Defendant must: (a) identify the primary physical, postal,
13 and email addresses and telephone number, as designated points of contact, which
14 representatives of the Commission may use to communicate with Defendant; (b)
15 identify all of that Defendant's businesses by all of their names, telephone
16 numbers, and physical, postal, email, and Internet addresses; (c) describe the
17 activities of each business, including the goods and services offered, the means of
18 advertising, marketing, and sales, and the involvement of any other Defendant
19 (which Individual Defendant must describe if they know or should know due to
20 their own involvement); (d) describe in detail whether and how the Defendant is in
21 compliance with each Section of this Order; and (e) provide a copy of each Order
22 Acknowledgment obtained pursuant to this Order, unless previously submitted to
23 the Commission.
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1 2. Additionally, Individual Defendant must: (a) identify all
2 telephone numbers and all physical, postal and Internet addresses, including
3 all residences; (b) identify all business activities, including any business for which
4 he performs services whether as an employee or otherwise and any entity in which
5 he has any ownership interest; and (c) describe in detail his involvement in each
6 such business, including title, role, responsibilities, participation, authority, control,
7 and any ownership.
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10 B. For twenty (20) years after entry of this Order, each Defendant must
11 submit a compliance notice, sworn under penalty of perjury within 14 days of any
12 change in the following:
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14 1. Each Defendant must report any change in: (a) any designated
15 point of contact; or (b) the structure of any Corporate Defendant or any entity that
16 Defendant has any ownership interest in or controls directly or indirectly that may
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1 interest, and identify the name, physical address, and Internet address of the
2 business or entity.

3 C. Each Defendant must submit to the Commission notice of the filing of
4 any bankruptcy petition, insolvency proceeding, or any civil proceeding by or
5 against such Defendant within 14 days of its filing.
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7 D. Any submission to the Commission required by this Order to be
8 sworn under penalty of perjury must be true and accurate and comply with 28
9 U.S.C. § 1746, such as by concluding "I declare under penalty of perjury under
10 the laws of the United States of America that the foregoing is true and correct.
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12 Executed on: _____" and supplying the date, signatory's full name, title (if
13 applicable), and signature.
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15 E. Unless otherwise directed by a Commission representative in writing,
16 all submissions to the Commission pursuant to this Order must be emailed to
17 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:
18 Associate Director for Enforcement, Bureau of Consumer Protection, Federal
19 Trade Commission, 600 Pennsylvania Ave NW, Washington, DC 20580. The
20 subject line must begin "FTC v. Applied Marketing Sciences, LLC" and "FTC Matter No.
21 X130062."
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X. COMPLIANCE MONITORING

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2 IT IS FURTHER ORDERED that, for the purpose of monitoring
3 Defendants' compliance with this Order, including the financial representations
4 upon which part of the judgment was suspended and any failure to transfer any
5 assets as required by this Order:
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8 A. Within 14 days of receipt of written request from a representative of
9 the Commission, each Defendant must: submit additional compliance reports or
10 other requested information which must be sworn under penalty of perjury; appear
11 for depositions; and produce documents for inspection and copying. The
12 Commission is also authorized to obtain discovery, without further leave of court,
13 using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30
14 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.
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18 B. For matters concerning this Order, the Commission is authorized to
19 communicate directly with each Defendant. Defendants must permit
20 representatives of the Commission to interview any employee or other person
21 affiliated with any Defendant who has agreed to such an interview. The person
22 interviewed may have counsel present.
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25 C. The Commission may use all lawful means, including posing,
26 through its representatives, as consumers, suppliers, or other individuals or entities,
27 to Defendants or any individual or entity affiliated with Defendants, without the
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1 necessity of identification or prior notice. Nothing in this Order limits the
2 Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of
3 the FTC Act, 15 U.S.C. §§ 49, 57b-1.
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5 XI. RETENTION OF JURISDICTION

6 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of
7 this matter for purposes of construction, modification, and enforcement of this
8 Order.
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12 IT IS SO ORDERED.

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14 DATED: October 2, 2014

15 _____
16 Hon. Christina A. Snyder
17 United States District Judge
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