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12  
13 **UNITED STATES DISTRICT COURT**  
14 **CENTRAL DISTRICT OF CALIFORNIA**

15 **FEDERAL TRADE COMMISSION,**

16 Plaintiff,

17 v.

18 WINDOW ROCK ENTERPRISES, INC.,  
19 also d/b/a WINDOW ROCK HEALTH  
20 LABORATORIES, also d/b/a  
21 CORTISLIM, INFINITY  
22 ADVERTISING, INC., STEPHEN F.  
23 CHENG, SHAWN M. TALBOTT, and  
GREGORY S. CYNAUMON,  
PINNACLE MARKETING CONCEPTS,  
INC., also d/b/a PMC HEALTH  
PRODUCTS, AND THOMAS F. CHENG

24 Defendants.

CIVIL NUMBER

**CV-04-8190-DSF (JTLx)**

**STIPULATED FINAL  
AGREEMENT AND  
ORDER FOR  
PERMANENT  
INJUNCTION AND  
SETTLEMENT OF  
CLAIMS FOR  
MONETARY RELIEF  
AS TO DEFENDANT  
WINDOW ROCK  
ENTERPRISES, INC.**

FILED  
CLERK, U.S. DISTRICT COURT  
OCT - 3 2008  
CENTRAL DISTRICT OF CALIFORNIA  
BY DEPUTY

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1 The Federal Trade Commission ("Commission") filed a complaint,  
2 subsequently amended (as amended, "Complaint"), pursuant to Section 13(b) of  
3 the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure  
4 permanent injunctive relief, restitution, disgorgement, and other equitable relief  
5 against the Defendants for their alleged deceptive acts or practices and false  
6 advertisements in connection with the advertising, promotion, and sale of an  
7 alleged weight-loss product, "CortiSlim," and an alleged stress-relief product,  
8 "CortiStress," in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§  
9 45(a) and 52.

10 The Commission and Defendant Window Rock Enterprises, Inc., also d/b/a  
11 Window Rock Health Laboratories, also d/b/a CortiSlim ("Window Rock"),  
12 without Window Rock admitting or denying liability for any of the conduct  
13 alleged in the Complaint, have stipulated to entry of the following agreement for  
14 permanent injunction and settlement of claims for monetary relief in settlement of  
15 the Commission's Complaint against Window Rock.

16 The Court, having been presented with this Stipulated Final Agreement and  
17 Order for Permanent Injunction and Settlement of Claims for Monetary Relief  
18 ("Order"), finds as follows:

19 **FINDINGS**

20 1. This Court has jurisdiction over the subject matter of this case, and  
21 jurisdiction over all parties. Venue in the Central District of California is proper.

22 2. The Complaint states a claim upon which relief can be granted, and  
23 the Commission has the authority to seek the relief which is stipulated to in this  
24 Order.

25 3. The acts and practices of Window Rock were and are in or affecting  
26 commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

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1 4. Window Rock waives all rights to seek judicial review or otherwise  
2 challenge or contest the validity of this Order. Window Rock also waives any  
3 claim that it may have held under the Equal Access to Justice Act, 28 U.S.C.  
4 § 2412, concerning the prosecution of this action to the date of this Order.

5 5. Window Rock has entered into this Order freely and without  
6 coercion.

7 6. The Commission and Window Rock stipulate and agree to this Order,  
8 without trial or final adjudication of any issue of fact or law, to settle and resolve  
9 all matters in dispute between them arising from the Complaint up to the date of  
10 entry of this Order. By entering into this stipulation, Window Rock does not  
11 admit or deny any of the allegations set forth in the Complaint, other than  
12 jurisdictional facts.

13 7. Pursuant to Federal Rule of Civil Procedure 65(d), the provisions of  
14 this Order are binding upon Window Rock and its officers, agents, servants,  
15 employees, and all other persons or entities in active concert or participation with  
16 them who receive actual notice of this Order by personal service or otherwise.

17 8. Nothing in this Order obviates the obligation of Window Rock to  
18 comply with Sections 5 and 12 of the FTC Act, 15 U.S.C. §§ 45 and 52.

19 9. This Order was drafted jointly by the Commission and Window Rock  
20 and reflects the negotiated agreement of these parties.

21 10. The Commission's action against Window Rock, including the entry  
22 of this Order and enforcement of the terms of this Order, other than enforcement  
23 of the monetary judgment as to Window Rock, is not stayed by 11 U.S.C. § 362  
24 (a)(1), (2), (3) or (6) because it is an exercise of the Commission's police or  
25 regulatory power as a governmental unit pursuant to 11 U.S.C. § 362(b)(4) and  
26 thus falls within an exception to the automatic stay. The Commission

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1 acknowledges that the collection of the monetary judgment against Window Rock  
2 in Part VI, below, is subject to the automatic stay and that the Commission will  
3 collect that monetary judgment by asserting its rights under the Bankruptcy Code  
4 in the Window Rock Bankruptcy.

5 11. The persons signing on behalf of Window Rock, below, possess,  
6 individually and collectively, the authority and the intent to commit and bind  
7 Window Rock to this Order to the fullest possible extent and in every legal  
8 capacity, including but not limited to with regard to Window Rock's status under  
9 the Bankruptcy Code (11 U.S.C. § 101 *et seq.*).

10 12. The paragraphs of this Order shall be read as the necessary  
11 requirements for compliance and not as alternatives for compliance, and no  
12 paragraph serves to modify another paragraph unless expressly so stated.

13 13. This Order replaces, with regard to Window Rock, the Stipulated  
14 Interim Agreement and Order lodged on September 30, 2004, and entered on  
15 October 7, 2004 ("Stipulated Interim Order").

16 14. Each party shall bear its own costs and attorneys' fees.

17 15. Entry of this Order is in the public interest.

18  
19 **DEFINITIONS**

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

- 21 1. Unless otherwise specified,  
22 a. "Window Rock" shall mean Window Rock Enterprises, Inc.,  
23 also d/b/a Window Rock Health Laboratories, also d/b/a  
24 CortiSlim, and shall specifically include both the Debtor in the  
25 Window Rock Bankruptcy and any Reorganized Debtor that  
26 might emerge from the Window Rock Bankruptcy; and



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1 objective manner by persons qualified to do so, using procedures generally  
2 accepted in the professions to yield accurate and reliable results.

3 6. "CortiSlim" shall mean the dietary supplement CortiSlim and any  
4 other product that

5 a. contains one or more of the following ingredients present in  
6 current or previous formulations of CortiSlim: magnolia bark  
7 extract, beta-sitosterol, theanine, green tea leaf extract, bitter  
8 orange peel extract, Panax ginseng, banaba leaf extract,  
9 chromium, or vanadium; and

10 b. is marketed with claims that it has a weight effect or reduces or  
11 manages stress.

12 7. "CortiSlim Study" shall mean the study conducted by Defendant  
13 Talbott and others as reported, at least in part, under the title "Effect of a  
14 Stress/Cortisol-Control Dietary Supplement on Weight Loss," by Shawn Talbott,  
15 Ann-Marie Christopulos, and Jill Whelan, as well as all underlying data for such  
16 study.

17 8. "CortiStress" shall mean the dietary supplement CortiStress and any  
18 other product that

19 a. contains one or more of the following ingredients present in  
20 current or previous formulations of CortiStress: magnolia bark  
21 extract, beta-sitosterol, or theanine; and

22 b. is marketed with claims that it has a weight effect, or reduces or  
23 manages stress, or prevents or treats any disease.

24 9. "Covered Product" shall mean any dietary supplement, food, drug,  
25 cosmetic, or device.

26 10. "Endorsement" shall mean as defined in 16 C.F.R. § 255.0(b).

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1 11. "Food," "drug," "cosmetic," and "device" shall mean as defined in  
2 Section 15 of the FTC Act; 15 U.S.C. § 55.

3 12. "Commission" shall mean the Federal Trade Commission.

4 13. "Related Party" shall mean one or more of Pinnacle Marketing  
5 Concepts, Inc., also d/b/a PMC Health Products, Infinity Advertising, Inc.  
6 ("Infinity"), Stephen F. Cheng, Gregory S. Cynaumon, Shawn M. Talbott, and  
7 Thomas F. Cheng, whether acting directly or through any corporation, partnership,  
8 subsidiary, division, trade name, or other entity, and their officers, agents,  
9 servants, employees, and all persons and entities in active concert or participation  
10 with them.

11 14. "Target Product" shall mean CortiSlim and CortiStress.

12 15. "Weight effect" shall mean any weight-related effect attributed to a  
13 food, drug, dietary supplement, product, device, or program and includes, but is  
14 not limited to, preventing weight gain or producing weight loss, reducing or  
15 eliminating fat, slimming, changing body composition, or causing a caloric deficit  
16 in a user of such food, drug, dietary supplement, product, device, or program.

17 16. "Bankruptcy Code" shall mean Title 11 of the United States Code, as  
18 amended.

19 17. "Bankruptcy Court" shall mean the United States Bankruptcy Court  
20 for the Central District of California.

21 18. "District Court" shall mean the United States District Court for the  
22 Central District of California.

23 19. "Window Rock Bankruptcy" shall mean *In re Window Rock*  
24 *Enterprises, Inc.*, Case No. SA-05-50048-JR, currently pending in the Santa Ana  
25 Division of the Bankruptcy Court, and shall include any and all resolutions of that  
26 bankruptcy case that are consistent with the Bankruptcy Code, including but not  
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1 limited to reorganization under Chapter 11, liquidation under Chapter 7, or  
2 dismissal, but shall not include any new or subsequent bankruptcy cases involving  
3 Window Rock.

4 20. "Window Rock Plan" shall mean any Chapter 11 plan of  
5 reorganization in the Window Rock Bankruptcy, including but not limited to  
6 "Debtor's Third Amended Chapter 11 Plan of Reorganization," dated June 30,  
7 2006, for which solicitation is currently under way and for which the Bankruptcy  
8 Court has scheduled a confirmation hearing.

9 21. "Rule 67 Order" shall mean a District Court order permitting Window  
10 Rock to disburse disputed funds from the Window Rock Bankruptcy to the District  
11 Court for deposit into an interest-bearing account under the direction and control  
12 of the District Court in accordance with Fed. R. Civ. P. 67 and L.R. 67-1 and 67-2,  
13 with such funds remaining on deposit with the District Court until the  
14 Commission's claims against Defendants Cynaumon and Infinity have been  
15 resolved by final order.

16 22. A requirement that Window Rock "notify," "furnish," "provide," or  
17 "submit" to the Commission shall mean that Window Rock shall send the  
18 necessary information via **overnight courier**, costs prepaid, to:

19 Associate Director for Enforcement  
20 Federal Trade Commission  
21 600 Pennsylvania Avenue, N.W.  
22 Washington, DC 20580  
23 Attn: *FTC v. Window Rock Enterprises, Inc., et al.*, (C.D. Cal.),  
24 Civ. No. 04-8190-DSF (JTLx).

25 23. The terms "and" and "or" in this Order shall be construed  
26 conjunctively or disjunctively as necessary, to make the applicable sentence or  
27 phrase inclusive rather than exclusive.

28 24. The term "including" in this Order shall mean "including without  
limitation."



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1 **IT IS STIPULATED, AGREED, AND ORDERED THAT:**

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3 **I.**

4 **PROHIBITED REPRESENTATIONS REGARDING**  
5 **ANY TARGET PRODUCT**

6 A. Window Rock, directly or through any corporation, partnership,  
7 subsidiary, division, trade name, or other entity, and its officers, agents, servants,  
8 employees, and all persons and entities in active concert or participation with them  
9 who receive actual notice of this Order by personal service, facsimile, or  
10 otherwise, in connection with the manufacturing, labeling, advertising, promotion,  
11 offering for sale, sale, or distribution of any Target Product, in or affecting  
12 commerce, are hereby permanently restrained and enjoined from making, or  
13 assisting others in making, directly or by implication, including through the use of  
14 endorsements or product names, any representation that any Target Product:

- 15 1. Reduces the risk of or prevents serious health conditions,  
16 including osteoporosis, obesity, diabetes, Alzheimer's disease,  
17 cancer, and cardiovascular disease;
- 18 2. Causes weight loss of 10 to 50 pounds or more for virtually all  
19 users;
- 20 3. Causes users to lose as much as 4 to 10 pounds per week over  
21 multiple weeks;
- 22 4. Causes users to lose weight specifically from the abdomen,  
23 stomach, and thighs;
- 24 5. Causes rapid and substantial weight loss;
- 25 6. Causes long-term or permanent weight loss;
- 26 7. Causes weight loss without the need for diet or exercise; or

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1 . 8. Has been demonstrated effective, is supported by, or is  
2 otherwise the product of over 15 years of scientific research.

3 B. Window Rock, directly or through any corporation, partnership,  
4 subsidiary, division, trade name, or other entity, and its officers, agents, servants,  
5 employees, and all persons and entities in active concert or participation with them  
6 who receive actual notice of this Order by personal service, facsimile, or  
7 otherwise, in connection with the manufacturing, labeling, advertising, promotion,  
8 offering for sale, sale, or distribution of any Target Product, in or affecting  
9 commerce, are hereby permanently restrained and enjoined from making, or from  
10 assisting others in making, directly or by implication, including through the use of  
11 endorsements or product names, any other representation about the performance or  
12 efficacy of any Target Product unless the representation is true and non-  
13 misleading, and, at the time it is made, Window Rock possesses and relies upon  
14 competent and reliable scientific evidence that substantiates the representation.

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16 **II.**

17 **PROHIBITED REPRESENTATIONS REGARDING**  
18 **ANY COVERED PRODUCT**

19 Window Rock, directly or through any corporation, partnership, subsidiary,  
20 division, trade name, or other entity, and its officers, agents, servants, employees,  
21 and all persons and entities in active concert or participation with them who  
22 receive actual notice of this Order by personal service, facsimile, or otherwise, in  
23 connection with the manufacturing, labeling, advertising, promotion, offering for  
24 sale, sale, or distribution of any Covered Product, in or affecting commerce, are  
25 hereby permanently restrained and enjoined from making, or assisting others in  
26 making, directly or by implication, including through the use of endorsements or  
27 product names, any representation about the weight effect, other health benefits,

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1 performance, or efficacy of any Covered Product unless the representation is true  
2 and non-misleading, and, at the time it is made, Window Rock possesses and relies  
3 upon competent and reliable scientific evidence that substantiates the  
4 representation.

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6 **III.**  
7 **PROHIBITED REPRESENTATIONS REGARDING**  
8 **TESTS AND STUDIES**

9 Window Rock, directly or through any corporation, partnership, subsidiary,  
10 division, trade name, or other entity, and its officers, agents, servants, employees,  
11 and all persons and entities in active concert or participation with them who  
12 receive actual notice of this Order by personal service, facsimile, or otherwise, in  
13 connection with the manufacturing, labeling, advertising, promotion, offering for  
14 sale, sale, or distribution of any Covered Product, in or affecting commerce, are  
15 hereby permanently restrained and enjoined from making or assisting others in  
16 making, directly or by implication, including through the use of endorsements or  
17 product names, any misrepresentation about the existence, contents, validity,  
18 results, conclusions, or interpretations of any test or study including, but not  
19 limited to, the CortiSlim Study.

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21 **IV.**  
22 **FORMATTING AND DISCLOSURES FOR BROADCAST MEDIA**

23 Window Rock, directly or through any corporation, partnership, subsidiary,  
24 division, trade name, or other entity, and their officers, agents, servants,  
25 employees, and all persons and entities in active concert or participation with them  
26 who receive actual notice of this Order by personal service, facsimile, or  
27 otherwise, in connection with the labeling, advertising, promotion, offering for

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1 sale, sale, or distribution of any product, program, or service, in or affecting  
2 commerce, are hereby permanently restrained and enjoined from creating or  
3 producing or assisting others in creating or producing:

4 A. Any advertisement that misrepresents, expressly or by implication,  
5 that it is not a paid advertisement;

6 B. Any television commercial or other video advertisement fifteen (15)  
7 minutes in length or longer or intended to fill a broadcasting or cablecasting time  
8 slot of fifteen (15) minutes in length or longer that does not display visually in the  
9 same language as the predominant language that is used in the advertisement, in a  
10 clear and prominent manner, and for a length of time sufficient for an ordinary  
11 consumer to read and comprehend it, within the first thirty (30) seconds of the  
12 commercial and either immediately before each presentation of ordering  
13 instructions for the product, program, or service or periodically through the  
14 program, but no more than approximately seven (7) minutes apart, the following  
15 disclosure:

16 "YOU ARE WATCHING A PAID ADVERTISEMENT FOR [THE  
17 PRODUCT, PROGRAM, OR SERVICE]."

18 *Provided that*, for the purposes of this provision, the oral or visual presentation of  
19 a telephone number or address through which viewers may obtain more  
20 information or place an order for the product, program, or service shall be deemed  
21 a presentation of ordering instructions so as to require the display of the disclosure  
22 provided herein; and

23 C. Any radio commercial or other radio advertisement five (5) minutes  
24 in length or longer or intended to fill a time slot of five (5) minutes in length or  
25 longer that does not state in the same language as the predominant language that is  
26 used in the advertisement, in a clear and prominent manner, and in a volume and  
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1 cadence sufficient for an ordinary consumer to hear and comprehend it, within the  
2 first thirty (30) seconds of the commercial and immediately before each  
3 presentation of ordering instructions for the product, program, or service, the  
4 following disclosure:

5 "YOU ARE LISTENING TO A PAID ADVERTISEMENT FOR  
6 [THE PRODUCT, PROGRAM, OR SERVICE]."

7 *Provided that*, for the purposes of this provision, the presentation of a telephone  
8 number or address through which listeners may obtain more information or place  
9 an order for the product, program, or service shall be deemed a presentation of  
10 ordering instructions so as to require the stating of the disclosure provided herein.

11  
12 **V.**

13 **FDA-APPROVED CLAIMS**

14 Nothing in this Order shall prohibit Window Rock from making any  
15 representation:

16 A. For any product that is specifically permitted in labeling for such  
17 product by regulations promulgated by the Food and Drug Administration  
18 pursuant to the Nutrition Labeling and Education Act of 1990;

19 B. For any drug that is permitted in labeling for such drug under any  
20 tentative final or final standard promulgated by the Food and Drug Administration,  
21 or under any new drug application approved by the Food and Drug  
22 Administration; or

23 C. For any medical device that is permitted in labeling of such medical  
24 device under any medical device-specific regulation promulgated by the Food and  
25 Drug Administration, under any Federal Food, Drug and Cosmetic Act Section  
26 510(k) premarket notification substantial equivalence determination by the Food  
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1 and Drug Administration, or under any premarket approval application approved  
2 by the Food and Drug Administration.

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4 **VI.**

5 **MONETARY JUDGMENT AND CONSUMER REDRESS**

6 Judgment for equitable monetary relief is hereby entered against Window  
7 Rock in the amount of one hundred sixty million dollars (\$160,000,000), which  
8 amount represents consumer sales of CortiSlim and CortiStress from inception  
9 through September 30, 2004. *Provided however*, that this amount shall not be  
10 binding in proceedings by the Commission against any non-settling Defendant.  
11 *Provided further*, that this judgment shall be suspended and, subject to the  
12 provisions of Part VII, shall be deemed to be fully satisfied upon completion of the  
13 requirements in paragraphs A, B, E, and F of this Part, below:

14 A. Transfer, in accordance with this Part, of ten million two hundred  
15 thousand dollars (\$10,200,000) cash ("Settlement Payment"). The Settlement  
16 Payment shall be transferred to the Commission by electronic funds transfer no  
17 later than sixty (60) days after the date of entry of this Order and in accordance  
18 with directions provided by the Commission.

- 19 1. *Provided, however*, that at any time before sixty (60) days after  
20 the date of entry of this Order, Window Rock may instead  
21 transfer some or all of the Settlement Payment to the estate in  
22 the Window Rock Bankruptcy for disbursement in accordance  
23 with the terms of the Window Rock Plan if all seven of the  
24 following conditions exist:

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- a. A final settlement agreement between the Commission and Defendant Stephen Cheng has been approved by the Commission and entered by this Court (“Stephen Cheng Settlement Order”); and
- b. The Window Rock Plan is confirmed by the Bankruptcy Court; and
- c. The Window Rock Plan provides the Commission with an allowed general, non-priority unsecured claim in the Window Rock Bankruptcy in the amount of one hundred sixty million dollars (\$160,000,000); and
- d. The Window Rock Plan provides that the Settlement Payment will be used solely for distribution to allowed general, non-priority unsecured claimants, including the Commission, and that no portion of the Settlement Payment will be retained by Window Rock or returned to Stephen Cheng; and
- e. The Window Rock Plan provides that the Commission will receive its initial distribution by electronic funds transfer as soon as practicable after the Effective Date, but in no event more than 10 business days after the Effective Date; and
- f. The Window Rock Plan provides that any funds used to resolve the claims of Defendants Infinity and Cynaumon will only be disbursed in accordance with the Rule 67 Order; and

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g. The Window Rock Plan provides that no more than one million dollars (\$1,000,000) from the Settlement Payment shall be disbursed for costs, fees, and expenses relating to settling the private class action case *Toni Breedlove et al. v. Window Rock Enterprises, Inc. et al.*, Case No. 04-CC-00610, in the Superior Court of the State of California, County of Orange (“Breedlove Class Action”); and

2. *Provided, further, that*

a. If less than the full amount of the Settlement Payment is transferred to the estate in the Window Rock Bankruptcy for disbursement in accordance with the terms of a Window Rock Plan, the remaining amount shall immediately be transferred to the Commission by electronic funds transfer; and

b. If any amount of the Settlement Payment that is transferred to the estate in the Window Rock Bankruptcy is not distributed in accordance with paragraph VI.A.1.d (“Non-Conforming Distribution”), cash in an amount equal to the Non-Conforming Distribution shall be transferred by or on behalf of Window Rock to the Commission by electronic funds transfer; and

3. *Provided, further, that, if all seven conditions in paragraphs VI.A.1.a-g exist, the Window Rock Plan may provide that, in connection with the resolution of claims by, between, and among Window Rock and the plaintiffs in the Breedlove Class*



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Action, all consumers in the Breedlove Class Action who do not opt out of a settlement with Window Rock ("Eligible Breedlove Consumers") shall be entitled to participate in a redress program administered by the Commission ("FTC Redress Program") from the funds it recovers from Window Rock and all other Defendants ("FTC Redress Funds"), under the following conditions:

- a. All Eligible Breedlove Consumers shall be eligible for redress payment on the same basis as other eligible consumers identified in the FTC Redress Program and shall participate on an equal and non-preferential basis in the FTC's Redress Program; and
- b. All costs of notice and of administration of the FTC Redress Program shall be paid from the FTC Redress Funds, including the redress costs associated with Eligible Breedlove Consumers, but no amount of the FTC Redress Funds shall be used to resolve the Breedlove Class Action, including but not limited to costs of class settlement notice, identifying and recording opt-ins/opt-outs, and similar expenses, or to fund or implement the settlement between Window Rock and the Breedlove class action plaintiffs and their counsel; and
- c. The redress program shall be administered by a Redress Administrator selected by the Commission. Neither Window Rock nor counsel in the Breedlove Class Action

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1 shall have the right to contest the Commission's  
2 selection of the Redress Administrator; and

3 d. The Commission shall consult with counsel in the  
4 Breedlove Class Action with regard to content and scope  
5 of notice by publication, and similar topics, but ultimate  
6 decision-making authority regarding all aspects of the  
7 Redress Program shall rest with the Commission.

8 B. Window Rock hereby assigns to the Federal Trade Commission,  
9 without any encumbrances, all rights and claims to money or other assets owed to  
10 it as of the date of entry of this Order by a Related Party, and of the right to pursue  
11 any chose in action to recover any such money or assets owed to it by a Related  
12 Party, under the terms of any agreement, oral or written, including but not limited  
13 to the Joint Venture Agreement entered into on June 10, 2003 by and between  
14 Defendants Talbott and Window Rock, the Joint Venture Agreement entered into  
15 on June 21, 2003 by and between Defendants Window Rock and Cynaumon, and  
16 the purported non-written agreement by and between Defendants Window Rock  
17 and Pinnacle. *Provided, however,* that this assignment shall not include any  
18 rights, claims, assets, and rights to pursue any chose in action that are settled,  
19 extinguished, or otherwise resolved by final order in the Window Rock  
20 Bankruptcy.

21 C. If any Related Party assigns to the Commission rights of recovery and  
22 claims to money or other assets purportedly owed to it as of the date of entry of  
23 this Order by Window Rock, the Commission shall not exercise any such rights  
24 and claims in a manner that would allow it to recover additional funds from  
25 Window Rock; *provided however,* that this paragraph C shall cease to apply upon  
26 occurrence of any of the events described under Part VII.

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1 D. All funds paid to the Commission pursuant to this Order shall be  
2 deposited into an account administered by the Commission or its agent to be used  
3 for equitable relief, including but not limited to consumer redress for nationwide  
4 sales of CortiSlim and CortiStress from the time those products were first  
5 advertised up to and including May 31, 2006, and any attendant expenses for the  
6 administration of such equitable relief. In the event that direct redress to  
7 consumers is wholly or partially impracticable or funds remain after redress is  
8 completed, the Commission may apply any remaining funds for such other  
9 equitable relief (including consumer information remedies) as it determines to be  
10 reasonably related to Defendants' practices alleged in the Complaint. Any funds  
11 not used for such equitable relief shall be deposited to the United States Treasury  
12 as disgorgement. Window Rock shall have no right to challenge the  
13 Commission's choice of remedies under this Part. Window Rock shall have no  
14 right to contest the manner of distribution chosen by the Commission. No portion  
15 of any payments under the judgment herein shall be deemed a payment of any fine,  
16 penalty, or punitive assessment;

17 E. Window Rock relinquishes all dominion, control and title to the funds  
18 paid into the account established pursuant to this Order, and all legal and equitable  
19 title to the funds shall vest in the Treasurer of the United States unless and until  
20 such funds are disbursed to consumers. Window Rock shall make no claim to or  
21 demand for the return of the funds, directly or indirectly, through counsel or  
22 otherwise; and

23 F. Window Rock shall provide to the Commission a sworn statement  
24 setting forth i) the amount of 2003, 2004, and 2005 state and federal taxes, if any,  
25 that were paid by it or on its behalf on or before the day this agreement was  
26 signed; ii) the amount of 2005 and 2006 estimated state and federal tax payments,  
27 if any, paid by it or on its behalf on or before the day this agreement was signed;

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1 and iii) a statement of the date(s) on which each tax payment to a state or federal  
2 tax authority was made. All 2003, 2004, and 2005 tax payments and any 2006  
3 estimated tax payments that are reported to the Commission as being owed to a  
4 state or federal tax authority must be paid in full either i) in accordance with the  
5 Bankruptcy Code in connection with the Window Rock Bankruptcy; or ii) no later  
6 than sixty (60) days from the date of entry of this Order. The financial information  
7 and documents referenced in this paragraph F shall be designated as confidential.

8  
9 **VII.**

10 **RIGHT TO REOPEN**

11 A. By agreeing to this Order, Window Rock reaffirms and attests to the  
12 truthfulness, accuracy, and completeness of the financial information that Window  
13 Rock has previously submitted to the Commission. The Commission's agreement  
14 to this Order is expressly premised upon the truthfulness, accuracy, and complete-  
15 ness of the financial statements and supporting documents that Window Rock  
16 submitted to the Commission, namely:

- 17 1. Window Rock's Financial Statement of Corporate Defendants  
18 dated December 8, 2004, with attachments;
- 19 2. Window Rock's updated Financial Statement of Corporate  
20 Defendants, also dated December 8, 2004, with attachments, as  
21 submitted to the Commission in January 2005; and
- 22 3. Certain documents submitted by Window Rock in connection  
23 with the Window Rock Bankruptcy:
  - 24 a. Chapter 11 Petition and supporting documents, including  
25 but not limited to accompanying schedules;
  - 26 b. Statement of Financial Affairs;

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- c. All Monthly Operating Reports submitted in connection with the Window Rock Bankruptcy;
- d. "Debtor's Third Amended Chapter 11 Plan of Reorganization," dated June 30, 2006, the accompanying disclosure statement approved by the Court, and all subsequent versions of the Window Rock Plan; and
- e. All financial information submitted by Window Rock in connection with any confirmation hearing for the Window Rock Plan.

If, upon motion by the Commission, this Court finds that Window Rock failed to disclose any material asset, or materially misrepresented the value of any asset, or made any other material misrepresentation in or omission from the Financial Statement and other documents listed in this Part, the Court shall reinstate the suspended judgment in Part VI, above, in the amount of one hundred sixty million dollars (\$160,000,000), less any amount already paid to the Commission by or on behalf of Window Rock or any Related Party. *Provided however*, that in all other respects this Order shall remain in full force and effect unless otherwise ordered by the Court. *Provided further*, that proceedings instituted under this Part would be in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings that the Commission may initiate to enforce this Order.

B. If the Bankruptcy Court enters an order dismissing the Window Rock Bankruptcy or converting Window Rock's reorganization case under Chapter 11 of the Bankruptcy Code to a liquidation case under Chapter 7 of the Bankruptcy Code, then the Commission may move to reopen Part VI (Monetary Judgment and Consumer Redress) of this Order, and the remaining provisions of this Order shall remain in full force and effect.

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1 C. Solely for purposes of this Part, Window Rock waives any right to  
2 contest any of the allegations in the Complaint and agrees that the facts as alleged  
3 in the Complaint shall be taken as true, without further proof, in any subsequent  
4 litigation filed by or on behalf of the Commission to enforce its rights pursuant to  
5 this Part. Except for the amount of the judgment, the financial information and  
6 documents referenced in this Part shall be designated as confidential.

7 D. In agreeing to this Order, the Commission has specifically relied on  
8 the representations that Window Rock has made regarding the amount of federal  
9 and state taxes, if any, it has paid or will pay for tax years 2003, 2004, and 2005,  
10 and the amount of estimated federal and state taxes, if any, that it has paid toward  
11 estimated taxes for tax years 2005 and 2006, including but not limited to  
12 representations in the documents referenced in paragraph VI.F, above, and in the  
13 documents listed in paragraph A of this Part. Except with regard to the payment  
14 described in paragraph VI.A.1.g, above, and except as provided in paragraphs  
15 VII.E.1 and 2, below, it shall be a violation of this Part for Window Rock to seek  
16 any refund or tax deduction for its payment of the Settlement Payment described  
17 in paragraph VI.A, above.

18 E. In agreeing to this Order, the Commission has specifically relied on  
19 the representations that Window Rock has made regarding the amount of federal  
20 and state taxes, if any, it has paid or will pay for tax years 2003, 2004, and 2005,  
21 and the amount of estimated federal and state taxes, if any, that it has paid toward  
22 estimated taxes for tax years 2006, including but not limited to representations in  
23 the documents referenced in paragraph VI.F, above, and in the documents listed in  
24 paragraph A of this Part. Except as provided in paragraphs VII.E.1 and 2, below,  
25 it shall be a violation of this Part for Window Rock to carry back Window Rock's  
26 net operating losses from tax years 2005 and 2006 and apply them to tax years  
27 2003 and 2004. There are no restrictions or limitations on Window Rock's ability  
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1 to carry forward Window Rock's net operating losses. All federal and state tax  
2 returns and amended returns involving tax years 2003, 2004, 2005, and 2006 must  
3 be prepared and signed by a third-party independent CPA accounting firm, and a  
4 copy of any and all such returns and amended returns, complete with all  
5 attachments, must be provided to the Commission at the time they are submitted to  
6 the state or federal tax authority.

7 1. It shall not be a violation of this Part for Window Rock to carry  
8 back any Window Rock net operating loss from tax year 2005  
9 and apply it to tax years 2003 and 2004. *Provided, however,*  
10 that any tax refund or other tax benefit resulting from carrying  
11 back any Window Rock net operating loss from tax year 2005  
12 must first be used to pay all outstanding federal and state taxes  
13 owed by Stephen Cheng and Window Rock for tax years 2003,  
14 2004, and 2005. *Provided, further,* that, to the extent the  
15 Window Rock 2005 net operating loss exceeds two million  
16 dollars (\$2,000,000), cash in an amount equal to the tax refund  
17 or other tax benefit sought by Window Rock that results from  
18 carrying back the portion of the 2005 net operating loss that  
19 exceeds two million dollars (\$2,000,000) shall be transferred  
20 by or on behalf of Window Rock to the Commission by  
21 electronic funds transfer within thirty (30) days of seeking such  
22 refund or other cash benefit based on carry back of the 2005 net  
23 operating loss.

24 2. It shall not be a violation of this Part for Window Rock to carry  
25 back any Window Rock net operating loss from tax year 2006  
26 and apply it to tax year 2004 for the limited purpose of  
27 satisfying Stephen Cheng's obligations with regard to funding  
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1 the Creditor Trust in accordance with the terms of the Creditor  
2 Trust Agreement and Window Rock Plan in the event that  
3 Window Rock commits a material breach of its obligation to  
4 retail creditors. *Provided, however,* that cash in an amount  
5 equal to the tax refund or tax deduction received by Window  
6 Rock that exceeds the amount necessary to satisfy Stephen  
7 Cheng's Creditor Trust obligations shall be transferred by or on  
8 behalf of Window Rock to the Commission by electronic funds  
9 transfer within thirty (30) days of seeking such refund or other  
10 cash benefit based on carry back of the 2006 net operating loss.

11  
12 **VIII.**

13 **ACKNOWLEDGMENT OF RECEIPT OF ORDER**

14 Within five (5) business days after receipt of this Order as entered by the  
15 Court, Window Rock, by and through at least i) Adam Michelin in his capacity as  
16 Window Rock's interim CEO, ii) Scott Welker as Window Rock's Vice  
17 President -- Finance, and iii) Stephen Cheng as an officer and sole interest holder  
18 of Window Rock shall submit to the Commission a truthful sworn statement  
19 acknowledging receipt of this Order, using the forms shown at Attachments A-1,  
20 A-2, and A-3.

21  
22 **IX.**

23 **DISTRIBUTION OF ORDER**

24 A. For a period of three (3) years from the date of entry of this Order,  
25 Window Rock must deliver a copy of this Order to all of its principals, officers,  
26 directors, and managers and also to all of its supervisory employees, agents, and  
27 representatives who engage in conduct related to the subject matter of this Order.



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1 For current personnel, delivery shall be within ten (10) business days of entry of  
2 this Order. For new personnel, delivery shall occur prior to their assuming their  
3 position or responsibilities

4 B. Window Rock shall create, maintain, and update as necessary a  
5 declaration identifying the dates, names, titles, addresses, and telephone numbers  
6 of the persons and entities that Window Rock has provided with a copy of this  
7 Order as required by this Part; and

8 C. Window Rock shall maintain, for a period of three (3) years from the  
9 date of entry of this Order, and upon reasonable notice make available to the  
10 Commission, a signed declaration regarding distribution of copies of this Order as  
11 required by this Part.

12  
13 **X.**

14 **NOTICE REGARDING MEDIA PLACEMENT**

15 Window Rock, alone or in conjunction with Stephen Cheng shall:

16 A. Send, as soon as practicable but in no event later than thirty (30) days  
17 after entry of this Order, by first-class mail, postage prepaid and return receipt  
18 requested, an exact copy of the notice attached hereto as Attachment B, showing  
19 the date of mailing, to each media placement company, broadcasting company,  
20 and other entity or individual that Window Rock used to place television, radio,  
21 print, or on-line advertisements, for any Target Product between September 30,  
22 2004, and the date of entry of this Order. This mailing shall not include any other  
23 document or enclosures;

24 B. Notify, immediately, each media placement company, broadcasting  
25 company, or other entity or individual that Window Rock used to place television,  
26 radio, print, or on-line advertisements for any Target Product between September  
27 30, 2004, and the date of entry of this Order that Window Rock will stop doing  
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1 business with that media placement company, broadcasting company, or other  
2 entity or individual in connection with any Target Product in the event that  
3 Window Rock becomes aware that the media placement company, broadcasting  
4 company, or other entity or individual is using or disseminating any advertisement  
5 or promotional material that contains any representation prohibited by this Order  
6 subsequent to receipt of the notice required by paragraph A of this Part, if that  
7 media placement company, broadcasting company, or other entity or individual  
8 fails to take prompt corrective action, if it continues to use any advertisement or  
9 promotional material that contains any representation prohibited by this Order, or  
10 if it engages in conduct prohibited by this Part on more than two separate  
11 occasions; and

12 C. Terminate all placements for any Target Product with any media  
13 placement company, broadcasting company, or other entity or individual that  
14 Window Rock used to place television, radio print, or on-line advertisements for  
15 any Target Product between September 30, 2004, and the date of entry of this  
16 Order within ten (10) days after Window Rock becomes aware that the media  
17 placement company, broadcasting company, or other entity or individual has failed  
18 to take prompt corrective action, has continued to use any advertisement or  
19 promotional material that contains any representation prohibited by this Order, or  
20 has engaged in conduct prohibited by this Part on two separate occasions.

21  
22 **XI.**

23 **NOTICE TO RETAILERS, DISTRIBUTORS, AND RESELLERS**

24 Window Rock, alone or in conjunction with Stephen Cheng, shall:

25 A. Send, as soon as practicable but in no event later than thirty (30) days  
26 after entry of this Order, by first-class mail, postage prepaid and return receipt  
27 requested, an exact copy of the notice attached hereto as Attachment C, showing  
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1 the date of mailing, to each retailer, distributor, and reseller who purchased any  
2 Target Product from Window Rock between September 30, 2004, and the date of  
3 entry of this Order. This mailing shall not include any other document or  
4 enclosures;

5 B. Notify, immediately, each retailer, distributor, and reseller that  
6 Window Rock will stop doing business with that retailer, distributor, or reseller in  
7 connection with any Target Product in the event that Window Rock becomes  
8 aware that the retailer, distributor, or reseller is using or disseminating any  
9 advertisement or promotional material that contains any representation prohibited  
10 by this Order subsequent to receipt of the notice required by paragraph A of this  
11 Part, if that retailer, marketer, or reseller fails to take prompt corrective action, if it  
12 continues to use any advertisement or promotional material that contains any  
13 representation prohibited by this Order, or if it engages in conduct prohibited by  
14 this Part on more than two separate occasions; and

15 C. Terminate all shipments of any Target Product to any retailer,  
16 distributor, or reseller within thirty (30) days after Window Rock becomes aware  
17 that the retailer, distributor, or reseller has failed to take prompt corrective action,  
18 has continued to use any advertisement or promotional material that contains any  
19 representation prohibited by this Order, or has engaged in conduct prohibited by  
20 this Part on more than two separate occasions.

21  
22 **XII.**

23 **COMPLIANCE MONITORING**

24 For the purpose of monitoring compliance with any provision of this Order,

25 A. Within thirty (30) days of receipt of written notice from a  
26 representative of the Commission, Window Rock shall submit additional written  
27 reports, sworn to under penalty of perjury; produce documents for inspection and  
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1 copying; appear for deposition; and/or provide entry during normal business hours  
2 to any business location in Window Rock's possession or direct or indirect control  
3 to inspect the business operation. Copies of any such notice shall also be provided  
4 by the Commission to the undersigned counsel representing Window Rock or to  
5 any other counsel whose identity has been furnished to the Commission;

6 B. The Commission is authorized to monitor Window Rock's  
7 compliance with this Order by all other lawful means, including but not limited to  
8 the following:

- 9 1. obtaining discovery from any person, without further leave of  
10 court, using the procedures prescribed by Federal Rules of  
11 Civil Procedure 30, 31, 33, 34, 36, and 45; and
- 12 2. posing as consumers, marketers, manufacturers, suppliers,  
13 wholesalers, retailers, distributors, or other product-related  
14 entities to Window Rock, Window Rock's employees, or any  
15 other entity managed or controlled in whole or in part by  
16 Window Rock without the necessity of identification or prior  
17 notice; and

18 C. Window Rock, upon fourteen (14) days notice, shall permit  
19 representatives of the Commission to interview any officer, director, employee,  
20 employer, consultant, independent contractor, representative, or agent of any  
21 entity managed or controlled in whole or in part by Window Rock who has agreed  
22 to such an interview, relating in any way to any conduct subject to this Order. The  
23 person interviewed may have counsel present.

24 *Provided however*, that nothing in this Order shall limit the Commission's  
25 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,  
26 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,  
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1 testimony, or information relevant to unfair or deceptive acts or practices in or  
2 affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

3  
4 **XIII.**  
5 **COMPLIANCE REPORTING**

6 In order that compliance with the provisions of this Order may be  
7 monitored:

8 A. Window Rock shall notify the Commission of any changes in its  
9 corporate structure or in any business entity that it directly or indirectly control(s),  
10 or has an ownership interest in, that may affect compliance obligations arising  
11 under this Order, including but not limited to a dissolution, assignment, sale,  
12 merger, or other action that would result in the emergence of a successor entity;  
13 the creation or dissolution of a subsidiary, parent, or affiliate that engages in any  
14 acts or practices subject to this Order; the filing of a bankruptcy petition; or a  
15 change in the corporate name or address, at least thirty (30) days prior to such  
16 change, *provided that*, with respect to any proposed change in the corporation  
17 about which Window Rock learns less than thirty (30) days prior to the date such  
18 action is to take place, Window Rock shall notify the Commission as soon as is  
19 practicable after obtaining such knowledge;

20 B. Ninety (90) days after the date of entry of this Order, Window Rock  
21 shall provide a written report to the Commission, sworn to under penalty of  
22 perjury, setting forth in detail the manner and form in which it has complied and is  
23 complying with this Order. This report shall include, but not be limited to any  
24 changes required to be reported pursuant to paragraph A of this Part; a copy of the  
25 signed declaration regarding distribution of copies of this Order as required by  
26 paragraph IX.E; and, for any Covered Product, a copy of all advertising and  
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1 promotional materials in use at any point from the date of entry of the Order until  
2 submission of the written report required by this paragraph B;

3 C. Window Rock shall provide to the Commission, no more than 10  
4 days after submitting it to a state or federal tax authority, a complete copy of any  
5 submission seeking a cash refund or other tax benefit from some or all of the taxes  
6 it reported under paragraph VI.F as owed in tax years 2003 and 2004 or as paid  
7 toward estimated 2005 tax;

8 D. For purposes of the compliance reporting and monitoring required by  
9 this Order, the Commission is authorized to communicate directly with Window  
10 Rock, with contemporaneous notice to undersigned counsel or to any other  
11 counsel whose identity has been furnished to the Commission; and

12 E. The information and documents referenced in paragraphs A, B, and C  
13 of this Part shall be designated as confidential information.

14  
15 **XIV.**

16 **RECORD-KEEPING PROVISIONS**

17 For a period of five (5) years from the date of entry of this Order, Window  
18 Rock and its agents, employees, officers, corporations, successors, and assigns,  
19 and those persons in active concert or participation with them who receive actual  
20 notice of this Order by personal service or otherwise, if engaging or assisting  
21 others engaged in the advertising, marketing, promotion, offering for sale,  
22 distribution or sale of any Covered Product, in or affecting commerce, and any  
23 business where (1) one or more of Defendants Stephen Cheng, Cynaumon,  
24 Thomas Cheng, and Talbott is a majority owner or an officer or director of the  
25 business, or directly or indirectly manages or controls the business and (2) the  
26 business is engaged, participating, or assisting in any manner whatsoever, directly  
27 or indirectly, in the advertising, marketing, promotion, offering for sale,

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1 distribution or sale of any Covered Product, in or affecting commerce, are hereby  
2 permanently restrained and enjoined from failing to create and retain the following  
3 records:

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

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

11 C. Customer files containing the names, addresses, telephone numbers,  
12 dollar amounts paid, quantity of items purchased, and description of items  
13 purchased, to the extent such information is obtained in the ordinary course of  
14 business;

15 D. Complaints and refund requests (whether received directly, indirectly  
16 or through any third party), and any response to those complaints or requests;

17 E. Copies of all advertisements, promotional materials, sales scripts,  
18 training materials, or other marketing materials utilized in the advertising,  
19 marketing, promotion, offering for sale, distribution or sale of any Covered  
20 Product, to the extent such information is prepared in the ordinary course of  
21 business;

22 F. All documents evidencing or referring to the accuracy of any claim or  
23 representation contained in the materials identified in paragraph E of this Part, or  
24 to the efficacy of any Covered Product, including, but not limited to, all tests,  
25 reports, studies, and demonstrations, as well as all evidence that confirms,  
26 contradicts, qualifies, was relied upon in making, or calls into question the  
27 accuracy of such claims;

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1 G. Records accurately reflecting the name, address, and telephone  
2 number of each manufacturer or laboratory engaged in the development or  
3 creation of any testing obtained for the purpose of advertising, marketing,  
4 promoting, offering for sale, distributing, or selling any Covered Product; and

5 H. All records and documents necessary to demonstrate full compliance  
6 with each provision of this Order, including but not limited to copies of  
7 acknowledgments of receipt of this Order, required by Part VIII, and all reports  
8 submitted to the Commission pursuant to Part XIII.

9  
10 **XV.**

11 **COOPERATION WITH COMMISSION COUNSEL**

12 Window Rock must in connection with this action or any subsequent  
13 investigations related to or associated with the transactions or the occurrences that  
14 are the subject of the Complaint, cooperate in good faith with the Commission and  
15 appear or cause its officers, employees, representatives, or agents to appear at such  
16 places and times as the Commission shall reasonably request, after written notice  
17 to Window Rock and to undersigned counsel or to any other counsel whose  
18 identity has been furnished to the Commission, for interviews, conferences,  
19 pretrial discovery, review of documents, and for such other matters as may be  
20 reasonably requested by the Commission. If requested in writing by the  
21 Commission, Window Rock shall appear or cause its officers, employees,  
22 representatives, or agents to appear and provide truthful testimony in any trial,  
23 deposition, or other proceeding related to or associated with the transactions or the  
24 occurrences that are the subject of the Complaint, without the service of a  
25 subpoena.

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XVI.

RETENTION OF JURISDICTION

This Court shall retain jurisdiction over Window Rock for purposes of construction, modification, and enforcement of this Order and for issues relating to the Complaint and to non-settling Defendants.

IT IS SO ORDERED, this 3d day of October, 2006.

*DALE S. FISCHER*  
UNITED STATES DISTRICT JUDGE

SO STIPULATED:

*Peter B. Miller*

DALE S. FISCHER

PETER B. MILLER  
CHRISTINE J. LEE (CBN 211462)  
Federal Trade Commission  
600 Pennsylvania Ave. NW,  
Room NJ-3212  
Washington, DC 20580  
(202) 326 -2629 (Miller)  
(202) 326-2095 (Lee)  
(202) 326-3259 (fax)

WINDOW ROCK ENTERPRISES, INC.  
By: Stephen F. Cheng  
Officer and Sole Interest Holder

APPROVED AS TO  
FORM AND CONTENT:

JOHN D. JACOBS (CBN 134154)  
Federal Trade Commission  
10877 Wilshire Boulevard, Suite 700  
Los Angeles, CA 90024  
(310) 824-4360 (voice)  
(310) 824-4380 (fax)

ROBERT E. DARBY (CBN 70576)  
TODD M. SORRELL (CBN 175143)  
Fulbright & Jaworski L.L.P.  
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(213) 892-9221 (Sorrell)  
(213) 892-9494 (fax)

ATTORNEYS FOR PLAINTIFF

WINDOW ROCK ENTERPRISES,  
INC.  
By: Adam Michelin  
Interim Chief Executive Officer

ROBERT E. OPERA (CBN 101182)  
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Newport Beach, CA 92660  
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WINDOW ROCK ENTERPRISES,  
INC.  
By: Scott Welker  
Vice President-Finance

ATTORNEYS FOR  
WINDOW ROCK ENTERPRISES, INC.

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XVI.

RETENTION OF JURISDICTION

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IT IS SO ORDERED, this \_\_\_ day of \_\_\_\_\_, 2006.

UNITED STATES DISTRICT JUDGE

SO STIPULATED:

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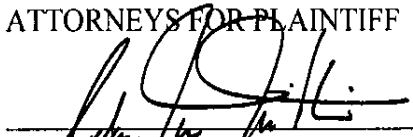
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XVI.

RETENTION OF JURISDICTION

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IT IS SO ORDERED, this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

UNITED STATES DISTRICT JUDGE

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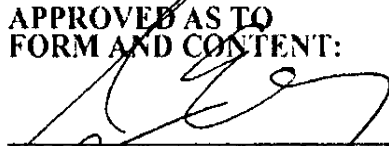
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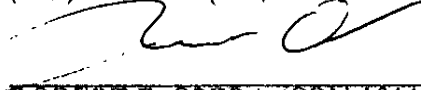
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By: Adam Michelin  
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Vice President-Finance

  
WINDOW ROCK ENTERPRISES, INC.  
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Officer and Sole Interest Holder

APPROVED AS TO  
FORM AND CONTENT:  
  
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ATTORNEYS FOR  
WINDOW ROCK ENTERPRISES, INC

SCANNED

ATTACHMENT A-1

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WINDOW ROCK ENTERPRISES, INC.,  
also d/b/a WINDOW ROCK HEALTH  
LABORATORIES, also d/b/a  
CORTISLIM, INFINITY  
ADVERTISING, INC., STEPHEN F.  
CHENG, SHAWN M. TALBOTT,  
GREGORY S. CYNAMON,  
PINNACLE MARKETING CONCEPTS,  
INC., AND THOMAS F. CHENG

Defendants.

CIVIL NUMBER

CV-04-8190-DSF (JTLx)

**DECLARATION OF  
STEPHEN CHENG  
ON BEHALF OF  
DEFENDANT  
WINDOW ROCK  
ENTERPRISES, INC.  
UNDER 28 U.S.C. § 1746**

Stephen Cheng declares as follows:

1. My name is Stephen Cheng. My current residence is \_\_\_\_\_ . I am a citizen of the United States and am over the age of eighteen. I have personal knowledge of the facts set forth in this Declaration.

2. I am an officer of and sole interest holder in defendant Window Rock Enterprises, Inc., also d/b/a Window Rock Health Laboratories, also d/b/a CortiSlim ("Window Rock").

3. On [DATE], I received, in my capacity as an officer of and sole interest holder in Window Rock, a copy of the Stipulated Final Agreement and Order for Permanent Injunction and Settlement of Claims for Monetary Relief as to Defendant Window Rock Enterprises, Inc., which was entered by the Court on [DATE] ("Order"). A true and correct copy of the Order is attached to this Declaration.

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on [DATE].

\_\_\_\_\_  
STEPHEN CHENG  
Officer and sole interest holder in  
Window Rock Enterprises, Inc.

SCANNED

ATTACHMENT A-2

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WINDOW ROCK ENTERPRISES, INC.,  
also d/b/a WINDOW ROCK HEALTH  
LABORATORIES, also d/b/a  
CORTISLIM, INFINITY  
ADVERTISING, INC., STEPHEN F.  
CHENG, SHAWN M. TALBOTT,  
GREGORY S. CYNAUMON,  
PINNACLE MARKETING CONCEPTS,  
INC., AND THOMAS F. CHENG

Defendants.

CIVIL NUMBER

CV-04-8190-DSF (JTLx)

DECLARATION OF  
ADAM MICHELIN  
ON BEHALF OF  
DEFENDANT  
WINDOW ROCK  
ENTERPRISES, INC.  
UNDER 28 U.S.C. § 1746

Adam Michelin declares as follows:

1. My name is Adam Michelin. My current residence is \_\_\_\_\_ . I am a citizen of the United States and am over the age of eighteen. I have personal knowledge of the facts set forth in this Declaration.

2. I am the interim Chief Executive Officer of defendant Window Rock Enterprises, Inc., also d/b/a Window Rock Health Laboratories, also d/b/a CortiSlim ("Window Rock").

3. On [DATE], I received, in my capacity as an officer of Window Rock, a copy of the Stipulated Final Agreement and Order for Permanent Injunction and Settlement of Claims for Monetary Relief as to Defendant Window Rock Enterprises, Inc., which was entered by the Court on [DATE] ("Order"). A true and correct copy of the Order is attached to this Declaration.

I declare under penalty of perjury that the foregoing is true and correct.

SCANNED

1 Executed on [DATE].

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ADAM MICHELIN  
 Interim Chief Executive Officer  
 Window Rock Enterprises, Inc.

SCANNED

ATTACHMENT A-3

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

WINDOW ROCK ENTERPRISES, INC.,  
also d/b/a WINDOW ROCK HEALTH  
LABORATORIES, also d/b/a  
CORTISLIM, INFINITY  
ADVERTISING, INC., STEPHEN F.  
CHENG, SHAWN M. TALBOTT,  
GREGORY S. CYNAUMON,  
PINNACLE MARKETING CONCEPTS,  
INC., AND THOMAS F. CHENG

Defendants.

CIVIL NUMBER

CV-04-8190-DSF (JTLx)

DECLARATION OF  
SCOTT WELKER  
ON BEHALF OF  
DEFENDANT  
WINDOW ROCK  
ENTERPRISES, INC.  
UNDER 28 U.S.C. § 1746

Scott Welker declares as follows:

1. My name is Scott Welker. My current residence is \_\_\_\_\_.

I am a citizen of the United States and am over the age of eighteen. I have personal knowledge of the facts set forth in this Declaration.

2. I am the Vice President – Finance of defendant Window Rock Enterprises, Inc., also d/b/a Window Rock Health Laboratories, also d/b/a CortiSlim (“Window Rock”).

3. On [DATE], I received, in my capacity as an officer of Window Rock, a copy of the Stipulated Final Agreement and Order for Permanent Injunction and Settlement of Claims for Monetary Relief as to Defendant Window Rock Enterprises, Inc., which was entered by the Court on [DATE] (“Order”). A true and correct copy of the Order is attached to this Declaration.

I declare under penalty of perjury that the foregoing is true and correct.



SCANNED

1 Executed on [DATE].

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\_\_\_\_\_  
SCOTT WELKER  
Vice President – Finance  
Window Rock Enterprises, Inc.

SCANNED

**ATTACHMENT B**  
**(To be printed on Window Rock's Letterhead)**

BY FIRST CLASS MAIL, RETURN RECEIPT REQUESTED

[DATE]

Dear [name of media placement company, broadcasting company, or other entity or individual used to place television, radio, print, or on-line advertisements for CortiSlim between September 30, 2004, and the date of entry of Order]:

Our records indicate that you placed one or more television, radio, print, or on-line advertisements for CortiSlim at the request of or on behalf of Window Rock Enterprises, Inc. ("Window Rock") between September 30, 2004, and [date of entry of Order].

This letter is to inform you that Window Rock and Stephen Cheng recently settled a civil dispute with the Federal Trade Commission relating to their role in marketing CortiSlim and CortiStress. Among other things, we have agreed to notify all media placement company, broadcasting company, or other entities or individuals that we used to place television, radio, print, or on-line advertisements for CortiSlim between September 30, 2004, and [date of entry of Order] of the settlement.

In its complaint, the Federal Trade Commission alleged that 1) advertisements for CortiSlim made the following false or unsubstantiated claims:

- a) CortiSlim causes weight loss of 10 to 50 pounds or more for virtually all users;
- b) CortiSlim causes users to lose as much as 4 to 10 pounds per week over multiple weeks;
- c) CortiSlim causes users to lose weight specifically from the abdomen, stomach, and thighs;
- d) CortiSlim causes rapid and substantial weight loss;
- e) CortiSlim causes long-term or permanent weight loss;
- f) The efficacy of CortiSlim and all its ingredients is demonstrated by over 15 years of scientific research; and

SCANNED

1 g) CortiSlim causes weight loss;  
2 and 2) that advertisements for CortiStress made false or unsubstantiated claims  
3 that taking the recommended daily dosage of CortiStress will reduce the risk of or  
4 prevent conditions such as osteoporosis, obesity, diabetes, Alzheimers' disease,  
5 cancer, and cardiovascular disease.

6 Window Rock and Stephen Cheng deny the Federal Trade Commission's  
7 allegations and do not admit to any wrongdoing or violation of law. Nonetheless,  
8 in order to resolve this matter, we have entered into a final settlement order with  
9 the Federal Trade Commission under which we have agreed not to make the  
10 challenged claims for CortiSlim and CortiStress and to make only those claims  
11 that can be substantiated with competent and reliable scientific evidence for  
12 CortiSlim, CortiStress, and other Window Rock products.

13 Accordingly, Window Rock and Stephen Cheng therefore request that all  
14 media placement companies, broadcasting companies, or other entities or  
15 individuals that we used to place television, radio, print, or on-line advertisements  
16 for CortiSlim between September 30, 2004, and [date of entry of Order] refrain  
17 from using or disseminating any advertisements or promotional materials that  
18 contain any representations regarding CortiSlim or other Window Rock products  
19 that are prohibited by the final settlement order. If you fail to do so, we will no  
20 longer be able to do business with you.

21 This letter has been provided for your files. If you have any questions or if  
22 you want a copy of the final settlement order between Window Rock, Stephen  
23 Cheng, and the Federal Trade Commission, please contact [insert name and  
24 telephone number of designated contact at Window Rock].

25 \_\_\_\_\_  
26 Window Rock Enterprises, Inc.  
27 by [Adam Michelin, Interim Chief Executive Officer or  
28 Scott Welker, Vice President – Finance]

[if done jointly with Stephen Cheng, add his signature line as shown in his Att. B]

SCANNED

**ATTACHMENT C**  
**(To be printed on Window Rock's Letterhead)**

BY FIRST CLASS MAIL, RETURN RECEIPT REQUESTED

[DATE]

Dear [name of retailer/distributor/reseller who purchased CortiSlim from Window Rock between September 30, 2004, and the date of entry of Order]:

Our records indicate that you purchased CortiSlim from Window Rock Enterprises, Inc. ("Window Rock") between September 30, 2004, and [date of entry of Order].

This letter is to inform you that Window Rock and Stephen Cheng recently settled a civil dispute with the Federal Trade Commission relating to their role in marketing CortiSlim and CortiStress. Among other things, we have agreed to notify all retailers, distributors, and resellers who purchased CortiSlim from Window Rock between September 30, 2004, and [date of entry of Order] of the settlement.

In its complaint, the Federal Trade Commission alleged that 1) advertisements for CortiSlim made the following false or unsubstantiated claims:

- a) CortiSlim causes weight loss of 10 to 50 pounds or more for virtually all users;
- b) CortiSlim causes users to lose as much as 4 to 10 pounds per week over multiple weeks;
- c) CortiSlim causes users to lose weight specifically from the abdomen, stomach, and thighs;
- d) CortiSlim causes rapid and substantial weight loss;
- e) CortiSlim causes long-term or permanent weight loss;
- f) The efficacy of CortiSlim and all its ingredients is demonstrated by over 15 years of scientific research; and
- g) CortiSlim causes weight loss;

and 2) that advertisements for CortiStress made false or unsubstantiated claims that taking the recommended daily dosage of CortiStress will reduce the risk of or

1 prevent conditions such as osteoporosis, obesity, diabetes, Alzheimers' disease,  
2 cancer, and cardiovascular disease.

3 Window Rock and Stephen Cheng deny the Federal Trade Commission's  
4 allegations and do not admit to any wrongdoing or violation of law. Nonetheless,  
5 in order to resolve this matter, we have entered into a final settlement order with  
6 the Federal Trade Commission under which we have agreed not to make the  
7 challenged claims for CortiSlim and CortiStress and to make only those claims  
8 that can be substantiated with competent and reliable scientific evidence for  
CortiSlim, CortiStress, and other Window Rock products.

9 Accordingly, Window Rock and Stephen Cheng therefore request that all  
10 retailers, distributors, and resellers refrain from using or disseminating any  
11 advertisements or promotional materials that contain any representations regarding  
12 CortiSlim or other Window Rock products that are prohibited by the final  
13 settlement order. If you fail to do so, we will no longer be able to do business with  
you.

14 This letter has been provided for your files. If you have any questions or if  
15 you want a copy of the final settlement order between Window Rock, Stephen  
16 Cheng, and the Federal Trade Commission, please contact [insert name and  
17 telephone number of designated contact at Window Rock].

18  
19 \_\_\_\_\_  
Window Rock Enterprises, Inc.

20 by [Adam Michelin, Interim Chief Executive Officer or  
21 Scott Welker, Vice President – Finance]

22 [if done jointly with Stephen Cheng, add his signature line as shown in his Att. C]  
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