

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 06-80180 - CIV-RYSKAMP/VITUNAC

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

**NATIONWIDE CONNECTIONS, INC.,
ACCESS ONE COMMUNICATIONS, INC.,
NETWORK ONE SERVICES, INC.,
WILLOUGHBY FARR,
MARY LOU FARR,
YARET GARCIA,
ERIKA RIABOUKHA,
QAADIR KAID,**

Defendants,

**BILLING CONCEPTS, INC.,
ACI BILLING SERVICES, INC.,
d/b/a OAN,
BSG CLEARING SOLUTIONS NORTH
AMERICA, LLC,
THE BILLING RESOURCE, d/b/a INTEGRETTEL,
Defendants and Third Party Plaintiffs,**

v.

**WILLOUGHBY FARR,
YARET GARCIA,
ERIKA RIABOUKHA,
QAADIR KAID,
JESUS SANDOVAL,
JESSY MENDOZA,
GERMAN MIRANDA, and
RONNY MORILLO,**

Cross Defendants/Third Party Defendants

**STIPULATED FINAL
JUDGMENT AND ORDER FOR
PERMANENT INJUNCTION
AND CONSUMER REDRESS
AS TO DEFENDANT
MARY LOU FARR**

This matter comes before the Court on stipulation of Plaintiff Federal Trade Commission

("FTC" or "Commission") and Defendant Mary Lou Farr ("Defendant").

On February 27, 2006, the Commission filed a Complaint for Injunctive and Other Equitable Relief, including rescission, restitution, redress, and disgorgement, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), and moved for an *ex parte* Temporary Restraining Order ("TRO") pursuant to Rule 65 of the Federal Rules of Civil Procedure. That same day, this Court, having considered the Complaint, memorandum of law, declarations, and other exhibits filed in support of the Commission's motion, issued a TRO including an asset freeze and appointment of a temporary receiver.

On March 8, 2006, following a contested hearing, the Court entered a Preliminary Injunction Order that provided for a continuation of all of the relief in the TRO. On September 21, 2006, the Clerk filed the Commission's First Amended Complaint, and on September 25, 2006, the Court entered an Amended Preliminary Injunction, which continued all of the relief in the Preliminary Injunction Order and expanded the receivership to cover, among other things, Defendant's Assets. Now, the Commission and Defendant offer the following Stipulated Final Judgment and Order for Permanent Injunction and Other Equitable Relief as to Defendant Mary Lou Farr (the "Final Order").

Upon the joint motion of the FTC and Defendant it is hereby **ORDERED, ADJUDGED,** and **DECREED** as follows:

FINDINGS

1. This Court has jurisdiction over the subject matter of this case and the parties hereto.
2. Venue is proper in the Southern District of Florida under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b).

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

4. The First Amended Complaint alleges claims upon which, if true, relief may be granted against Defendant under Sections 5(a)(1) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a)(1) and 53(b).

5. The Commission and Defendant stipulate and agree to this Final Order to settle and resolve all matters in dispute arising from the First Amended Complaint in the above-captioned matter to the date of entry of this Final Order.

6. Defendant has waived all rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, *amended by* Pub. L. 104-121, 110 Stat. 847, 863-64 (1996).

7. Defendant has entered into this Final Order freely and without coercion. Defendant acknowledges that she has read the provisions of this Final Order and has agreed to abide by them.

8. Defendant waives all rights to seek appellate review or otherwise challenge or contest the validity of this Final Order.

9. Defendant waives and releases any claim she may have against the FTC and its employees, representatives, or agents.

10. This Final Order is remedial in nature and shall not be construed as payment of a fine, penalty, punitive assessment, or forfeiture.

11. Entry of this Final Order is in the public interest.

DEFINITIONS

For the purpose of this Final Order, the following definitions shall apply:

1. **“Amended Preliminary Injunction”** means the amended preliminary injunction order issued by this Court on September 25, 2006 in combination with any subsequent order modifying the same.
2. **“Assets”** means any legal or equitable interest in, right to, or claim to any real or personal property of Defendant, or held for the benefit of Defendant, wherever located, including, but not limited to, “goods,” “instruments,” “equipment,” “fixtures,” “general intangibles,” “inventory,” “checks,” “notes” (as these terms are defined in the Uniform Commercial Code), chattels, leaseholds, contracts, mails, other deliveries, shares of stock, lists of participants, intellectual property, accounts, credits, receivables, cash, and trusts, including, but not limited to, any other trust held for the benefit of Defendant, Defendant’s minor children, or Defendant’s spouse.
3. **“Defendant”** means Mary Lou Farr.
4. **“Document”** is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes, but is not limited to, writings, drawings, graphs, charts, Internet sites, Web pages, Web sites, electronic correspondence, including e-mail and instant messages, photographs, audio and video recordings, computer records, whether active or inactive, and any other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.
5. **“Individual Defendants”** means: Willoughby Farr, Mary Lou Farr, Yaret

Garcia, Erika Riaboukha, and Qaadir Kaid.

6. **“Line Subscriber”** means a person that has arranged with a local exchange carrier or other entity to obtain local telephone service provided through an assigned telephone number, and to be billed for such service on a monthly (or periodic) basis.

7. **“Nationwide Defendants”** means: Nationwide Connections, Inc.; Access One Communications, Inc.; Network One Services, Inc.; Willoughby Farr; Mary Lou Farr; Yaret Garcia; Erika Riaboukha; and Qaadir Kaid.

8. **“Plaintiff”** means the Federal Trade Commission.

9. **“Receiver”** shall mean the receiver appointed in the Amended Preliminary Injunction. The term “Receiver” also includes any deputy receiver(s) as may be named by the Receiver.

10. **“Receivership Defendants”** means: (1) Nationwide Connections, Inc., Access One Communications, Inc., and Network One Services, Inc.; (2) the following affiliated entities acting in active concert or participation with them or the Individual Defendants, namely 411TXT, Inc., CELL-INFO-USA, Inc., Enhanced Billing Services, Inc., Toll Free Connect, Inc., Cripple Creek Holdings, LLC, Built to Last, LLC, Not Fade Away, LLC, He’s Gone, LLC, The Other One, LLC, Turn on Your Love Light, LLC, China Cat Sunflower, LLC, and Lazy River Road Holdings, LLC; (3) any affiliates, fictitious names, subsidiaries, successors, assigns or d/b/a’s of the aforementioned entities; and (4) Willoughby Farr.

11. **“Representatives”** means Defendant’s partners, agents, employees, attorneys, and those persons in active concert or participation with her who receive actual notice of this Final Order by personal service or otherwise.

12. "TRO" means the *Ex Parte* Temporary Restraining Order with Asset Freeze and Other Equitable Relief issued by the Court in this matter on February 27, 2006.

PROHIBITED BUSINESS ACTIVITIES

I.

IT IS THEREFORE ORDERED that Defendant is hereby permanently restrained and enjoined from:

- A. Billing or submitting any charge for billing on a Line Subscriber's telephone bill;
- B. Receiving any remuneration or other consideration of any kind whatsoever from any business entity engaged in or assisting in billing, or submitting any charge for billing, on a Line Subscriber's telephone bill;
- C. Holding any ownership interest, share, or stock in any business entity engaged in or assisting in billing, or submitting any charge for billing, on a Line Subscriber's telephone bill;

or

- D. Serving as an employee, officer, director, trustee, general manager of, or consultant or advisor to any business entity engaged in or assisting in billing, or submitting any charge for billing, on a Line Subscriber's telephone bill.

II.

IT IS FURTHER ORDERED that Defendant and her Representatives are hereby permanently restrained and enjoined from directly or indirectly misrepresenting, expressly or by implication, that a consumer is obligated to pay any charge that has not been expressly authorized.

III.

IT IS FURTHER ORDERED that Defendant is hereby permanently restrained and enjoined from serving as an officer or director of any business entity, unless Defendant actually controls, participates in, or has knowledge of the daily operations of that entity.

RESTRICTION ON USE OF CONSUMER INFORMATION

IV.

IT IS FURTHER ORDERED that Defendant and her Representatives are hereby permanently restrained and enjoined from selling or renting the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information Defendant received from the Nationwide Defendants for any Line Subscriber or other person whom Defendant or her Representatives billed, or caused to be billed, at any time prior to entry of this Final Order. *Provided, however,* that Defendant and her Representatives may disclose such identifying information as required by any law, regulation, or court order.

EQUITABLE MONETARY RELIEF

V.

IT IS FURTHER ORDERED that:

A. Judgment is hereby entered in favor of the Commission and against Defendant in the amount of \$2,964,600 (two million nine hundred sixty-four thousand six hundred dollars), which amount shall be suspended, but for a sum equal to the value of all of Defendant's Assets (the "non-suspended judgment"), upon the transfers to the Federal Trade Commission described in Subparagraph B. The suspended portion of the judgment shall be subject to the conditions set forth in Subparagraph C of this Paragraph V.

B. The non-suspended judgment shall be satisfied by:

1. Defendant's release of all dominion, title, and control of Defendant's Assets;
2. The Receiver's transfer to the Commission of the sum of Defendant's liquid Assets held by the Receiver pursuant to the Amended Preliminary Injunction Order (approximately \$800,323) less \$20,000, within five (5) days after entry of this Final Order, by certified check or other guaranteed method of payment to the Commission; *provided that*, within five (5) days after entry of this Final Order, the Receiver transfers the remaining \$20,000 to an account designated by Defendant;
3. The Receiver's transfer to the Commission of the value of Defendant's interest in any Asset liquidated by the Receiver pursuant to the provisions of Paragraph VII;
4. Defendant's removal of all personal effects located at 101 Beattie Lane in Manchester Center, Vermont, no later than thirty (30) days after entry of this Final Order.

C. By agreeing to this Final Order, Defendant reaffirms and attests to the truthfulness, accuracy, and completeness of her deposition testimony on April 11, 2007 and the following documents submitted to the Commission: Defendant's declaration dated March 24, 2006; sworn financial statements dated April 21, 2006; and all supporting documents attached thereto or submitted in connection therewith. The Commission's agreement to this Final Order is expressly premised upon the truthfulness, accuracy and completeness of her deposition testimony, her

declaration, financial statements, and supporting documents, all of which include material information upon which the Commission relied in negotiating and agreeing to this Final Order. If, upon motion by the Commission, this Court finds that Defendant has failed to disclose any material Asset or materially misstated the value of any Asset in her deposition testimony, declaration, financial statements, or related documents described above, or has made any other material misstatement or omission in her deposition testimony, declaration, financial statements, or related documents described above, then the Court shall lift the suspension of judgment and direct the Clerk to enter judgment against Defendant and in favor of the Commission for the amount of the judgment set forth in Subparagraph A of this Paragraph, less the sum of any amounts paid to the Commission pursuant to Subparagraph B of this Paragraph. *Provided, however,* that in all other respects this Final Order shall remain in full force and effect, unless otherwise ordered by the Court.

D. Defendant agrees that the facts as alleged in the First Amended Complaint filed in this action shall be taken as true for the purpose of a nondischargeability complaint in any bankruptcy proceeding.

E. Proceedings instituted under this Paragraph are in addition to, and not in lieu of, any other civil or criminal remedies that may be provided by law, including any other proceedings the Commission may initiate to enforce this Final Order.

COMMISSION'S USE OF MONETARY JUDGMENT

VI.

IT IS FURTHER ORDERED that all funds paid pursuant to Paragraph V of this Final Order shall be deposited into a fund administered by the Commission or its agent to be used for

equitable relief, including, but not limited to, consumer redress and any attendant expenses for the administration of any redress fund. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after redress is completed, the Commission may apply any remaining funds for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendant's practices alleged in the First Amended Complaint. Any funds not used for such equitable relief shall be deposited to the United States Treasury as disgorgement. Defendant shall have no right to challenge the Commission's choice of remedies under this Paragraph.

RECEIVER'S LIQUIDATION OF DEFENDANT'S ASSETS

VII.

IT IS FURTHER ORDERED that the Receiver shall liquidate all of Defendant's remaining Assets in his possession and control, including, but not limited to: (1) the real property located at 101 Beattie Lane, Manchester Center, Vermont; and (2) the real property located at North Danby Hill Road, Danby, Vermont. Within five (5) days of receipt of the proceeds of any such liquidation of Defendant's Assets, the Receiver shall transfer the value of such proceeds to the Commission in accordance with Paragraph V. Defendant hereby waives all rights to challenge the Receiver's liquidation of Defendant's Assets.

COOPERATION WITH THE RECEIVER

VIII.

IT IS FURTHER ORDERED that Defendant shall fully cooperate with and assist the Receiver. This cooperation and assistance shall include, but not be limited to: providing information to the Receiver that the Receiver deems necessary in order to exercise the authority

and discharge the responsibilities of the Receiver under this Order and the Amended Preliminary Injunction; providing any password required to access any computer, electronic file, or telephonic data in any medium; and advising all persons who owe money to the Receivership Defendants that all debts should be paid directly to the Receiver. Defendant is hereby permanently restrained and enjoined from directly or indirectly:

A. Transacting any of the business of the Receivership Defendants;

B. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Defendants, including, but not limited to, books, records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other papers of any kind or nature;

C. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Defendants, or the Receiver;

D. Excusing debts owed to the Receivership Defendants;

E. Failing to notify the Receiver of any Asset, including accounts, of a Receivership Defendant held in any name other than the name of the Receivership Defendant, or by any person or entity other than the Receivership Defendant, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such Assets; and

F. Doing any act or refraining from any act whatsoever to interfere with the Receiver

managing, or taking custody, control, or possession of, the Assets or documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the Assets or documents of the Receivership Defendants; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

LIFTING OF ASSET FREEZE

IX.

IT IS FURTHER ORDERED that the freeze of Defendant's Assets pursuant to the Amended Preliminary Injunction shall be lifted to the extent necessary to turn over Assets as required by Paragraph V of this Final Order and upon completion of those transfers, shall be vacated and lifted permanently; *provided further*, that upon completion of those transfers Defendant shall no longer be deemed a Receivership Defendant under the Amended Preliminary Injunction.

COOPERATION WITH FTC COUNSEL

X.

IT IS FURTHER ORDERED that Defendant shall, in connection with this action or any subsequent investigations related to or associated with the transactions or the occurrences that are the subject of the FTC's First Amended Complaint, cooperate in good faith with the FTC and appear, or cause her employees, Representatives, or agents to appear, at such places and times as the FTC shall reasonably request, after written notice, for interviews, conferences, pre-trial discovery, review of documents, and for such other matters as may be reasonably requested by the FTC. If requested in writing by the FTC, Defendant shall appear, or cause her employees,

Representatives, or agents to appear and provide truthful testimony in any trial, deposition, or other proceeding related to or associated with the transactions or the occurrences that are the subject of the First Amended Complaint, without service of a subpoena.

COMPLIANCE MONITORING

XI.

IT IS FURTHER ORDERED that, for the purpose of monitoring and investigating compliance with any provision of this Final Order,

A. Within ten (10) days of receipt of written notice from a representative of the Commission, Defendant shall submit additional written reports, sworn to under penalty of perjury; produce documents for inspection and copying; appear for deposition; and/or provide entry during normal business hours to any business location in such Defendant's possession or direct or indirect control to inspect the business operation;

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

1. obtaining discovery from any person, without further leave of court, using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;
2. posing as consumers and suppliers to Defendant, or her employees, or any other entity managed or controlled in whole or in part by Defendant, without the necessity of identification or prior notice; and

C. Defendant shall permit representatives of the Commission to interview any employer, consultant, independent contractor, representative, agent, or employee who has agreed to such an interview, relating in any way to any conduct subject to this Final Order. The person

interviewed may have counsel present.

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

COMPLIANCE REPORTING BY DEFENDANT

XII.

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

- A. For a period of five (5) years from the date of entry of this Final Order,
 1. Defendant shall notify the Commission of the following:
 - a. Any changes in residence, mailing addresses, and telephone numbers of Defendant, within ten (10) days of the date of such change;
 - b. Any changes in employment status (including self-employment) of Defendant, and any change in the ownership by Defendant in any business entity, within ten (10) days of the date of such change.Such notice shall include the name and address of each business that Defendant is affiliated with, employed by, creates or forms, or performs services for; a statement of the nature of the business; and a statement of Defendant's duties and responsibilities in connection

with the business or employment; and

c. Any changes in Defendant's name or use of any aliases or fictitious names; and

2. Defendant shall notify the Commission of any changes in corporate structure of any business entity that Defendant directly or indirectly controls, or has an ownership interest in, that may affect compliance obligations arising under this Final Order, including, but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Final Order; the filing of a bankruptcy petition; or a change in the corporate name or address, at least thirty (30) days prior to such change, *provided that*, with respect to any proposed change in the corporation about which Defendant learns less than thirty (30) days prior to the date such action is to take place, Defendant shall notify the Commission as soon as is practicable after obtaining such knowledge.

B. One hundred eighty (180) days after the date of entry of this Final Order, Defendant shall provide a written report to the FTC, sworn to under penalty of perjury, setting forth in detail the manner and form in which she has complied and is complying with this Final Order. This report shall include, but not be limited to:

1. The then-current residence address, mailing addresses, and telephone numbers of Defendant;

2. The then-current name, business addresses and telephone numbers of each employer of Defendant, a description of the business activities of each such employer or business, and the title and responsibilities of Defendant, for each such employer or business;
3. Any other changes required to be reported under subparagraph A of this Paragraph; and
4. A copy of each acknowledgment of receipt of this Final Order, obtained pursuant to Paragraph XIV.

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

Associate Director, Division of Enforcement
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
Re: FTC v. Nationwide Connections, et al., No. 06-80180 (S.D. Fla.).

D. For purposes of the compliance reporting and monitoring required by this Final Order, the Commission is authorized to communicate directly with Defendant.

RECORD KEEPING PROVISIONS

XIII.

IT IS FURTHER ORDERED that, for a period of eight (8) years from the date of entry of this Final Order, in connection with any business that Defendant directly or indirectly manages, controls, or has a majority ownership interest in, Defendant and her agents, employees, corporations, successors, and assigns, and those persons in active concert or participation with her who receive actual notice of this Final Order by personal service or otherwise, are hereby

restrained and enjoined from failing to create and retain the following records:

- A. Accounting records that reflect the cost of goods or services sold, revenues generated, and the disbursement of such revenues;
- B. Personnel records accurately reflecting: the name, address, and telephone number of each person employed in any capacity by such business, including as an independent contractor; that person's job title or position; the date upon which the person commenced work; and the date and reason for the person's termination, if applicable;
- C. Customer files containing the names, addresses, phone numbers, dollar amounts paid, quantity of items or services purchased, and description of items or services purchased, to the extent such information is obtained in the ordinary course of business;
- D. Complaints and refund requests (whether received directly, indirectly, or through any third party) and any responses to those complaints or requests;
- E. Copies of all sales scripts, training materials, advertisements, or other marketing materials; and
- F. All records and documents necessary to demonstrate full compliance with each provision of this Final Order, including but not limited to, copies of acknowledgments of receipt of this Final Order, required by Paragraph XIV, and all reports submitted to the FTC pursuant to Paragraph XII.

DISTRIBUTION OF FINAL ORDER BY DEFENDANT

XIV.

IT IS FURTHER ORDERED that, for a period of five (5) years from the date of entry of this Final Order, Defendant shall deliver copies of the Final Order as directed below:

A. For any business that Defendant controls, directly or indirectly, or in which Defendant has a majority ownership interest, Defendant must deliver a copy of this Final Order to all principals, officers, directors, and managers of that business. Defendant must also deliver copies of this Final Order to all employees, agents, and representatives of that business who engage in conduct related to the subject matter of this Final Order. For current personnel, delivery shall be within five (5) days of service of this Final Order upon Defendant. For new personnel, delivery shall occur prior to them assuming their responsibilities.

B. For any business where Defendant is not a controlling person of a business but otherwise engages in conduct related to the subject matter of this Final Order, Defendant must deliver a copy of this Final Order to all principals and managers of such business before engaging in such conduct.

C. Defendant must secure a signed and dated statement acknowledging receipt of the Final Order, within thirty (30) days of delivery, from all persons receiving a copy of the Final Order pursuant to this Paragraph.

ACKNOWLEDGMENT OF RECEIPT OF FINAL ORDER BY DEFENDANT

XV.

IT IS FURTHER ORDERED that Defendant, within five (5) days of receipt of this Final Order as entered by the Court, must submit to the Commission a truthful sworn statement acknowledging receipt of this Final Order.

ENTRY OF THIS FINAL ORDER

XVI.

IT IS FURTHER ORDERED, pursuant to Federal Rule of Civil Procedure 54(b), there is no just reason for delay and the Clerk of Court immediately shall enter this order as a final order.

RETENTION OF JURISDICTION

XVII.

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

JUDGMENT IS THEREFORE ENTERED, pursuant to all the terms and conditions recited above.

SO ORDERED, this 20 day of October, 2007.



KENNETH L. RYSKAMP
United States District Judge

STIPULATED AND AGREED AS FOLLOWS:

FOR THE PLAINTIFF:

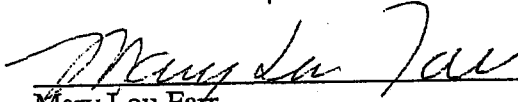
DATED: October 11, 2007



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FOR THE DEFENDANT:

DATED: Sept. 17, 2007



Mary Lou Farr