

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF FLORIDA  
PANAMA CITY DIVISION

FILED IN OPEN COURT THIS  
9/12/06  
CLERK, U.S. DISTRICT  
COURT, NORTH. DIST. FLA.

UNITED STATES OF AMERICA

vs.

CASE NO. 5:06CR79/RS

MRA HOLDING<sup>S</sup>, LLC

**DEFERRED PROSECUTION AGREEMENT**

Defendant **MRA HOLDING, LLC**, by its undersigned attorney, pursuant to authority granted by its Board of Directors, and the United States Attorneys Office for the Northern District of Florida and the Obscenity Prosecution Task Force of the Criminal Division of the Department of Justice (collectively the "Government"), enter into this Deferred Prosecution Agreement (hereinafter "the Agreement").

1. **MRA HOLDING, LLC** shall waive indictment and agree to the filing of a ten count Information (hereinafter "the Information") in the United States District Court for the Northern District of Florida charging it with ten counts of failing to label sexually explicit material as required by 18 U.S.C. § 2257(f)(4).

2. **MRA HOLDING, LLC** accepts and acknowledges responsibility for its behavior as set forth in the Statement of Facts attached hereto and incorporated by reference herein as **APPENDIX A** (hereinafter "Statement of Facts").

3. **MRA HOLDING, LLC** expressly agrees not to make, cause others to make, or acknowledge as true any factual statements inconsistent with the Statement

of Facts, provided, however, that nothing in this paragraph precludes **MRA HOLDING, LLC** from taking good faith positions in litigation with a private party. Any such contradictory statement by **MRA HOLDING, LLC**, its attorneys, board of directors, agents, officers, employees, or any other representative shall constitute a breach pursuant to paragraph 14 of this Agreement, and **MRA HOLDING, LLC** would thereafter be subject to prosecution pursuant to the terms of this Agreement. The decision whether **MRA HOLDING, LLC** has breached this Agreement based upon any statement by any person described in this paragraph which contradicts any information contained in the Statement of Facts shall be in the sole discretion of the Criminal Division of the United States Department of Justice. If and when the Criminal Division of the United States Department of Justice notifies **MRA HOLDING, LLC** of a public statement by any such person that in whole or in part contradicts any part of the Statement of Facts, **MRA HOLDING, LLC** may avoid breach of this Agreement by publicly repudiating such statement within 48 hours after notification by the Criminal Division of the United States Department of Justice. Paragraph 14 sets forth the terms and conditions applicable to any breach of this Agreement by **MRA HOLDING, LLC**.

4. **MRA HOLDING, LLC** agrees that it will ensure complete, full and timely compliance with all federal laws, including but not limited to record keeping and reporting requirements imposed upon it by 18 U.S.C. § 2257 and 28 C.F.R § 75 with respect to materials that are produced and/or distributed under the name “Girls Gone Wild”, or any other name, and which contain one or more depictions of actual sexually explicit conduct (as defined by 18 U.S.C. § 2256(2)). **MRA HOLDING, LLC** further agrees that it shall provide to the United States Department of Justice, on request, any

document, electronic data, or other object concerning the record keeping requirements of 18 U.S.C. § 2257 and the regulations found at 28 C.F.R. § 75 and concerning any matter charged in the Information, subject to the Right to Financial Privacy Act and any other applicable laws and regulations.

5. **MRA HOLDING, LLC** shall pay the sum of \$ 2.1 million minus any fines or restitution imposed by the Courts against defendants in the related cases of *United States v. MANTRA FILMS, INC.*, Case No. 5:06CR78/RS (N.D. Fl.), and *United States v. Joseph R. Francis* (C.D. Cal.) as a fine within 60 days of the last sentencing in those two cases.

6. **MRA HOLDING, LLC** shall issue a public statement within 48 hours after this Agreement is effected, in the form attached hereto as **APPENDIX B**, acknowledging that it failed to comply with 18 U.S.C. § 2257 and that its failure resulted in footage of at least two minors engaged in sexually explicit conduct being distributed. Neither **MRA HOLDING, LLC** nor any of its employees or principals shall disclose the name or identity of any such minors.

7. Neither **MRA HOLDING, LLC** nor any related entity shall sell, market or distribute any of the films contained in the accompanying information or in **APPENDIX C**. Moreover, **MRA HOLDING, LLC** agrees that it will not transfer the copyrights to another person or entity to sell, market or distribute the films listed in the information or **APPENDIX C**.

8. Based on **MRA HOLDING, LLC's** agreement to (a) acknowledge responsibility for its actions as set forth in the Statement of Facts; (b) cooperate with the United States Department of Justice, including timely and voluntarily making available

all current employees for interview; to provide in a timely way all documents and other materials requested; and to provide in a timely way truthful, complete and accurate information as requested; (c) demonstrate its future good conduct and full compliance with 18 U.S.C. § 2257 and all of its implementing regulations; (d) demonstrate full compliance with any and all grand jury subpoenas issued to it by any state or federal grand jury; and (e) pay the sum set forth in paragraph 5 of this Agreement, to make the public statement set forth in paragraph 6 of this Agreement, and to refrain from selling, marketing or distributing the films contained in the information and **APPENDIX C** as set forth in paragraph 7 of this Agreement; the United States shall recommend to the Court, pursuant to 18 U.S.C. § 3161(h)(2), that prosecution of **MRA HOLDING, LLC** on the Information filed pursuant to paragraph 1 of this Agreement be deferred for a period of thirty-six (36) months (the "Deferral Period"). **MRA HOLDING, LLC** shall consent to a motion, the contents to be agreed by the parties, to be filed by the Government with the Court pursuant to 18 U.S.C. § 3161(h)(2), in which the Government will present this Agreement to the Court and move for a continuance of all further criminal proceedings, including trial, for a period of thirty-six (36) months, for speedy trial exclusion of all time covered by such a continuance, and for approval by the Court of this deferred prosecution. **MRA HOLDING, LLC** further agrees to waive and does hereby expressly waive any and all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, 18 U.S.C. § 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the Northern District of Florida for the time period that this Agreement is in effect.

9. **MRA HOLDING, LLC** hereby further expressly agrees that any violations of 18 U.S.C. § 2257 by **MRA HOLDING, LLC** that are not time-barred by the applicable statute of limitations on the date of this Agreement may, in the sole discretion of the Government, be charged against **MRA HOLDING, LLC**, notwithstanding the expiration of any applicable statute of limitations, if the Government determines that **MRA HOLDING, LLC** is in material breach of this Agreement subject to the cure provisions herein.

10. The Government agrees that if **MRA HOLDING, LLC** is in compliance with all of its obligations under this Agreement in all material respects throughout the Deferral Period, within thirty (30) days of the expiration of the Deferral Period the Government will seek dismissal with prejudice of the Information filed against **MRA HOLDING, LLC** pursuant to paragraph 1 of this Agreement. Upon such dismissal of the Information, this Agreement shall expire. The expiration of this Agreement does not relieve **MRA HOLDING, LLC** of the responsibility of complying with all applicable laws and regulations. The expiration of this Agreement does not alter or affect **MRA HOLDING, LLC** responsibility to any regulators who may have jurisdiction over **MRA HOLDING, LLC**.

11. **MRA HOLDING, LLC** and the United States understand that the Agreement to defer prosecution of **MRA HOLDING, LLC** must be approved by the Court, in accordance with 18 U.S.C. § 3161(h)(2). Should the Court decline to approve a deferred prosecution for any reason, or decline to follow the agreement of the parties in the plea agreement of Mantra Films, Inc., or should the District Court for the Central District of California decline to follow the agreement of the parties in the plea agreement

of Joseph R. Francis, both the Government and **MRA HOLDING, LLC** shall be released from any obligations imposed upon them by this Agreement, and this Agreement shall be null and void.

12. **MRA HOLDING, LLC** acknowledges that this Agreement is part of a negotiated arrangement in which the disposition of the charges against **MRA HOLDING, LLC** is tied to the disposition of charges against Mantra Films, Inc. in the Northern District of Florida and Joseph R. Francis in the Central District of California. **MRA HOLDING, LLC** acknowledges that it has directed its attorneys to negotiate this Agreement as part of that consolidated negotiation; has discussed with its attorneys, and carefully considered, the possible advantages and disadvantages of entering into this Agreement as part of such a consolidated negotiation; is entering into this Agreement as part of such a consolidated negotiation freely and voluntarily because it believes this Agreement and the consolidated negotiation to be in its best interests; and is not entering into this Agreement as part of the consolidated negotiation because of any threats, coercion, or undue influence by the Government or any of the parties to the consolidated negotiation or their counsel.

13. Should the Criminal Division of the United States Department of Justice, in its sole discretion, determine during the term of this Agreement that **MRA HOLDING, LLC** has committed any federal crime commenced subsequent to the date of this Agreement or given false and misleading information under this Agreement, **MRA HOLDING, LLC** shall thereafter be subject to prosecution for any federal crimes of which the Government has knowledge. It is the intention of the parties to this Agreement that, based on information currently available to it and except in the event of

a breach of this Agreement by **MRA HOLDING, LLC**, the Government will not prosecute **MRA HOLDING, LLC** related to any violations of 18 U.S.C. § 2257(f)(1) or (f)(4) related to films that are no longer sold or distributed by **MRA HOLDING, LLC** and relating to which Mantra Films, Inc. was not in compliance with 18 U.S.C. § 2257(f)(1) or (f)(4), which films are listed in **APPENDIX C**, or for any violation of 18 U.S.C. §§ 1461-1466 related to the distribution of the films "Totally Exposed Uncensored and Beyond, Volumes 1-12," or other charges related to the production, distribution or labeling of "Ultimate Spring Break Vol. 3 and Vol. 4." Nothing in this Agreement shall protect **MRA HOLDING, LLC** from prosecution related to any other offense.

14. Should the Criminal Division of the United States Department of Justice, in its sole discretion, determine that **MRA HOLDING, LLC** has committed a breach of any provision of this Agreement, the Government shall provide written notice to **MRA HOLDING, LLC** of the alleged breach and provide **MRA HOLDING, LLC** with a two-week period in which to make a presentation to the Assistant Attorney General over the Criminal Division of the United States, or his or her designee, to demonstrate that no breach has occurred or, to the extent applicable, that the breach has been cured. The parties hereto expressly understand and agree that should **MRA HOLDING, LLC** fail to make a presentation within the said two-week period, it shall be conclusively presumed that **MRA HOLDING, LLC** is in willful and material breach of this Agreement. The parties further understand and agree that the Criminal Division's exercise of its discretion under this paragraph is not subject to review in any court or tribunal. In the event of a breach of this Agreement that results in a prosecution, such prosecution may be premised upon any information provided by or on behalf of **MRA HOLDING, LLC** to

the Government at any time. Further, in the event of a breach, the payment by **MRA HOLDING, LLC** pursuant to paragraph 5 will not be returned to **MRA HOLDING, LLC**.

15. **MRA HOLDING, LLC** agrees that if it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement, it shall include in any contract for sale or merger a provision binding the purchaser/successor to the obligations described in this Agreement.

16. It is further understood that this Agreement is binding on **MRA HOLDING, LLC** and the Government, but specifically does not bind any other federal agencies, or any state or local authorities, although the United States will bring the cooperation of **MRA HOLDING, LLC** and its compliance with its other obligations under this Agreement to the attention of state or local prosecuting offices or any state or federal regulatory agencies, if requested by **MRA HOLDING, LLC** or its attorneys.

17. It is further understood that this Agreement does not relate to or cover any civil or criminal conduct by **MRA HOLDING, LLC** other than the conduct described in, or arising from the facts contained in or involving the persons and/or accounts described in, the Agreement and its exhibits, including the Statement of Facts.

18. **MRA HOLDING, LLC** and the United States agree that, upon acceptance by the Court, this Agreement and a proposed Order deferring prosecution shall be filed in the United States District Court for the Northern District of Florida.

19. **MRA HOLDING, LLC** agrees that for a period of three years it will retain and pay for an outside, independent monitor selected by the United States (the "Monitor"), to which **MRA HOLDING, LLC** may object on reasonable grounds. With respect to communications between **MRA HOLDING, LLC** and the Monitor, **MRA**

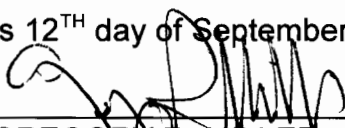


**HOLDING, LLC** shall waive, as to the Department of Justice only, any applicable privilege pertaining to communications between **MRA HOLDING, LLC** and the Monitor. **MRA HOLDING, LLC** shall provide the monitor complete access to the books and records, production facilities for “Girls Gone Wild” products, and any other locations required to ensure **MRA HOLDING, LLC’s** compliance with federal law and this Agreement. The Monitor shall monitor **MRA HOLDING, LLC’s** compliance with this Agreement and with the requirements of 18 U.S.C. § 2257 and 28 C.F.R. § 75 relating to the production of all visual materials which contain depictions of actual sexually explicit conduct and which are produced under the name “Girls Gone Wild”, or any other name, and report to the Department of Justice on at least a semi-annual basis as to **MRA HOLDING, LLC’s** compliance with this Agreement and with such statutes and regulations.

20. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between **MRA HOLDING, LLC** and the Government. No promises, agreements or conditions have been entered into other than those expressly set forth in this Agreement, and none shall be entered into and/or be binding upon **MRA HOLDING, LLC** or the Government unless expressly set forth in writing, signed by the Government, **MRA HOLDING, LLC’s** attorneys, and a duly authorized representative of **MRA HOLDING, LLC** and physically attached to this Agreement. This Agreement

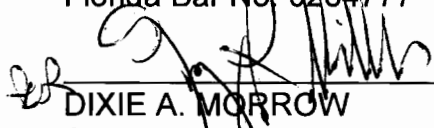
supersedes any prior promises, agreements or conditions between **MRA HOLDING, LLC**, and the Government.

RESPECTFULLY SUBMITTED this 12<sup>TH</sup> day of September, 2006.



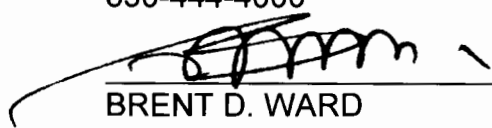
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GREGORY R. MILLER  
United States Attorney  
Northern District of Florida  
Florida Bar No. 0284777



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DIXIE A. MORROW  
Assistant U.S. Attorney  
Northern District of Florida  
Florida Bar No. 354589  
Georgia 525543  
Texas 24034796  
21 East Garden Street, Suite 400  
Pensacola, Florida 32502  
850-444-4000



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BRENT D. WARD  
Director  
Obscenity Prosecution Task Force

I, Scott Barbour, the duly authorized representative of **MRA HOLDING, LLC**, hereby expressly acknowledge the following: (1) that I have read this entire Deferred Prosecution Agreement and all attachments hereto and the other documents filed in the United States District Court for the Northern District of Florida in conjunction with this Agreement, including the Information; (2) that I have had an opportunity to discuss this Agreement with **MRA HOLDING, LLC** attorneys; (3) that **MRA HOLDING, LLC** fully and completely understands each and every one of the terms of this Agreement; (4) that **MRA HOLDING, LLC** is fully satisfied with the advice and representation provided to it by its attorneys; and (5) that **MRA HOLDING, LLC** has signed this Agreement voluntarily. In addition, **MRA HOLDING, LLC**, after an opportunity to consult with counsel, with respect to any actual or potential conflict between its interests and the interests of Mantra Films, Inc., and Scott Barbour, hereby waives any such actual or apparent conflicts.

THIS the 12<sup>TH</sup> day of September, 2006.

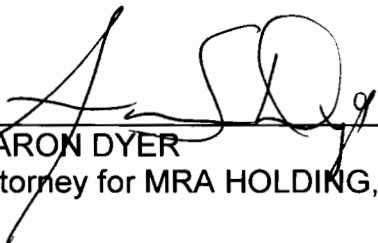


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SCOTT BARBOUR  
President  
Defendant MRA HOLDING, LLC

I, Aaron Dyer, the duly authorized counsel for **MRA HOLDING, LLC** hereby expressly acknowledge the following: (1) that I have read this entire Deferred Prosecution Agreement and all attachments hereto and the other documents filed in the United States District Court for the Northern District of Florida in conjunction with this Agreement, including the Information; (2) that I have had an opportunity to discuss this Agreement with **MRA HOLDING, LLC** representatives and outside defense counsel; (3) that **MRA HOLDING, LLC** fully and completely understands each and every one of its terms; (4) that **MRA HOLDING, LLC** is fully satisfied with the advice and representation provided to it by me and by its outside defense counsel; and (5) that **MRA HOLDING, LLC** has signed this Agreement voluntarily.

THIS the 12<sup>th</sup> day of September, 2006.



AARON DYER  
Attorney for MRA HOLDING, LLC

## APPENDIX A

### STIPULATION OF FACT

1. Joseph R. Francis was the founder, CEO and sole shareholder of Mantra Films, Inc., and **MRA HOLDING, LLC** (“the companies”). The companies produce, market and distribute “Girls Gone Wild” videos and DVDs. In the process of creating these videos, agents of the companies often film individuals engaged in actual sexually explicit conduct as defined in 18 U.S.C. § 2256(2). **MRA HOLDING, LLC** was located in Santa Monica, California.

2. As the CEO and sole shareholder of the companies, Francis was, during the relevant time period, involved in the day-to-day operations of the companies. As such, Francis (1) established the policies of the companies, (2) established budgets for productions, including monetary incentives to cameramen who film footage for the companies, (3) sometimes directed cameramen and other production staff acting on the companies' behalf in what type of footage they should obtain, (4) decided what venues camera operators would visit to obtain footage to include in the videos, and (5) made most major decisions on behalf of the companies. Francis was also personally involved in persuading performers to engage in sexually explicit conduct, reviewing footage obtained by cameramen, deciding which footage would be used in commercially marketed and released films and deciding how the companies' products would be packaged and marketed. As a result, Francis and the companies were producing, as that term is defined in 18 U.S.C. § 2256(3), material covered by 18 U.S.C. § 2257.

3. **MRA HOLDING, LLC** produced for commercial sale "Girls Gone Wild" digital versatile disks ("DVDs"). Because the DVDs contained visual depictions of actual sexually explicit conduct, **MRA HOLDING, LLC** was required to create and to maintain documentation that the performers engaging in such conduct in the DVDs were at least eighteen (18) years of age, and to label the DVDs with a statement describing where the records required by 18 U.S.C. § 2257 may be located.

4. From on or about March 31, 2003 to on or about June 21, 2003, in the Northern District of Florida and elsewhere, **MRA HOLDING, LLC** knowingly sold and otherwise transferred and offered for sale and transfer, videos and other matter, that is, DVDs (as outlined below), which contained one or more visual depictions made after November 1, 1990 of actual sexually explicit conduct and which were produced in whole or in part with materials which had been mailed or shipped in interstate and foreign commerce, which did not have affixed thereto a statement describing where the required age documentation records portrayed for all performers portrayed each visual depiction may be located.

5. These violations included but were not limited to:

- "Totally Exposed Uncensored and Beyond"
- "Totally Exposed Uncensored and Beyond, Volume 6"
- "Totally Exposed Uncensored and Beyond, Volume 7"
- "Totally Exposed Uncensored and Beyond, Volume 8"
- "Totally Exposed Uncensored and Beyond, Volume 9"
- "Totally Exposed Uncensored and Beyond, Volume 10"
- "Totally Exposed Uncensored and Beyond, Volume 11"
- "Totally Exposed Uncensored and Beyond, Volume 12"
- "Girls Gone Wild On Campus Uncensored"
- "Girls Gone Wild College Girls Exposed/Sexy Sorority Sweethearts"

6. Each of these videos was mailed or caused to be mailed into the Northern

District of Florida. For purposes of this Agreement, **MRA HOLDING, LLC** is waiving any challenge to venue that it may have; however, nothing in this Agreement is to be construed as an admission that venue exists in the Northern District of Florida.

7. Since that time, **MRA HOLDING, LLC** has represented that it has implemented procedures intended to ensure that the records required by 18 U.S.C. § 2257 or 28 C.F.R. § 75 are obtained whenever agents of Francis or the companies obtain footage of individuals engaged in actual sexually explicit conduct and that all products containing actual sexually explicit conduct are labeled in compliance with 18 U.S.C. 2257(f)(4).

## **APPENDIX B**

### **PUBLIC STATEMENT**

My name is Joseph Francis and I am CEO of MANTRA FILMS, INC, and MRA HOLDING, LLC, both of which are based in Santa Monica, California. MANTRA FILMS, INC and MRA HOLDING, LLC, under my direction, produce, sell and distribute sexually explicit films under the name Girls Gone Wild.

Producers of sexually explicit films, such as MANTRA FILMS, INC, MRA HOLDING, LLC and me, are required by federal law to keep records of the identity and the age of the performers used in their films and to attach labels to their videotapes and DVDs identifying a custodian for these records. These laws are intended to prevent the filming of minors performing sexually explicit conduct. A violation of this law is a felony punishable by imprisonment for up to five years.

MANTRA FILMS, INC, MRA HOLDING, INC and I admit that during 2002 and at times in 2003, we produced and distributed videos and DVDs without obtaining the required records or attaching appropriate labeling. On September 12, 2006, MRA HOLDING, LLC and MANTRA FILMS, INC were charged with violations of the record keeping and labeling laws by the U.S. Justice Department and the U.S. Attorney for the Northern District of Florida in Pensacola. On September \_\_\_\_, 2006, I was charged with similar violations in federal court in Central District of California. MANTRA FILMS, INC, Inc., and I have entered guilty pleas to the charges against us and agreed to certain penalties. MRA HOLDING, LLC and the Justice Department have agreed to defer further action on the charges against MRA HOLDING, LLC for three years. As part of this agreement, MRA HOLDING, LLC has agreed to certain conditions, including hiring an independent monitor at our expense to ensure future compliance with the record keeping and labeling laws. The penalties and conditions to which MRA HOLDING, LLC, MANTRA FILMS, INC and I have agreed also include payment of \$2.1 million in fines and to pay restitution.

My companies and I acknowledge that what we did was wrong and violated federal laws. We also acknowledge that as a result of these violations footage of minors engaged in actual sexually explicit conduct appeared in at least two DVDs that were commercially released for sale to the public by MANTRA FILMS, INC, MRA HOLDING, LLC and me. We regret that this occurred and will make sure that no other minors are used in "Girls Gone Wild" films.



## APPENDIX C

### **FILMS SUBJECT TO PARAGRAPH THIRTEEN OF DEFERRED PROSECUTION AGREEMENT**

#### **MANTRA FILMS, INC/MRA HOLDING, LLC PRODUCED FOOTAGE**

PLAYBOY'S CASTING CALLS DVD VOLUME 1-12  
CAUGHT ON TAPE VOLUME 1-4  
COLLEGE GIRLS EXPOSED VOL 1-2  
SEXY SORORITY SWEETHEARTS VOL 1-2  
TOTALLY EXPOSED UNCENSORED AND BEYOND Vol 1-12  
GIRLS GONE WILD ENDLESS SPRING Vol 1-14  
GIRLS GONE WILD DORM ROOM FANTASIES Vol 1-9  
GIRLS GONE WILD ON TOUR VOL 1-8  
GIRLS GONE WILD ULTIMATE SPRING BREAK Vol 1-12  
GGW BEST OF ENDLESS SPRING BREAK Vol 1-3  
GGW BEST OF ULTIMATE SPRING BREAK Vol 1-2  
GIRLS GONE WILD: BEST ON TOUR Vol 1-4  
GGW EXTREME UNCENSORED  
GIRLS GONE WILD ON CAMPUS  
GGW PARTY EXTREME  
PRISON FILES Vol 1-2

#### **MANTRA FILMS, INC/MRA HOLDING, LLC LICENSED AND CONSIGNMENT FOOTAGE**

Playboy's Casting Calls (vol. 1-13)  
Playboy Mansion Parties' Hottest Moments/Behind the Scenes Uncensored  
Playboy Mansion Parties Uncensored  
Caught on Tape (vol. 1-4)  
Co-Ed Tryouts

Sex Around the House  
Prison Files (vol. 1-2)  
Party Extreme  
Blind Date Uncensored  
Blind Date Uncensored Deluxe  
Blind Date Dates From Hell Uncensored  
Blind Date Freaks and Weirdos  
Erotic Seduction  
Fantasy Fest 99 (vol. 1-4)  
Mardi Gras 99 (vol. 1-3)  
Memorial Weekend T&A 99 (vol. 1-3)  
Naked in Daytona 99 (vol. 1-2)  
Labor Day Wet T&A (vol. 1-3)  
Flashing in Public  
Girls of the Kentucky Derby  
Just Add Water Spring Break Lake Havasu  
Key to Bush Fantasy Fest  
Naked Mile Run  
Lesbian Lovers Caught on Tape  
Lovers Caught on Tape (vol. 1-3)  
More Lovers Caught on Tape  
Charlie's Guide to Lovemaking  
Playboy Celebrities  
Playboy Girlfriends  
Playboy Girls Next Door Naughty and Nice  
Playboy Girls of Hedonism  
Playboy Playmate Erotic Adventures  
Toys for Sex  
Undercover Strippers  
What Women Want  
The Complete Anna Nicole Smith (vol. 1-2)