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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Federal Trade Commission,

Plaintiff,

v.

Wealth Systems, Inc., a Nevada
corporation;

Ecommerce Network.com, LLC, a Nevada limited
liability company;

Martin Q. Wilson, individually and as an
officer of Wealth Systems, Inc., and a
manager/member of Ecommerce Network.com,
LLC;

Shane Roach, individually and as an
officer of Wealth Systems, Inc., and a
manager/member of Ecommerce Network.com,
LLC;

Defendants.

CV-05-0394 PHX JAT

**FINAL JUDGMENT AND
ORDER FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), commenced this action on February 2, 2005, by filing its Complaint for Injunctive and Other Equitable Relief (“Complaint”) pursuant to Sections 5, 13(b), and 19 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, charging that defendants Wealth Systems, Inc. (“WSI”), Ecommerce Network.com, LLC (“ECN”), Martin Q. Wilson (“Wilson”), and Shane Roach (“Roach”) (collectively referred to as “defendants”) were engaged in deceptive acts and practices in violation of Section 5 of

1 the FTC Act, 15 U.S.C. § 45, and the FTC’s Trade Regulation Rule entitled “Disclosure
2 Requirements and Prohibitions Concerning Franchising and Business Opportunity
3 Ventures” (“Franchise Rule”), 16 C.F.R. Part 436, in connection with the advertising,
4 telemarketing, offering for sale, and sale of Internet business opportunities.

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

9 NOW, THEREFORE, the Commission and defendants having requested the
10 Court to enter this Order,

11 **IT IS ORDERED, ADJUDGED, AND DECREED** as follows:

12 **FINDINGS**

13 1. This is an action by the Commission instituted under Sections 13(b) and 19
14 of the FTC Act, 15 U.S.C. §§ 53(b) and 57b. Pursuant to these statutory provisions, the
15 Commission has the authority to seek the relief contained herein.

16 2. The Commission’s Complaint states a claim upon which relief may be
17 granted against defendants under Sections 5(a), 13(b), and 19 of the FTC Act, 15 U.S.C.
18 §§ 45(a), 53(b), and 57b.

19 3. This Court has jurisdiction over the subject matter of the case and all
20 parties hereto. Venue lies properly with this Court.

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

23 5. The parties shall each bear their own costs and attorney’s fees incurred in
24 this action and have waived all claims under the Equal Access to Justice Act, 28 U.S.C.
25 § 2412, and all rights to seek judicial review, or otherwise to challenge the validity of
26 this Order.

27 6. This Order does not constitute, and shall not be interpreted to constitute,
28 either an admission by defendants or a finding by the Court that defendants’ acts or

1 practices violated Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), the Franchise Rule,
2 16 C.F.R. Part 436, or any other law or regulation.

3 7. The Stipulated Preliminary Injunction entered by this Court on February
4 25, 2005, is hereby vacated and superseded by this Order.

5 8. Entry of this Order is in the public interest.

6 ORDER

7 Definitions

8 1. “**Business venture**” means any written or oral business arrangement,
9 however denominated, that consists of the payment of any consideration for: (a) the
10 right or means to offer, sell, or distribute goods or services (whether or not identified by
11 a trademark, service mark, trade name, advertising, or other commercial symbol); and
12 (b) assistance to any person or entity in connection with or incident to the establishment,
13 maintenance, or operation of a new business or the entry by an existing business into a
14 new line or type of business.

15 2. “**Franchise**” has the meaning set forth in the Franchise Rule, 16 C.F.R.
16 § 436.2(a)(1)(i), 436.2(a)(1)(ii), and 436.2(a)(2).

17 3. “**Material**” means likely to affect a person’s choice of, or conduct
18 regarding, goods or services.

19 4. “**Work-at-home business opportunity**” means any program, plan,
20 product, or service represented to enable or assist a participant or purchaser to earn
21 money while working at home.

22 I. PROHIBITED BUSINESS ACTIVITIES

23 **IT IS THEREFORE ORDERED** that defendants, and their officers, agents,
24 servants, employees, and those persons or entities in active concert or participation with
25 them who receive actual notice of this Order by personal service or otherwise, including
26 by facsimile, are hereby permanently restrained and enjoined from:

27 A. In connection with the sale of any product or service:

28 1. Misrepresenting expressly or by implication any fact material to a

1 consumer's decision to purchase the product or service, including but not limited
2 to misrepresenting the income that a consumer is likely to earn if the consumer
3 purchases the product or service; and

4 2. Failing to disclose, prior to the consumer's payment for the product
5 or service, all material conditions and terms of any refund policy, or that refunds
6 are not provided if that is the case.

7 B. In connection with the sale of any product or service that is subject to the
8 Franchise Rule, violating or assisting others to violate any provision of the Franchise
9 Rule, including, but not limited to:

10 1. Failing to provide a prospective purchaser with a complete and
11 accurate disclosure document as prescribed by the Franchise Rule, 16 C.F.R.
12 § 436.1(a);

13 2. Failing to have a reasonable basis for any earnings claim at the time
14 such claim is made, as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e);

15 3. Failing to disclose, in immediate conjunction with any earnings
16 claim and in a clear and conspicuous manner, that material that constitutes a
17 reasonable basis for the earnings claim is available to the prospective purchasers
18 as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(b)(2) and (c)(2); and

19 4. Failing to provide a prospective purchaser with an earnings claim
20 document as prescribed by the Franchise Rule, 16 C.F.R. § 436.1(b)-(e).

21 **II. DISCLOSURE OF CUSTOMER LISTS**

22 **IT IS FURTHER ORDERED** that defendants, and their officers, agents,
23 servants, employees, and those persons or entities in active concert or participation with
24 them who receive actual notice of this Order by personal service or otherwise, including
25 by facsimile, are hereby permanently restrained and enjoined from selling, renting,
26 leasing, transferring, or otherwise disclosing the name, address, telephone number, credit
27 card number, bank account number, e-mail address, or other identifying information of
28 any person who paid any money to any defendant at any time prior to entry of this Order,

1 in connection with the WSI business opportunity. Provided, however, that defendants
2 may disclose such identifying information to a law enforcement agency or as required by
3 any law, regulation, or court order.

4 **III. CONSUMER REDRESS**

5 **IT IS FURTHER ORDERED** that Judgment is entered against defendants
6 jointly and severally in the amount of \$14,812,169.00. Judgment shall be suspended and
7 payment shall be satisfied as follows:

8 A. Defendants shall transfer the entire balances from Bank of America
9 accounts 004966163799; 004964854770; 004961904869; 004961904652;
10 004961902751; 004678038536, totaling approximately \$80,200, to the Commission
11 within five (5) days of entry of this Order.

12 B. No later than five (5) days after entry of this Order, defendants shall
13 instruct holders of any credit card merchant account funds relating to WSI or ECN
14 customers (“merchant account funds”), including but not limited to Concord Payment
15 Systems, North American Bancard, Cynergy Data, and Discover Card, to transfer such
16 merchant account funds at the time mandated by the merchant account contract to an
17 escrow account to be set up by Lewis and Roca LLP, counsel for WSI and ECN, 40
18 North Central Avenue, Phoenix, Arizona, solely for the purpose of receiving and
19 disbursing these funds pursuant to this Order. The escrow account shall be used for
20 payment of Wilson’s and Roach’s outstanding state and federal tax debts for 2002, 2003,
21 and 2004, including owed taxes, interest, and penalties relating to pass-through income
22 from WSI and ECN (“tax debts”). Such payments shall be made within ten (10) days of
23 deposit of all funds into the account. Within thirty (30) days after all merchant account
24 funds have been deposited and the tax debts have been paid: 1) defendants shall provide
25 the Commission with copies of all tax returns and other communications between
26 defendants and the Internal Revenue Service or state taxing authorities related to the tax
27 debts; all instruments used to pay the tax debts; and a sworn written statement indicating
28 the total amount of merchant account funds deposited into the escrow account; and 2) the
escrow agent shall transfer to the Commission any funds remaining in the escrow

1 account.

2 C. Defendants shall provide the Commission with copies of all federal and
3 state tax filings for the years 2002, 2003, 2004, and 2005 within ten (10) days after they
4 have been filed and all related communications between any defendant and the Internal
5 Revenue Service or state taxing authorities within ten (10) days of the date the
6 communication is sent or received by the defendant. To the extent that any defendant is
7 owed or receives any refund of amounts paid for federal or state taxes for tax years 2002,
8 2003, 2004, or 2005, such refund is hereby assigned to the Commission without
9 encumbrances, as is the right to pursue any action to recover any such interests, rights, or
10 claims. Within ten (10) days of receipt of any such refund by any defendant, that
11 defendant shall: (1) provide a sworn written statement notifying the Commission of the
12 receipt of the refund, and its amount; and (2) pay or transfer the refund to the
13 Commission.

14 D. In addition, Defendant Wilson's interest in, and right or claim to, the
15 \$7,500 due to him in connection with the outstanding business loan to Integrated Digital
16 Marketing Solutions is hereby assigned to the Commission, without any encumbrances,
17 as is the right to pursue any action to recover any such interest, right, or claim. Within
18 ten (10) days of receipt of any payment on such loan by defendant Wilson, Wilson shall:
19 (1) provide a sworn written statement notifying the Commission of the receipt of the
20 payment, and its amount; and (2) pay or transfer the payment to the Commission.

21 E. All payments to the Commission pursuant to this Section III shall be made
22 by certified check or other guaranteed funds made payable to and delivered to the
23 Commission, or by wire transfer in accordance with directions provided by the
24 Commission. All such funds shall be deposited into a fund administered by the
25 Commission or its designated agent to be used for equitable relief, including, but not
26 limited to, consumer restitution and any attendant expenses for the administration of any
27 restitution fund. In the event that direct restitution to consumers is wholly or partially
28 impracticable or funds remain after restitution is completed, the Commission may apply
any remaining funds for such other equitable relief (including consumer information

1 remedies) as it determines to be reasonably related to the defendants' practices alleged in
2 the Complaint. Any funds not used for such equitable relief shall be deposited to the
3 Treasury as disgorgement. Defendants shall be notified as to how the funds are
4 disbursed but shall have no right to challenge the Commission's choice of remedies
5 under this Section.

6 F. In the event of any default in any payment or transfer to the Commission
7 set forth in this Section, the amount of \$14,812,169.00, less the sum of any payments
8 made to the Commission pursuant to this Section, shall become immediately due and
9 payable by defendants, and interest computed pursuant to 28 U.S.C. § 1961, as amended,
10 shall immediately begin to accrue on the unpaid balance.

11 G. The Commission and defendants acknowledge and agree that no portion of
12 this judgment for equitable monetary relief shall be deemed a fine, penalty, punitive
13 assessment, or forfeiture.

14 H. Defendants agree that the facts as alleged in the Complaint filed in this
15 action shall be taken as true for purposes of any subsequent proceedings to enforce
16 payments required by this Section, including, but not limited to, proceedings on a
17 non-dischargeability complaint filed in a bankruptcy proceeding.

18 **IV. RIGHT TO REOPEN**

19 **IT IS FURTHER ORDERED** that, by agreeing to this Order, defendants
20 reaffirm and attest to the truthfulness, accuracy, and completeness of the financial
21 statements and amended financial statements that defendants prepared and transmitted to
22 the Commission on February 18, March 3, May 9, and May 17, 2005 (hereafter the
23 "Financial Statements"). Plaintiff's agreement to this Order is expressly premised upon
24 the truthfulness, accuracy, and completeness of defendants' financial condition as
25 represented in the Financial Statements referenced above, which contain material
26 information upon which plaintiff relied in negotiating and agreeing to the terms of this
27 Order. If, upon motion by plaintiff, this Court finds that one or more defendants failed to
28 disclose any material asset, or materially misrepresented the value of any asset, or made
any other material misrepresentation in or omission from the Financial Statements, the

1 Court shall enter a judgment against the offending defendant(s) in favor of the
2 Commission in the amount of \$14,812,169.00. If the offending defendant is WSI or
3 ECN, the Court shall enter judgment against that entity and Wilson and Roach in favor
4 of the Commission in the amount of \$14,812,169.00. In either case the entire amount
5 shall become immediately due and payable. Provided, however, that in all other
6 respects, this Order shall remain in full force and effect unless otherwise ordered by this
7 Court; and provided further that proceedings instituted under this Section are in addition
8 to, and not in lieu of, any other civil or criminal remedies as may be provided by law,
9 including any other proceedings plaintiff may initiate to enforce this Order.

10 **V. DISSOLUTION OF ASSET FREEZE**

11 **IT IS FURTHER ORDERED** that, upon entry of this Order, the freeze against
12 defendants' assets pursuant to the Stipulated Preliminary Injunction entered by the Court
13 on February 25, 2005, shall be dissolved.

14 **VI. ACKNOWLEDGMENT OF RECEIPT OF ORDER BY DEFENDANTS**

15 **IT IS FURTHER ORDERED** that each defendant, within ten (10) business days
16 of receipt of this Order as entered by the Court, must submit to the Commission a
17 truthful sworn statement acknowledging receipt of this Order.

18 **VII. DISTRIBUTION OF ORDER BY DEFENDANTS**

19 **IT IS FURTHER ORDERED** that, for a period of three (3) years from the date
20 of entry of this Order, defendants shall deliver copies of the Order as directed below:

21 A. Corporate defendants WSI and ECN must deliver a copy of this Order to
22 all of their principals, officers, directors, and managers, and to all of their employees,
23 agents, and representatives who engage in conduct related to the subject matter of the
24 Order. For current personnel, delivery shall be within ten (10) days of service of this
25 Order upon defendants. For new personnel, delivery shall occur before they assume
26 their responsibilities.

27 B. Individual defendants Martin Q. Wilson and Shane Roach, as control
28 persons: For any business that either individual defendant controls, directly or
indirectly,

1 or in which either individual defendant has a majority ownership interest, such defendant
2 must deliver a copy of this Order to all principals, officers, directors, and managers of
3 that business, and to all employees, agents, and representatives of that business who
4 engage in conduct related to the subject matter of the Order. For current personnel,
5 delivery shall be within ten (10) days of service of this Order upon defendant. For new
6 personnel, delivery shall occur before they assume their responsibilities.

7 C. Individual defendants Martin Q. Wilson and Shane Roach as employees or
8 non-control persons: For any business in which defendant Wilson or Roach does not
9 control or have an ownership interest but otherwise engages in conduct related to
10 Section I of this Order, such defendant must deliver a copy of this Order to all principals
11 and managers of such business before engaging in such conduct.

12 D. Defendants must secure a signed and dated statement acknowledging
13 receipt of the Order, within thirty days of delivery, from all persons receiving a copy of
14 the Order pursuant to this Section.

15 **VIII. MONITORING COMPLIANCE OF SALES PERSONNEL**

16 **IT IS FURTHER ORDERED** that defendants, in connection with any business
17 where: (1) any defendant is the majority owner of the business or directly or indirectly
18 manages or controls the business; and (2) the business is engaged in, or assists others
19 engaged in, the advertising, marketing, offering for sale, or sale of franchises, business
20 ventures, or work-at-home business opportunities, are hereby permanently restrained and
21 enjoined from:

22 A. Failing to take reasonable steps sufficient to monitor and ensure that all
23 employees and independent contractors engaged in sales or other customer service
24 functions comply with Section I of this Order. Such steps shall include adequate
25 monitoring of sales presentations or other calls with customers, and shall also include, at
26 a minimum, the following: (1) listening to the oral representations made by persons
27 engaged in sales or other customer service functions; (2) establishing a procedure for
28 receiving and responding to consumer complaints; and (3) ascertaining the number and
nature of consumer complaints regarding transactions in which each employee or

1 independent contractor is involved;

2 B. Failing to investigate fully any consumer complaint received by any
3 business to which this Section applies; and

4 C. Failing to take corrective action with respect to any sales person who
5 defendants determine is not complying with this Order, which may include training,
6 disciplining, and/or terminating such sales person.

7 IX. RECORDKEEPING

8 **IT IS FURTHER ORDERED** that, for a period of six (6) years from the date of
9 entry of this Order, defendants, in connection with any business where: (1) any
10 defendant is the majority owner of the business or directly or indirectly manages or
11 controls the business; and (2) the business is engaged in, or assists others engaged in, the
12 sale of franchises, business ventures, or work-at-home business opportunities, are
13 hereby restrained and enjoined from failing to create and retain the following records:

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

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

20 C. Customer files containing the names, addresses, telephone numbers, dollar
21 amounts paid, quantity of items or services purchased, and description of items or
22 services purchased, to the extent such information is obtained in the ordinary course of
23 business;

24 D. Complaints and refund requests (whether received directly, indirectly, or
25 through any third party) and any responses to those complaints or requests;

26 E. Copies of all sales scripts, training materials, advertisements, or other
27 marketing materials; and

28 F. All records and documents necessary to demonstrate full compliance with
each provision of this Order, including but not limited to copies of acknowledgments of

1 receipt of this Order, as required by Section VII, and all reports submitted to the
2 Commission pursuant to Section X.

3 **X. COMPLIANCE REPORTING BY DEFENDANTS**

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

6 A. For a period of three (3) years from the date of entry of this Order,

7 1. Defendants Martin Q. Wilson and Shane Roach shall each notify the
8 Commission of the following:

9 a. Any changes in residence, mailing addresses, and telephone
10 numbers, within ten (10) days of the date of such change;

11 b. Any changes in employment status (including self-
12 employment) and any change of defendant's ownership in
13 any business entity, within ten (10) days of the date of such
14 change. For any such change, notice shall include, the name
15 and address of each business that the defendant is thus
16 employed by, performs services for, is affiliated with, or has
17 created or formed; a statement of the nature of the business;
18 and a statement of the defendant's duties and responsibilities
19 in connection with the business or employment; and

20 c. Any changes in the defendant's name or use of any aliases or
21 fictitious names;

22 2. All defendants shall notify the Commission of any changes in the
23 corporate structure of WSI or ECN or any business entity that defendant Wilson
24 or Roach directly or indirectly controls or has an ownership interest in, that may
25 affect compliance obligations arising under this Order, including but not limited
26 to a dissolution, assignment, sale, merger, or other action that would result in the
27 emergence of a successor entity; the creation or dissolution of a subsidiary,
28 parent, or affiliate that engages in any acts or practices subject to this Order; the

1 filing of a bankruptcy petition; or a change in the corporate name or address, at
2 least thirty (30) days prior to such change; provided that, with respect to any
3 proposed change in the corporation about which a defendant learns less than thirty
4 (30) days prior to the date such action is to take place, the defendant shall notify
5 the Commission as soon as is practicable after obtaining such knowledge;

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

- 10 1. For each defendant Wilson and Roach:
 - 11 a. His then-current residence address, mailing addresses, and
12 telephone numbers;
 - 13 b. His then-current employment and business addresses and
14 telephone numbers, a description of the business activities of
15 each such employer or business, and the title and
16 responsibilities of the defendant for each such employer or
17 business; and
 - 18 c. Any other changes required to be reported under subsection
19 A of this Section.
- 20 2. For all defendants:
 - 21 a. A copy of each acknowledgment of receipt of this Order,
22 obtained pursuant to Section VII;
 - 23 b. Any other changes required to be reported under subsection
24 A of this Section.

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

4 Charles A. Harwood
5 Regional Director
6 Federal Trade Commission
7 915 Second Avenue, Suite 2896
8 Seattle, WA 98174
9 Re: FTC v. Wealth Systems, Inc., Civil Action No. CV05-0394 PHX JAT

10 D. For purposes of the compliance reporting and monitoring required by this
11 Order, the Commission is authorized to communicate directly with defendants unless or
12 until a defendant informs the Commission that the defendant is represented by counsel
13 and would prefer that the Commission communicate directly with the defendant's
14 counsel.

15 **XI. COMPLIANCE MONITORING**

16 **IT IS FURTHER ORDERED** that, for the purpose of monitoring and
17 investigating compliance with any provision of this Order:

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

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

25 1. obtaining discovery from any person, without further leave of court,
26 using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;

27 2. posing as consumers to defendants, defendants' employees, or any
28 other entity managed or controlled in whole or in part by defendants, without the
necessity of identification or prior notice; and

C. Defendants shall permit representatives of the Commission to interview

1 any employer, consultant, independent contractor, representative, agent, or employee
2 who has agreed to such an interview, relating in any way to any conduct subject to this
3 Order. The person interviewed may have counsel present;

4 Provided, however, that nothing in this Order shall limit the Commission's lawful
5 use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C.
6 §§ 49 and 57b-1, to obtain any documentary material, tangible things, testimony, or
7 information relevant to unfair or deceptive acts or practices in or affecting commerce
8 within the meaning of 15 U.S.C. § 45(a)(1).

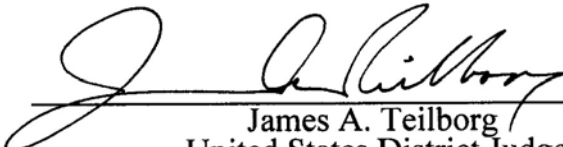
9 **XII. RETENTION OF JURISDICTION**

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

12
13 The Commission and defendants hereby stipulate and agree to entry of the
14 foregoing Order, which shall constitute a final judgment in this action.

15 **SO ORDERED.**

16 DATED this 14th day of November, 2005.

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19 
20 James A. Teilborg
United States District Judge