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**UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF MISSOURI**

FEDERAL TRADE COMMISSION,  
  
Plaintiff,  
  
GRANT SEARCH, INC., *et al.*  
  
Defendants.

Civil No. 02-4174-CV-C-NKL  
  
**STIPULATED JUDGMENT  
FOR PERMANENT  
INJUNCTION AND OTHER  
EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), has filed a complaint for permanent injunction and other equitable relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), charging defendants Grant Search, Inc., Steven G. Levine, Scott Stettinichs, Grant Pac, Inc., and Sunday R. Levine (hereinafter referred to collectively as “defendants”) with deceptive acts and practices in connection with the telemarketing of grant matching services to consumers. The Commission’s complaint alleges that defendants’ deceptive acts and practices violate Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and the FTC’s Trade Regulation Rule entitled "Telemarketing Sales Rule" ("TSR" or “Rule”), 16 C.F.R. Part 310.

The Commission and defendants, having been represented by counsel and acting by and through such counsel, have consented to the entry of this Stipulated Judgment for Permanent Injunction and Other Equitable Relief (“Stipulated Judgment”) without a trial or adjudication of any issue of law or fact herein.

1 NOW, THEREFORE, the Commission and defendants having requested the Court to  
2 enter this Stipulated Judgment, it is **ORDERED, ADJUDGED, AND DECREED** as follows:

3  
4 **FINDINGS**

5 1. This is an action by the Commission instituted under Section 13(b) of the FTC  
6 Act, 15 U.S.C. § 53(b). Pursuant to this section, the Commission has the authority to seek the  
7 relief contained herein.

8 2. The Commission’s complaint states a claim upon which relief may be granted  
9 against defendants under Sections 5(a), 13(b) and 19 of the Federal Trade Commission Act  
10 ("FTC Act"), 15 U.S.C. §§ 45(a), 53(b) and 57b, and the Telemarketing and Consumer Fraud  
11 and Abuse Prevention Act (“Telemarketing Act”), 15 U.S.C. § 6101 *et seq.*

12 3. This Court has jurisdiction over the subject matter of this case and all parties  
13 hereto. Venue in the Western District of Missouri is proper.

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

16 5. The parties shall each bear their own costs and attorney’s fees incurred in this  
17 action and have waived all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, and  
18 all rights to seek judicial review, or otherwise to challenge the validity of this Stipulated  
19 Judgment.

20 6. This Stipulated Judgment does not constitute, and shall not be interpreted to  
21 constitute, either an admission by defendants or a finding by the Court that defendants have  
22 engaged in any violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Telemarketing  
23 Sales Rule, 16 C.F.R. Part 310, or any other law or regulation.

24 7. Entry of this Stipulated Judgment is in the public interest.  
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1 **ORDER AND JUDGMENT**

2 **I. BAN**

3 **IT IS THEREFORE ORDERED** that defendants, and their officers, agents, servants,  
4 employees, and those persons in active concert or participation with them who receive actual  
5 notice of this Stipulated Judgment by personal service or otherwise, are permanently restrained  
6 and enjoined from engaging or participating in the marketing, offering for sale, or sale of any  
7 product or service that is represented to provide or assist a consumer in obtaining a grant.

8  
9 **II. PROHIBITED PRACTICES**

10 **IT IS FURTHER ORDERED** that defendants, and their officers, agents, servants,  
11 employees, and those persons in active concert or participation with them who receive actual  
12 notice of this Stipulated Judgment by personal service or otherwise, in connection with the sale  
13 of any product or service, are hereby permanently restrained and enjoined from:

14 A. Misrepresenting expressly or by implication any fact material to a consumer's  
15 decision to purchase a good or service;

16 B. Failing to disclose all material conditions and terms of any refund policy, or that  
17 refunds are not provided if that is the case;

18 C. In connection with telemarketing, as defined in the TSR, violating or assisting  
19 others to violate any provision of the Rule, including, but not limited to:

20 1. Misrepresenting, directly or by implication, any material aspect of the  
21 performance, efficacy, nature, or central characteristics of goods or  
22 services that are the subject of a sales offer, in violation of Section  
23 310.3(a)(2)(iii) of the Rule, 16 C.F.R. § 310.3(a)(2)(iii);

24 2. Making a false or misleading statement to induce any person to pay for  
25 any good or service in violation of Section 310.3(a)(4) of the Rule, 16  
26 C.F.R. § 310.3(a)(4); and

1           3.     If defendants make representations about a refund, cancellation,  
2                     exchange, or repurchase policy, failing to disclose a statement of all  
3                     material terms and conditions of such policy, in violation of Section  
4                     310.3(a)(1)(iii) of the Rule, 16 C.F.R. § 310.3(a)(1)(iii).

5  
6                                     **III. DISCLOSURE OF CONSUMER LISTS**

7           **IT IS FURTHER ORDERED** that defendants, and their officers, agents, servants, and  
8 employees, and all other persons or entities in active concert or participation with them who  
9 receive actual notice of this Stipulated Judgment by personal service or otherwise, are  
10 permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise  
11 disclosing the name, address, telephone number, credit card number, bank account number, e-  
12 mail address, or other identifying information of any person who paid any money to any  
13 defendant, at any time prior to entry of this Stipulated Judgment, in connection with promoting,  
14 offering for sale, selling, or participating in the sale of, directly or indirectly, grant-matching or  
15 grant-finding services. Provided, however, that defendants may disclose such identifying  
16 information to a law enforcement agency or as required by any law, regulation, or court order.

17  
18                                     **IV. CONSUMER REDRESS**

19           **IT IS FURTHER ORDERED** that:

20           A.     Judgment is entered against defendants jointly and severally in the amount of  
21 \$2,656,694.00. Judgment shall be suspended upon payment to the Commission in the amount of  
22 \$296,000 (hereafter the “redress amount”) within thirty days of entry of this Stipulated  
23 Judgment.

24           B.     All funds paid to the Commission pursuant to this Paragraph shall be deposited  
25 into a fund administered by the Commission or its agent to be used for equitable relief,  
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1 including but not limited to consumer redress and any attendant expenses for the administration  
2 of any redress fund. If the Commission determines in its sole discretion that redress to  
3 consumers is wholly or partially impracticable or funds remain after redress is completed, the  
4 Commission may apply any remaining funds for such other equitable relief, including consumer  
5 information remedies, as it determines to be reasonably related to the defendants' practices  
6 alleged in the complaint. Any funds not used for such equitable relief shall be deposited in the  
7 United States Treasury as disgorgement. Defendants shall have no right to challenge the  
8 Commission's choice of remedies under this Paragraph.

9 C. If defendants fail to pay the Commission the redress amount as set forth above,  
10 the Commission shall provide notification of such failure by overnight courier to defendants'  
11 attorney Jason L. Call, Esq., Carson & Coil, P.C., Jefferson City, Missouri, and if thereafter full  
12 payment of the redress amount is not received by the Commission within 30 days of the  
13 notification, the full judgment amount of \$2,656,694.00, less the sum of any amount already paid  
14 to the Commission, shall immediately become due and payable by defendants to the  
15 Commission, and interest computed at the rate prescribed under 28 U.S.C. § 1961, as amended,  
16 shall immediately begin to accrue on the unpaid balance.

## 17 18 **V. RIGHT TO REOPEN**

19 **IT IS FURTHER ORDERED** that, by agreeing to this Stipulated Judgment, defendants  
20 reaffirm and attest to the truthfulness, accuracy, and completeness of the Financial Disclosure  
21 Forms executed on August 24, 26, and 29, 2002. Plaintiff's agreement to this Stipulated  
22 Judgment is expressly premised upon the truthfulness, accuracy, and completeness of  
23 defendants' financial condition as represented in the Financial Disclosure Forms referenced  
24 above, which contain material information upon which plaintiff relied in negotiating and  
25 agreeing to the terms of this Stipulated Judgment. If, upon motion by the Commission, this Court  
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1 finds that one or more defendants failed to disclose any material asset, or materially  
2 misrepresented the value of any asset, or made any other material misrepresentation in or  
3 omission from the Financial Disclosure Forms, the Court shall enter judgment against the  
4 offending defendants, in favor of the Commission, in the amount of \$2,656,694.00, less any  
5 amount already paid to the Commission; *provided, however*, that in all other respects this  
6 Stipulated Judgment shall remain in full force and effect unless otherwise ordered by the Court;  
7 and provided further, that proceedings instituted under this Paragraph are in addition to and not  
8 in lieu of any other civil or criminal remedies as may be provided by law, including any other  
9 proceedings the Commission may initiate to enforce this Stipulated Judgment. Solely for  
10 purposes of this Paragraph, the defendant waives any right to contest any of the allegations in  
11 the Commission's complaint.

#### 12 13 **VI. DISSOLUTION OF ASSET FREEZE**

14 **IT IS FURTHER ORDERED** that upon entry of this Stipulated Judgment, the freeze  
15 against all of defendants' assets ordered by the Court on August 15, 2002, and extended  
16 thereafter, shall be lifted.

#### 17 **VII. RETURN OF MAIL**

18 **IT IS FURTHER ORDERED** that, for at least 90 days after entry of this Stipulated  
19 Judgment, defendants will return, or arrange to have returned, to the senders all consumer mail  
20 received by Grant Search, Inc., or Grant Pac, Inc., on or after August 15, 2002, including all  
21 such mail delivered to a U.S. Post Office or private mail box address.

#### 22 23 **VIII. ACKNOWLEDGMENT OF RECEIPT OF JUDGMENT BY DEFENDANTS**

24 **IT IS FURTHER ORDERED** that, within five (5) business days after receipt by  
25 defendants of this Stipulated Judgment as entered by the Court, defendants shall submit to the  
26 Commission a truthful sworn statement, in the form shown on Attachment A, that shall  
27 acknowledge receipt of this Stipulated Judgment.

1 **IX. MONITORING COMPLIANCE OF SALES PERSONNEL**

2 **IT IS FURTHER ORDERED** that defendants, in connection with any business where  
3 (1) a defendant is the majority owner of the business or directly or indirectly manages or  
4 controls the business, and where (2) the business is engaged in telemarketing or in assisting  
5 others engaged in said business, are hereby permanently restrained and enjoined from:

6 A. Failing to take reasonable steps sufficient to monitor and ensure that all  
7 employees and independent contractors engaged in sales or other customer service functions  
8 comply with Paragraphs I and II of this Stipulated Judgment. Such steps shall include adequate  
9 monitoring of sales presentations or other calls with customers, and shall also include, at a  
10 minimum, the following: (1) listening to the oral representations made by persons engaged in  
11 sales or other customer service functions; (2) establishing a procedure for receiving and  
12 responding to consumer complaints; and (3) ascertaining the number and nature of consumer  
13 complaints regarding transactions in which each employee or independent contractor is  
14 involved; *provided* that this Paragraph does not authorize or require the defendants to take any  
15 steps that violate any federal, state, or local laws;

16 B. Failing promptly to investigate fully any consumer complaint received by any  
17 business to which this Paragraph applies; and

18 C. Failing to take corrective action with respect to any sales person whom  
19 defendants determine is not complying with this Stipulated Judgment, which may include  
20 training, disciplining, and/or terminating such sales person.

21  
22 **X. DISTRIBUTION OF JUDGMENT BY DEFENDANTS**

23 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the date of entry of  
24 this Stipulated Judgment, defendants shall:

25 A. Provide a copy of this Stipulated Judgment to, and obtain a signed and dated  
26 acknowledgment of receipt of same from, each officer or director, each individual serving in a  
27 management capacity, all personnel involved in responding to consumer complaints or  
28 inquiries, and all sales personnel, whether designated as employees, consultants, independent

1 contractors or otherwise, immediately upon employing or retaining any such persons, for any  
2 business where

- 3 1. a defendant is the majority owner of the business or directly or indirectly  
4 manages or controls the business, and where
- 5 2. the business is engaged in telemarketing or assisting others engaged in  
6 telemarketing;

7 B. Maintain for a period of three (3) years after creation, and upon reasonable  
8 notice, make available to representatives of the Commission, the original signed and dated  
9 acknowledgments of the receipt of copies of this Judgment, as required in Subsection A. of this  
10 Paragraph.

#### 11 **XI. COMPLIANCE REPORTING BY DEFENDANTS**

12 **IT IS FURTHER ORDERED** that, in order that compliance with the provisions of this  
13 Stipulated Judgment may be monitored:  
14

15 A. For a period of five (5) years from the date of entry of this Stipulated Judgment,  
16 defendants shall notify the Commission of the following:

- 17 1. Any changes in any individual defendant's residence, mailing address  
18 and telephone number, within thirty (30) days of the date of such change;
- 19 2. Any changes in any individual defendant's employment status (including  
20 self-employment) within thirty (30) days of such change. Such notice  
21 shall include the name and address of each business that such defendant  
22 is affiliated with or employed by, a statement of the nature of the  
23 business, and a statement of such defendant's duties and responsibilities  
24 in connection with the business or employment; and



1           3.     Any proposed change in the structure of any business entity owned or  
2                     controlled by any defendant, such as creation, incorporation, dissolution,  
3                     assignment, sale, merger, creation, dissolution of subsidiaries, or any  
4                     other change that may affect compliance obligations arising out of this  
5                     Stipulated Judgment, thirty (30) days prior to the effective date of any  
6                     proposed change;

7           B.     One hundred eighty (180) days after the date of entry of this Stipulated  
8     Judgment, defendants shall provide a written report to the FTC, sworn to under penalty of  
9     perjury, setting forth in detail the manner and form in which the defendants have complied and  
10    are complying with this Stipulated Judgment. This report shall include, but not be limited to:

- 11           1.     The individual defendants' then current residence addresses and  
12                     telephone numbers;
- 13           2.     The individual defendants' then current employment, business addresses  
14                     and telephone numbers, a description of the business activities of each  
15                     such employer, and defendant's title and responsibilities for each  
16                     employer;
- 17           3.     A copy of each acknowledgment of receipt of this Stipulated Judgment  
18                     obtained by defendant pursuant to Paragraphs X.A. and B.; and
- 19           4.     A statement describing the manner in which defendants have complied  
20                     and are complying with (a) the injunctive provisions of this Stipulated  
21                     Judgment, and (b) the monetary relief provisions of this Stipulated  
22                     Judgment;

23           C.     Upon written request by a representative of the Commission, which shall not  
24     exceed two requests per calendar year, defendants shall submit additional written reports  
25     (under oath, if requested) and produce documents on thirty (30) days' notice with respect to any  
26     conduct subject to this Stipulated Judgment;

1 D. For the purposes of this Stipulated Judgment, defendants shall, unless otherwise  
2 directed by the Commission's authorized representatives, mail all written notifications to the  
3 Commission to:

4 Regional Director  
5 Federal Trade Commission  
6 915 Second Avenue, Room 2896  
7 Seattle, WA 98174  
8 Re: *FTC v. Grant Search, Inc., et al.*

9 E. For the purposes of this Paragraph, "employment" includes the performance of  
10 services as an employee, consultant, or independent contractor; and "employers" include any  
11 individual or entity for whom any defendant performs services as an employee, consultant or  
12 independent contractor.

13 F. For purposes of the compliance reporting required by this Paragraph, the  
14 Commission is authorized to communicate directly with defendants.

## 15 **XII. RECORD KEEPING**

16 **IT IS FURTHER ORDERED** that:

17 A. For a period of eight (8) years from the date of entry of this Stipulated  
18 Judgment, defendants, and defendants' agents, employees, officers, servants, corporations,  
19 successors, and assigns, and those persons in active concert or participation with them who  
20 receive actual notice of this Stipulated Judgment by personal service or otherwise, in  
21 connection with any business where: (1) any defendant is the majority owner of the business, or  
22 directly or indirectly manages or controls the business, and (2) the business is engaged in  
23 telemarketing, or in assisting others engaged in telemarketing, are hereby permanently restrained  
24 and enjoined from failing to create and retain, unless otherwise specified:

- 25 1. Accounting records that reflect the cost of goods or services sold,  
26 revenues generated and the disbursement of such revenues;
- 27 2. Personnel records accurately reflecting: the name, address, and  
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1 telephone number of each person employed in any capacity by such  
2 business, including as an independent contractor; that person's job or  
3 position; the date upon which the person commenced work; and the date  
4 and reason for the person's termination, if applicable;

5 3. Customer files containing the names, addresses, telephone numbers,  
6 dollar amounts paid, quantity of items or services purchased, and  
7 description of items or services purchased, to the extent such information  
8 is obtained in the ordinary course of business;

9 4. Complaints and refund requests (whether received directly, indirectly, or  
10 through any third party) and any responses to those complaints or  
11 requests; and

12 5. Copies of all sales scripts, training materials, advertisements, or other  
13 marketing materials.

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15 **XIII. ACCESS TO BUSINESS PREMISES**

16 **IT IS FURTHER ORDERED** that, for a period of five (5) years from the date of entry  
17 of this Stipulated Judgment, for the purpose of further determining compliance with this  
18 Stipulated Judgment, defendants shall permit representatives of the Commission, within three  
19 (3) business days of receipt of written notice from the Commission:

20 A. Access during normal business hours to any office or facility storing documents,  
21 of any business where (1) a defendant is the majority owner of the business or directly or  
22 indirectly manages or controls the business, and where (2) the business is engaged in  
23 telemarketing or in assisting others engaged in telemarketing. In providing such access,  
24 defendants shall permit representatives of the Commission to inspect and copy all documents, at  
25 the Commission's expense, relevant to any matter contained in this Stipulated Judgment; and  
26 shall permit Commission representatives to remove documents relevant to any matter contained  
27 in this Stipulated Judgment for a period not to exceed five (5) business days so that the  
28 documents may be so inspected, inventoried, and copied; and

1 B. To interview the officers, directors, and employees, including all personnel  
2 involved in responding to consumer complaints or inquiries, and all sales personnel, whether  
3 designated as employees, consultants, independent contractors or otherwise, of any business to  
4 which Subsection A. of this Paragraph applies, concerning matters relating to compliance with  
5 the terms of this Stipulated Judgment. The person interviewed may have counsel present.

6 *Provided* that, upon application of the Commission and for good cause shown, the Court  
7 may enter an *ex parte* order granting immediate access to defendants' business premises for the  
8 purposes of inspecting and copying all documents relevant to any matter contained in this  
9 Stipulated Judgment.

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11 **XIV. COMMISSION'S AUTHORITY TO MONITOR COMPLIANCE**

12 **IT IS FURTHER ORDERED** that the Commission is authorized to monitor defendants'  
13 compliance with this Stipulated Judgment by all lawful means including, but not limited to, the  
14 following means:

15 A. The Commission is authorized, without further leave of court, to obtain  
16 discovery from any person in the manner provided by Chapter V of the Federal Rules of Civil  
17 Procedure, Fed. R. Civ. P. 26 - 37, including the use of compulsory process pursuant to Fed. R.  
18 Civ. P. 45, for the purpose of monitoring and investigating defendants' compliance with any  
19 provision of this Stipulated Judgment;

20 B. The Commission is authorized to use representatives posing as consumers or  
21 suppliers to defendants, defendants' employees, or any other entity managed or controlled in  
22 whole or in part by a defendant, without the necessity of identification or prior notice; and

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1 C. Nothing in this Stipulated Judgment shall limit the Commission's lawful use of  
2 compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49 and 57b-1, to  
3 investigate whether defendants have violated any provision of this Stipulated Judgment or Section 5  
4 of the FTC Act, 15 U.S.C. § 45.

5 **XV. RETENTION OF JURISDICTION**

6 **IT IS FURTHER ORDERED** that this Court will retain jurisdiction of this matter for the  
7 purpose of enabling any of the parties to this Stipulated Judgment to apply to the Court at any time  
8 for such further orders or directives as may be necessary or appropriate for the interpretation or  
9 modification of this Stipulated Judgment, for the enforcement of compliance therewith or the  
10 punishment of violations thereof.

11 **SO ORDERED**, this 7th day of July, 2003.

12  
13 s/ NANETTE K. LAUGHREY  
14 Honorable Nanette K. Laughrey  
United States District Judge

15 The parties, by their respective counsel, hereby consent to the terms and conditions of the  
16 Stipulated Judgment as set forth above and consent to entry thereof. Defendants waive any rights  
17 that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-  
18 121, 110 Stat. 847, 863-64 (1996).

19  
20 DATED: 3/24, 2003 /s/  
21 STEVEN G. LEVINE, individually and as  
22 president of Grant Search, Inc.

23 DATED: 3/26, 2003 /s/  
24 SCOTT STETTNIHS, individually and as  
vice-president of Grant Search, Inc.

25 DATED: 3/26, 2003 /s/  
26 SUNDAY R. LEVINE, individually and  
as president of Grant Pac, Inc.

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DATED: 4/24, 2003

/s/

\_\_\_\_\_  
JASON L. CALL  
Carson & Coil, P.C.  
515 E. High St.  
P.O. Box 28  
Jefferson City, MO 65102  
Tel.: (573) 636-2177  
Attorney for Defendants

DATED: 6/27, 2003

/s/

\_\_\_\_\_  
MARY T. BENFIELD  
NADINE SAMTER  
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